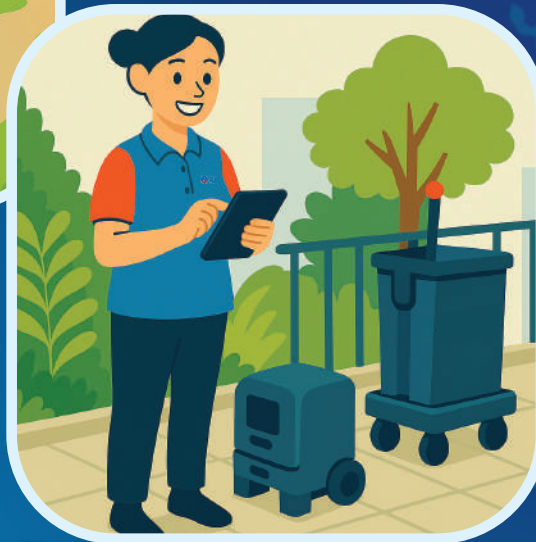


Annual Report 2024

SOLUTIONS. INNOVATIONS. COBOTICS.
LS 2 HOLDINGS LIMITED



CONTENTS

01	Corporate Profile
02	Chairman's Statement
04	Business Highlights
05	Financial Highlights
07	Operation Review
09	Financial Review
10	Board of Directors
12	Key Executives
13	Corporate Information
14	Sustainability Report
31	Corporate Governance
60	Financial Contents
119	Statistics of Shareholdings
121	Notice of Annual General Meeting
	Proxy Form

This Annual Report has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr. Leong Weng Tuck at 36 Robinson Road, #10-06 City House, Singapore 068877, Email: sponsor@rhtgoc.com

Vision

To be regionally recognised as a SMART Environmental Services partner through people and technology.

Mission

To provide trusted Environmental Services Integration through our commitment to INNOVATE and maintain LONG-TERM SUSTAINABLE PARTNERSHIPS

LS 2 Holdings Limited (亮星集团有限公司) (“**LS 2 Holdings**” or the “**Company**”, and together with its subsidiary corporations, the “**Group**”), is a one-stop integrated environmental services provider, offering a comprehensive suite of cleaning services to a diverse and growing base of customers from the private and public sectors. With an established track record spanning more than 30 years, the Group believes in making strategic investments in new equipment, technology and people to boost its competitive edge and market position. It is an early adopter of new and innovative solutions and provides regular training for its large workforce of around 1,800, in order to enhance its service offerings to meet customers’ needs and drive service excellence.

Attesting to the quality of its service standards and skilled workforce, the Group has been awarded various accreditations, including FM02 L6 BCA, Cleaning Business License Class 1, FM01, ISO 9001:2015, ISO 45001:2018, BizSAFE STAR, SkillsFuture Employer Awards and Progressive Wage Mark among others.



Dear Shareholders,

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”) of LS 2 Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I would like to present to you our Annual Report for the financial year ended 31 December 2024 (“**FY2024**”).

FINANCIAL YEAR IN REVIEW

The Group has achieved another year of solid performance with revenue increasing by S\$7.2 million or 11.7% from S\$61.4 million in FY2023 to S\$68.6 million in FY2024. This growth reflects our successful navigation of the revised cleaning business licensing framework that came into effect on 1 January 2024, and our continued commitment to innovation and service excellence.

The Group has achieved another year of solid performance with revenue increasing by S\$7.2 million or 11.7% from **S\$61.4 million** in FY2023 to **S\$68.6 million** in FY2024.

Throughout FY2024, we have fully embraced the new three-tiered licensing system, with our operations now aligned with the enhanced training and compliance requirements. This transition has positioned us advantageously in the market, allowing us to strengthen our service offerings and further build trust with our clients and partners. The investment in upskilling our workforce to meet these new standards has yielded returns in terms of operational efficiency and service quality.

In line with the Ministry of Sustainability and the Environment's designation of 2024 as the Year of Public Hygiene, we have intensified our efforts to enhance public health standards and promote sustainable cleaning practices. This initiative has not only bolstered our environmental credentials but has also opened new business opportunities in sectors with heightened hygiene requirements.

LOOKING AHEAD

As we move into 2025, the environmental services industry is poised for continued expansion, driven by increasingly stringent regulations, growing corporate sustainability mandates, and heightened public awareness of environmental issues such as climate change, pollution control, and waste management.

In Singapore specifically, we have observed several important industry trends that present opportunities for our business. The Singapore government continues to invest heavily in wage support schemes, with wage subsidies allowing for greater stability in our workforce. Following global patterns, there is increasing emphasis on social sustainability in the Singaporean market, with customers prioritising partners who can demonstrate strong social impact and inclusive hiring practices.

Additionally, the Singapore market is increasingly transitioning toward outcome-based contracting frameworks within the environmental services sector, which strategically aligns with our comprehensive workforce development initiatives.

The Enviro Tech Innovation Hub (**ETIH@TP**), launched in 2023 as a collaborative venture between Temasek Polytechnic, the Environmental Management Association of Singapore, and industry partners including our Group, has completed its first full year of operations. This pioneering "Living Laboratory" has already yielded promising innovations in public hygiene and integrated facilities management. Through this platform, we have developed and tested several solutions that we are now looking to implement across our operations.



Digital transformation remains at the core of our strategic vision. In 2024, we accelerated the integration of Internet of Things (**IoT**) devices, Artificial Intelligence (**AI**), and robotics into our service delivery model. These technologies have enhanced our monitoring capabilities, improved resource allocation, and increased operational efficiency. Our data-driven approach has enabled more informed decision-making and predictive maintenance, resulting in cost savings and improved service quality.

The Group is committed to further advancing our sustainability agenda in 2025. We will continue to focus on reducing our carbon footprint, minimising waste generation, and promoting circular economy principles within our operations. Our workforce transformation journey, encompassing job redesign with sustainability at its core, remains a priority as we adapt to changing industry dynamics and technological advancements.

With our strong business fundamentals, proven track record, and established reputation in the Environmental Services industry, the Group is well-positioned to expand our operations and realise our vision of becoming a Singapore-based company with global capabilities to co-create effective and sustainable environmental solutions.

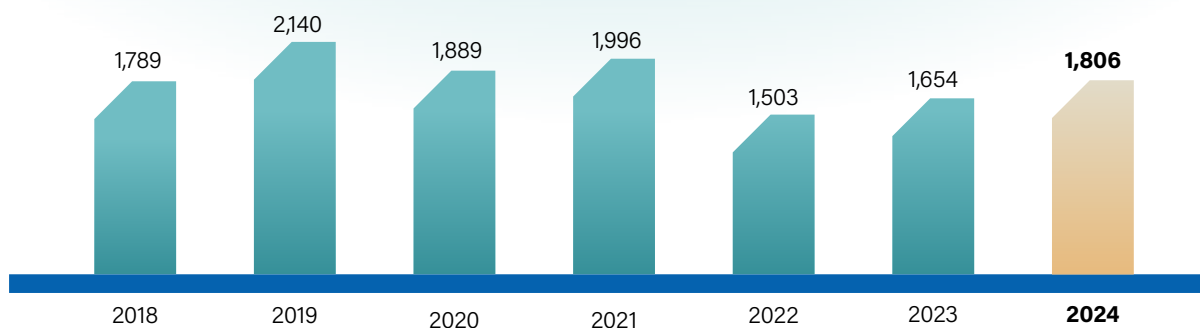
ACKNOWLEDGEMENT

I wish to convey the Board's sincere appreciation to our shareholders, customers and business partners for their unwavering support and confidence in the Group throughout the year. My heartfelt thanks also go to our management team and all employees whose commitment and perseverance have been instrumental during this period of transformation.

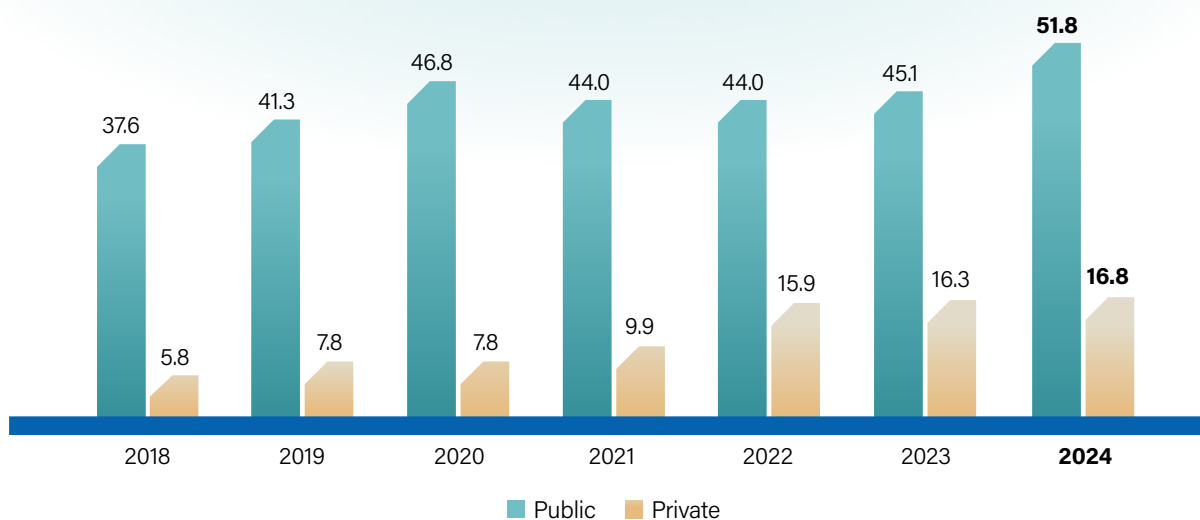
Looking to the future with its inherent challenges and possibilities, we reaffirm our steadfast dedication to creating lasting value for all stakeholders whilst contributing to a Clean, Green, and Resilient Singapore for generations to come.

BUSINESS HIGHLIGHTS

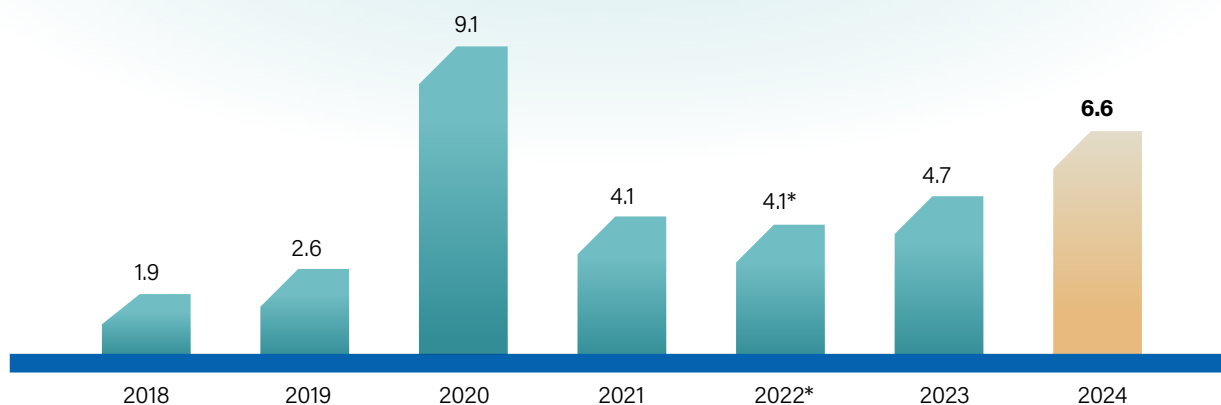
No. of Employees



Sales by Type of Customers S\$' Million



EBITDA S\$' Million



* EBITDA excluding one-time IPO listing related expenses of \$775,635



Revenue
\$68.6
million



Net Assets Value
\$20.7
million



EBITDA
\$6.6
million



Net Assets Value
per Share
11.18
cents



Earnings per share
1.42
cents



Profit to Equity owner
\$2.6
million



ABOUT **1,800**
WELL-TRAINED AND
KNOWLEDGEABLE STAFF



PORTFOLIO OF OVER
200 **CLIENTS**



OVER **30** **YEARS**
OF RELEVANT
EXPERIENCE



GOING FURTHER

Unwavering commitment to the implementation of digitalisation initiatives together with the strength of its business model to scale up as one of the Singapore-based companies equipped with global capabilities to co-create effective and sustainable environmental solutions.

LS 2 Holdings Limited ("**LS 2 Holdings**" or the "**Company**", and together with its subsidiary corporations, the "**Group**") has established a home-grown integrated environmental services ("**ES**") provider in Singapore. The Group has worked closely with a wide range of clientele, comprising both private and government organisations.

The adoption of innovative technology solutions such as communication technologies in the cleaning sector is changing the nature of cleaning work and the skills required to perform it, particularly for general cleaners. While these technologies are reducing the need for manual labour, they are also presenting opportunities for growth and innovation within the

sector. Cleaners are shifting towards more specialised tasks, such as troubleshooting operational issues and improving communication and service to customers. Investing in research and development of more effective innovative technology solutions can help close the gap between the cleaning services provided and the service level agreement, where service providers strive to meet or exceed customers' requirements.

As Singapore's cleaning industry transforms, the Group will continue to monitor rising trends, improve, and serve the community. The Group believes in adopting innovative solutions in the provision of services to enhance productivity and deliver consistent and quality cleaning outcomes to customers.



LS 2 SUSTAINABLE ECOSYSTEM

Our unwavering commitment to co-create effective and sustainable environmental solutions is in line with the Environmental, Social and Governance ("**ESG**") Framework and are built on our People, Policy Design and Digital Solutions.

PEOPLE

Our business is supported by our people, a growing and well-trained workforce of around 1,800 staff who are deployed across the island to ensure services are delivered to service buyers effectively and efficiently. As a unionised company under the Built Environment And Urban Trades Employees' Union ("**BATU**"), the Group actively collaborates with relevant government agencies to conduct career progression and job redesign programmes to equip and upskill our workforce with the relevant skillset and know-how to leverage data-driven solutions effectively as well as raise awareness about the advantages and best practices of outcome-based contracting ("**OBC**") and interoperable capabilities.



POLICY DESIGN

In designing our policy, the Group leverages its diverse experience in supporting multiple industries' cleaning operations to deliver industry best practices in line with OBC. OBC is one of the strategies under the ES ITM to drive change in procurement practices from headcount-based to outcome-based, where it specifies the desired outcomes and service quality instead of prescribing the required headcount. With OBC adoption, there is a shift towards handling of more specialised tasks, such as troubleshooting operational issues and improving communication and service to service buyers. The Group is committed to investing in interoperable performance management systems to close the gap between the cleaning services provided and the service level agreement, placing the Group in a better position to adopt OBC.



The Group believes that effective management of material sustainability factors is an important part of our overall business strategy. The Group strives to create long-standing relationships with its stakeholders while promoting environmental sustainability and is committed to ensuring our operations are managed in an environmentally sustainable manner. The Group is working together with one of the Institutes of Higher Learning in Singapore to develop Internet of Things ("**IoT**") kit for monitoring and measuring electricity and water consumption of cleaning devices and equipment. We are actively looking to be involved in initiatives focused on preserving the environment and educating others about the importance of protecting our planet.

DIGITAL SOLUTIONS

As part of our digital solutions, the Group invests in intelligent solutions and innovation by integrating the IoT and cobot (**collaborative robot**) solutions into its cleaning processes and revolutionising the way cleaning tasks are performed, making the workforce more efficient, precise and cost effective. The Group seeks to develop intelligent tools to leverage IoT data analytics and support the development of cutting-edge solutions to enable data-driven environmental services operations and delivery to improve operational productivity, efficiency, and alleviate manpower challenges in the industry. The valuable insights gained, such as cleaning patterns and usage trends, can be used to optimise cleaning routes, allocate resources efficiently, and enhance overall cleaning service quality. Machine learning algorithms can further analyse the data to identify patterns and recommend improvements over time.



OUR PROSPECT

The Group envisions to deliver end-to-end integrated services to our customers by integrating our business to provide the full suite of environmental services i.e. cleaning, pest control, waste management, and landscaping, giving us a competitive edge to better position our Group to undertake more complex projects and eventually branching into Integrated

Facilities Management ("**IFM**") through a collaborative effort with strategic business partners. We strive to create and pioneer new approaches that are rooted in innovation through a culture of collaboration and exploration with the goal of uplifting the industry.

FINANCIAL PERFORMANCE

The Group's revenue increased by S\$7.2 million or 11.7% from S\$61.4 million in FY2023 to S\$68.6 million in FY2024. The increase was attributable to a higher revenue from public sector; S\$5.5 million from cleaning services rendered to education institution, and private sector; S\$1.7 million from cleaning services to commercial and hospitality sectors. Other income remains relatively constant at S\$0.3 million in FY2023 and FY2024.

Direct operating costs increased by S\$3.0 million or 6.2% from S\$49.0 million in FY2023 to S\$52.0 million in FY2024. Direct operating costs comprised of: (i) purchases and related costs which decreased by S\$5.6 million from S\$15.4 million in FY2023 to S\$9.8 million in FY2024; and (ii) employee benefits which increased by S\$8.6 million from S\$33.6 million in FY2023 to S\$42.2 million in FY2024. The decrease in purchases and related costs and the increase in employee benefits were mainly due to changes in the contract mix of the Group's order book, where the Group secured more contracts from commercial, hospitality and educational institutions which require a greater workforce rather than a higher amount of purchases and related costs.

Depreciation expenses relating to property, plant and equipment ("PPE") increased by S\$0.8 million from S\$2.8 million in FY2023 to S\$3.6 million in FY2024. This increase was mainly due to depreciation of right-of-use assets capitalised in PPE which has increased by S\$0.6 million from S\$1.6 million in FY2023 to S\$2.2 million in FY2024, as more accommodation leases were secured by the Group in FY2024.

Other expenses increased by S\$2.3 million from S\$7.9 million in FY2023 to S\$10.2 million in FY2024. The increase was mainly due to (i) foreign worker levy increased by S\$0.9 million, (ii) higher insurance premium paid by S\$0.3 million, (iii) training cost incurred increased by S\$0.1 million and (iv) compensation paid and accrued performance-based bonuses increased by S\$0.8 million.

Finance costs remain relatively constant at S\$0.2 million for both financial years.

Income tax expense increased by S\$0.1 million from S\$0.2 million in FY2023 to S\$0.3 million in FY2024, mainly due to higher taxable income estimated in FY2024.



FINANCIAL POSITION

Total non-current assets increased by S\$0.3 million from S\$7.4 million as at 31 December 2023 to S\$7.7 million as at 31 December 2024 mainly due to S\$1.3 million of additional property plant and equipment acquired and S\$2.7 million capitalisation of right-of-use assets during the financial year before charging out its depreciation with total amount of S\$3.6 million during the financial year and S\$0.1 million net movement of deferred tax asset as of 31 December 2024.

Trade and other receivables increased by S\$5.9 million from S\$17.1 million as at 31 December 2023 to S\$23.0 million as at 31 December 2024. The increase was mainly due to fluctuation arising from timing of payments made by customers and majority of outstanding amount have been settled in February 2025.

Trade and other payables increased by S\$1.1 million from S\$9.4 million in 31 December 2023 to S\$10.5 million mainly attributed to an increase in accrued payable amount to employees benefits which comprise monthly payable amount and accrued performance-based bonuses.

The Group's total loans and borrowings decreased by S\$0.5 million from S\$4.4 million as at 31 December 2023 to S\$3.9 million as at 31 December 2024. This decrease was mainly due to scheduled repayment for working capital loan of S\$0.8 million and repayment of lease liabilities with total amount of S\$2.4 million before the offset against S\$2.0 million and S\$0.7 million for new lease liabilities and lease modification respectively recognised during the financial year.

Deferred tax liabilities remained relatively constant with total payables amount of S\$0.3 million in FY2023 and FY2024.

CASH FLOWS

The Group recorded a net cash provided by operating activities of S\$2.3 million in FY2024; S\$6.6 million cash flows from operating activities and S\$4.4 million net cash outflow in working capital mainly due to a higher trade receivables balance as at financial year-end before offset against S\$0.1 million tax amount paid.

Net cash used in investing activities of S\$1.8 million in FY2024 was mainly due to additions to property, plant and equipment.

Net cash used in financing activities was S\$3.3 million in FY2024 which comprising of repayment of S\$2.4 million to lease liabilities, S\$0.8 million to term loan borrowings. and its interest of S\$0.1 million during FY2024.

BOARD OF DIRECTORS



MR. TAN HOO KIAT

Executive Chairman and
Executive Director

Date of the first appointment as director: **18 June 2020**

Date of the last re-appointment as director: **27 May 2022**

Mr. Roger Tan is responsible for the overall strategic direction and expansion plans for the growth and development of the Group and has more than 20 years of experience in the environmental services industry. He took the helm of the Group in May 2000 upon his acquisition of LS 2 Services. Prior to acquiring LS 2 Services, he was the founder of Weicom Services, a service maintenance business, from May 1991 to April 2000.

In recognition of Mr. Roger's contributions to public service, he was conferred the Public Service Medal (Pingat Bakti Masyarakat) at the Singapore National Day Awards in 2017. He is currently served as the treasurer of Bukit Batok East Citizens' Consultative Committee (**Bukit Batok East CCC**), the chairman of Bukit Batok East CCC's Community Development and Welfare Fund.

Mr. Roger Tan completed the executive management programme at the Singapore University of Social Sciences.



MR. ONG KHONG WENG, ALVIN

Chief Executive Officer and
Executive Director

Date of the first appointment as director: **28 September 2021**

Date of the last re-appointment as director: **28 April 2023**

Mr. Alvin Ong has more than 18 years of experience in the environmental services industry, he is responsible for directing and controlling the operations of the Group. Prior to joining the Group, he was the managing director of Integrated Training Consultants Pte. Ltd., a training and consultancy services firm that provides training and consulting services to the environmental services industry. He was general manager of CSP Maintenance Pte. Ltd., a cleaning and maintenance services firm from June 2003 to December 2006, responsible for managing the operations and business development of the company, including oversight of budgeting and human resource matters.

In recognition of Mr. Alvin's contributions to public services, he was conferred Public Service Medal (Pingat Bakti Masyarakat) at Singapore National Award in 2024. He is currently served as the Chairman of the Nee Soon South Citizens' Consultative Committee's Community Development and Welfare Fund since April 2020, Vice-Chairman of the Nee Soon South Citizens' Consultative Committee since 1 April 2016, Vice Chairman of the Nee Soon South Community Centre Management Committee since 1 April 2018 and member of the North West Community Development Council since 27 July 2020.

Mr. Alvin Ong graduated with a Diploma in business studies in marketing from Ngee Ann Polytechnic and obtained Bachelor of Commerce in marketing, information systems and electronic commerce from the University of Western, Australia.

BOARD OF DIRECTORS



MR. TAN SIANG LENG

Independent Director

Chairman of Audit Committee

Member of Remuneration Committee

Member of Nominating Committee

Date of the first appointment as

director: **02 December 2021**

Date of the last re-appointment as

director: **30 April 2024**

Mr. Tan has been a qualified chartered accountant with the Institute of Singapore Chartered Accountants since 2007 and an accredited tax practitioner with Singapore Chartered Tax Professionals since 2011. He worked at PricewaterhouseCoopers Singapore from December 2003 to September 2009, first as an associate, before being promoted to senior associate and assistant manager and then audit assurance manager.

Mr. Tan is currently a Senior Finance Officer in an international organization since February 2020, responsible for finance and administration matters. He was previously worked at APM Property Management Pte Ltd, a wholly owned subsidiary of ARA Asset Management Limited, a real estate and asset and property management firm, where he was Head of the Finance Department from February 2014 to May 2015 and Deputy Director from December 2016 to January 2020, responsible finance matters such as budget, reporting, management, controls and analysis. He was Deputy Director of regional finance at Raffles Medical Group Limited in year 2016, responsible for regional finance matters including merger and acquisition activities, international tax and harmonisation. Prior to this, he was Vice President of corporate finance at International City Holdings Pte Ltd from October 2010 to January 2014, where he was responsible for regional finance matters including budget, reporting, management, controls and analysis.

Mr. Tan graduated with a Diploma in accountancy from Singapore Polytechnic in 1998 and received a Bachelor of Accountancy from Singapore Management University in 2003.



MR. NG HONG WHEE

Independent Director

Chairman of Remuneration Committee

Member of Audit Committee

Member of Nominating Committee

Date of the first appointment as

director: **02 December 2021**

Date of the last re-appointment as

director: **30 April 2024**

Mr. Ng Hong Whee was the Chief Executive Officer and Executive Chairman of Sincap Group Limited, a company listed on Catalist from July 2011 to July 2015, and redesignated as the President of China operations of the Sincap Group Limited until November 2015.

Mr. Ng Hong Whee was an Independent Director of Spackman Entertainment Group from June 2014 to July 2022. He was the Business Development and Financial Director of Southern Angels Pte. Ltd., a manufacturer of surimi in Indonesia from 2004 to July 2011.

Mr. Ng Hong Whee joined Tan Kian Tin & Co. (a Certified Public Accounting firm) as an Audit Supervisor in October 1999 and was gradually promoted to an audit manager in 2001, a position he held until February 2012 and continued as a consultant until April 2012. Prior to this, he worked as an audit trainee and was gradually promoted to an audit senior in Ng Lee & Associates (a Certified Public Accounting firm).

Mr. Ng Hong Whee is currently an Independent Director of YKGI Limited, a company listed on Catalist Board of the Singapore Exchange. He was served as Non-Executive and Non-Independent Director of Imperium Crown Limited (formerly known as Communication Design International Limited) from May 2014 to October 2015, a company listed on the Catalist Board of the Singapore Exchange.



MR. CHUA SER MIANG

Independent Director

Chairman of Nominating Committee

Member of Audit Committee

Member of Remuneration Committee

Date of the first appointment as

director: **02 December 2021**

Date of the last re-appointment as

director: **28 April 2023**

Mr. Chua is a finance professional with over 25 years of experience in corporate finance advisory. He currently holds the position of Director with Crowe Horwath Capital Pte. Ltd., where he oversees business development and merger and acquisition activities. He started his career as a regulator with the Monetary Authority of Singapore before moving into equity research and subsequently into investment banking where he was involved in advising local and foreign corporates on financial and equity capital market transactions including public listings, fund raising, and mergers and acquisitions.

Mr. Chua is also the non-executive chairman and independent director of Aoxin Q&M Dental Group Limited, as well as an independent director of several other companies listed on the Singapore and Hong Kong exchanges.

Mr. Chua holds a Master of Science in Global Finance & Banking by King's College London and a Bachelor of Business Administration degree by the National University of Singapore. He is also a Chartered Financial Analyst (CFA) charter holder and a Chartered Valuer and Appraiser (CVA) accredited by the Institute of Valuers and Appraisers, Singapore.

EXECUTIVE OFFICERS

ONG HAN POH

Group Financial Controller

He joined our Group in August 2021 and is responsible for the overall financial accounting, reporting as well as corporate finance matters relating to our Group. Prior to joining our Group, Mr. Ong Han Poh was Group Financial Controller at JEP Holdings Limited from April 2016 to August 2021, where he was responsible for the overall financial accounting, financial reporting as well as corporate finance matters. From January 2011 to March 2016, he was Finance Manager with Tee Yih Jia Food Manufacturing Pte Ltd where he oversaw group consolidation and the accounts of the group's overseas subsidiaries and joint ventures, and tax matters for the group's subsidiaries.

Mr. Ong graduated with a Diploma in Management Accounting from Tunku Abdul Rahman College, Malaysia in 1998 and has been a Chartered Management Accountant with the Chartered Institute of Management Accountants since 2000, he also an associate member of the Institute of Singapore Chartered Accountants and Malaysian Institute of Accountants.

TAN WEI YING

Chief Operating Officer

Ms. Tan is responsible for, among others, implementing customer and business development strategies and managing client relationships. She joined the Group in September 2017 as Corporate Service Manager and was promoted to Corporate Service Director in July 2019. Subsequently, in September 2021, she was promoted to Chief Operating Officer of the Group.

Ms. Tan obtained a Bachelor of Business from Nanyang Technological University. In addition to her tertiary qualification, she is also a certified professional with the Institute for Human Resource Professionals and holds a Level 4 Diploma in Leadership and Management from The City and Guilds of London Institute and a Diploma in Environmental Services and Professional Diploma in Leadership and People Management from Workforce Skills Qualifications ("WSQ"). Ms. Tan completed the EMAS Leap Programme administered by the Environmental Management Association of Singapore in 2019 and was awarded a Certificate in Cleaning and Disinfection for Non-Healthcare Facilities by Republic Polytechnic in 2020.

SUSAN LEE

Operations Director

Ms. Susan Lee is responsible for overseeing the operations of the Group's projects. Prior to joining the Group, she was a Senior Manager at UEMS Solutions Pte Ltd where she was responsible for cost management and control and budget forecasts, among others. Ms. Lee joined Ramky Cleantech Services Pte. Ltd. in October 2009 as Head of Training and Development and was subsequently Head of Business Development from April 2011, and Head of Operations from November 2015, a position she held until May 2019. From January 2005 to September 2009, Ms. Lee was a Sales Manager at Sembcorp Environment Pte. Ltd. Between August

2004 and December 2004, she was a Corporate Sales Specialist at Canon Singapore Pte Ltd. She was a Mortgage Specialist with DBS Bank Limited from August 2003 to July 2004 and an Assistant Sales Manager with Citibank Global Consumer Banking from October 2001 to July 2003. From January 2000 to September 2001, she worked at Centrepont Properties Limited as a Marketing and Sales Executive, and as a Project Executive at HSR International Realtors Pte Ltd from September 1999 to January 2000.

Ms Lee obtained a Diploma in Computer Studies from Ngee Ann Polytechnic in 1994, and a Bachelor of Commerce from Deakin University, Australia in December 1999. She also holds an Advanced Certificate in Training and Assessment and a Diploma in Adult and Continuing Education from WSQ which she obtained in 2011 and 2016, respectively.

TAN WEI LI

Assistant Group Financial Controller

Ms. Tan is responsible for, among others, preparation of management reports and performing analyses of revenue performance and growth. She also assists in the preparation of annual budgets, work with the external auditors to facilitate their work, as well as assisting in compliance reporting matters. She joined our Group in January 2021 as Financial, Planning and Analysis Manager and was promoted to Group Finance Manager of our Group in September 2021, she was promoted to Assistant Financial Controller in August 2023. Prior to joining our Group, Ms. Tan was an audit assistant and, subsequently, an Audit Senior Associate at Ernst & Young LLP from September 2018 to December 2020.

Ms. Tan graduated with a Bachelor of Accountancy from the Singapore Management University.

ZIILIA SEAH

Sales and Marketing Manager

Ms. Ziilia Seah joined our Group as Sales and Marketing Manager in November 2018 and is responsible for account and contract management, internal stakeholder management and business development. Prior to joining our Group, Ms. Seah was an Assurance Senior Associate with Baker Tilly Singapore from September 2017 to October 2018 where she provided assurance services including designing and implementing external audit engagement plans and assisting in MAS compliance audits.

Ms. Seah graduated from Nanyang Technological University in 2017 with a Bachelor of Accountancy with honours and obtained a Diploma in Environmental Services from WSQ in 2020. Ms. Seah also holds Certificates in Managing Inventory and Cleaning, and Disinfection for Non-Healthcare Facilities awarded by WSQ and Republic Polytechnic in 2018 and 2020, respectively.

COMPANY REGISTRATION NO. 202016972G

BOARD OF DIRECTORS

Executive

Tan Hoo Kiat

Executive Chairman and Executive Director

Ong Khong Weng, Alvin

Chief Executive Officer and Executive Director

Non-Executive

Tan Siang Leng

Lead Independent Director

Ng Hong Whee

Independent Director

Chua Ser Miang

Independent Director

AUDIT COMMITTEE

Tan Siang Leng (Chairman)

Ng Hong Whee

Chua Ser Miang

NOMINATING COMMITTEE

Chua Ser Miang (Chairman)

Tan Siang Leng

Ng Hong Whee

REMUNERATION COMMITTEE

Ng Hong Whee (Chairman)

Tan Siang Leng

Chua Ser Miang

REGISTERED OFFICE

1 Bukit Batok Crescent, #04-11 WCEGA Plaza
Singapore 658064

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Fax : +65 6281 1805

Website : www.LS2.sg

COMPANY SECRETARY

Lim Yi Hui, Joceyln

CONTINUING SPONSOR

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36 Robinson Road

#10-06 City House

Singapore 068877

Registered Professional: Leong Weng Tuck

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

#14-07 Keppel Bay Tower

Singapore 098632

AUDITOR

CLA GLOBAL TS PUBLIC ACCOUNTING

80 Robinson Road

#25-00 Singapore 068898

Director-in-charge: Lee Look Ling

Appointment with effect from financial year ended

31 December 2023

BANKERS

Oversea-Chinese Banking Corporation Limited

Maybank Singapore Limited



ABOUT THIS REPORT

LS 2 Holdings Limited ("**LS 2**" or the "**Company**" and its subsidiaries, the "**Group**") proudly reaffirms its commitment to sustainability with the publication of its annual Sustainability Report ("**Report**"). This Report sets out our approach to managing material Economic, Environmental, Social, and Governance ("**EESG**") factors (collectively, "**Sustainability Factors**"). The information presented in this Report is thoroughly reviewed by the Board of Directors and is intended to record our sustainability efforts and inform our stakeholders about our decisions and actions.

We have established specific management approaches and targets in relation to managing sustainability-related risks that will guide our progress towards becoming a more sustainable business. We have also included a range of programs and initiatives to help us in achieving our objectives and targets.

Reporting Period, Scope, and Framework

The Report covers LS 2's sustainability efforts, performance, and strategies from 1 January 2024 to 31 December 2024 ("**FY2024**" or "**Reporting Period**"). The Report has been prepared in compliance with the requirements of Rules 711A and 711B of the Singapore Exchange Limited ("**SGX**") Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist and with reference to Global Reporting Initiative ("**GRI**") Standards 2021. We have chosen GRI as the sustainability reporting framework as it is internationally recognised and widely adopted, enabling us to achieve a comprehensive and comparable disclosure of economic, environmental, social and governance performance. In addition, we are guided by the Task Force on Climate-related Financial Disclosures ("**TCFD**") Recommendations in this Report for our climate-related disclosures.

We have engaged our internal auditors to conduct the internal review on our sustainability reporting process. The reporting boundaries outlined in this Report consist of the operations and activities that are owned and controlled by the Group.

Feedback

We welcome feedback from our stakeholders with regards to our sustainability performance and reporting as this allows us to consistently improve our management approach to sustainability. Please send your comments and suggestions to ir@LS2.sg. Our Report is available at <https://www.LS2.sg>. In line with our sustainability commitment, printed copies will not be provided.

BOARD STATEMENT

Dear Shareholders,

The Board of Directors (the “**Board**”) of LS 2 is pleased to present our Report for the financial year ended 31 December 2024.

The Board plays a critical role in ensuring that LS 2 meets its regulatory requirements and sustainability goals. The Board is responsible for setting the overall direction of sustainability directives and managing sustainability risks and opportunities for the Group.

The Board is involved in the identification and prioritisation process of material Sustainability Factors. Through directors training, focus groups, research, analysis, discussions and seeking stakeholders’ inputs, the Board develops clear understanding of the material sustainability issues faced by the Group. While performing its duty, the Board reviews and takes appropriate action to address any identified material Sustainability Factors that may affect the organisation’s performance and long-term strategy.

As climate change continues to affect many industries, we are seeing an increased need for transparency around the potential risks and opportunities associated with climate change. The impacts of climate change are felt across businesses, and therefore it is important to consider how we are responding to the risks and opportunities associated with the transition to a low-carbon economy.

We assess our resilience and climate-related impacts according to TCFD Recommendations to communicate climate-related risks and opportunities in this Sustainability Report. We hope to phase our approach to disclosing our progress and continue taking an active involvement in managing climate-related risks and opportunities in this journey.



Sincerely,
BOARD OF DIRECTORS
 LS 2 Holdings Limited
 14 April 2025

SUSTAINABILITY GOVERNANCE

Sustainability governance is critical for aligning business practices with societal and environmental needs, managing risks, meeting stakeholder expectations, and ensuring long-term resilience and success. We have established sustainability governance to advance the Group’s sustainability agenda carried out by the Board and relevant committee as follows:



The Board is ultimately responsible for oversight of Group’s sustainability agenda including, but not limited to, overseeing the management of material Sustainability Factors, climate-related risks and opportunities and integrating sustainability-related considerations in Group’s strategic direction and policies. The Chief Executive Officer (“**CEO**”) with the support from the Heads of Departments (“**HODs**”), manages strategic sustainability efforts and facilitates reporting. The Sustainability Working Group (“**SWG**”), represented by support staff across various operations, coordinates reporting and implements sustainability-related initiatives.

SUSTAINABILITY APPROACH



Stakeholder Engagement

We are committed to providing our stakeholders with the opportunity to voice their opinions and provide meaningful feedback that will help us improve our sustainability management. We believe that this engagement will foster a better relationship with stakeholders and help us to build a sustainable future for LS 2.

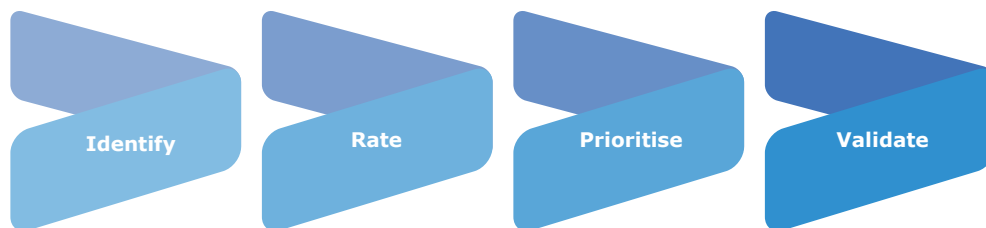
We have invited and engaged stakeholders to solicit their feedback on the material Sustainability Factors that we must manage and disclose as a Group. We believe that our business is constantly evolving, and it is important to keep our stakeholders informed and engaged to ensure that needs are being met.

The following table summarises our key stakeholders and their concerns in discussions, together with their corresponding engagement methods and frequency.

Stakeholders	What You've Told Us	How We Listen	Engagement Frequency
Key Management and Employees	<ul style="list-style-type: none"> Occupational health & safety Worker's welfare Talent retention and career progression 	<ul style="list-style-type: none"> Surveys Annual Report Website Focus Groups 	The management conducted regular engagement e.g., daily, monthly, annually, ad hoc
Suppliers	<ul style="list-style-type: none"> Prompt payment Service quality 	<ul style="list-style-type: none"> Surveys Annual Report Website Focus Groups 	The management conducted regular engagement e.g., daily, annually, ad hoc
Clients	<ul style="list-style-type: none"> Invest in technology to reduce the usage of water for major cleaning On time project completion Service quality Workplace safety Competitive prices 	<ul style="list-style-type: none"> Surveys Annual Report Website Focus Groups 	The management conducted regular engagement e.g., daily, annually, ad hoc
Shareholders and Investors	<ul style="list-style-type: none"> Recycling uptake Salary transparency Compliance to rules and regulations Financial results Business updates 	<ul style="list-style-type: none"> Surveys Annual Report Website Focus Groups Announcements 	The management conducted regular engagement e.g., quarterly, semi-annually, annually, ad hoc
Regulators	<ul style="list-style-type: none"> Impact to community Compliance to rules and regulations Worker's welfare 	<ul style="list-style-type: none"> Surveys Annual Report Website Focus Groups 	The management conducted regular engagement e.g., daily, monthly, annually, ad hoc

Materiality Assessment

We have conducted our materiality assessment to determine the material Sustainability Factors based on the guidance set out in SGX Practice Note 7F Sustainability Reporting Guide and GRI Standards 2021. Our methodology covered the following phases:



1. **Identify:** Identifying Sustainability Factors that are of relevance to LS 2 and stakeholders.
2. **Rate:** Rating and assessing the pervasiveness of each Factor and cluster similar Sustainability Factors.
3. **Prioritise:** Prioritising Sustainability Factors based on their importance and relevance, considering their impact to LS 2 and relevant stakeholders.
4. **Validate:** Validating the material Sustainability Factors by the Board and disclosing in Report.

We believe that effective management of material Sustainability Factors is an important part of our overall business strategy. We are committed to identifying the most important Sustainability Factors, assessing the risks and opportunities associated with these factors and implementing policies and procedures to ensure that we address them effectively.

We are also committed to reporting our sustainability performance against targets that we set in the year and provide regular updates on our progress in this regard. We will seek input from stakeholders as appropriate and ensure that we meet our commitments in these important areas.

In FY2024, LS 2 conducted a desktop review of the Sustainability Factors material to our business and stakeholders, reaffirming that the factors identified in our FY2023 materiality assessment remain relevant.

In light of the growing importance and heightened emphasis on sustainability across industries and society, the Group has taken a proactive step to enhance its focus on the identified Sustainability Factors. As part of our commitment to fostering sustainable development and addressing global challenges, we have decided to incorporate two additional Sustainability Factors: Energy and Emissions. This strategic decision reflects our dedication to driving positive environmental impact.

Pillars	Sustainability Factors
Economic	<ul style="list-style-type: none"> • Economic Performance • Anti-corruption
Environment	<ul style="list-style-type: none"> • Energy • Emissions
Social	<ul style="list-style-type: none"> • Occupational Health and Safety • Customer Privacy • Training and Education • Diversity and Equal Opportunity • Employment
Governance	<ul style="list-style-type: none"> • Risk Management

ECONOMIC

For decades, sustainability has become increasingly important to businesses and organisations across the globe. At its core, the economy supports sustainability by creating a long-term balance between our environment and society. To achieve this balance, economic performance must be used to ensure that resources are used efficiently to sustain and drive value creation responsibly.

Economic Performance

We believe that sustainability and economic performance are strongly correlated. Our economic performance information allows our stakeholders to assess whether we have achieved our financial goals while also making progress on key sustainability objectives. This information also reveals the corporate social responsibility initiatives that generate both direct and indirect economic and social impacts.

For detailed financial results, please refer to the following sections in our Annual Report 2024:

- Financial Highlights, page 5.
- Operation & Financial Review, pages 7-9.
- Financial Statements, pages 69-118.

Anti-corruption

We remain committed to upholding the highest standards of business ethics and compliance. With regard to anti-corruption, we have implemented effective internal controls and procedures so that these activities are reported and promptly addressed. We have also taken internal measures, such as training, to ensure that our employees are aware of the risks associated with corruption and bribery, and of the importance of upholding ethical standards when conducting business.

At LS 2, we take our commitment to sustainability seriously and recognise that corruption can be a major obstacle to achieving it. We are dedicated to assess the potential for incidents of corruption that could derail our sustainability efforts. In FY2024, we continue to provide anti-corruption training and resources on the importance of abiding to relevant laws and regulations for our employees. The training covered the Singapore Prevention of Corruption Act 1960 and other relevant laws. We are also committed to regularly monitoring our operations and activities to ensure that our commitment to sustainability is not compromised.

Whistleblowing Policy

All employees and external parties are encouraged to report their concerns to the Audit Committee (“AC”) Chairman’s email TAN.SIANGLENG@LS2.SG which is also set out in our whistleblowing policy. All reports of incidents, including information or evidence provided, on matters relating to whistleblowing will be handled discreetly and every effort will be made to maintain confidentiality of the information provided, within the limits of the law.

FY2024 Target	FY2024 Performance	Short-, Medium-, and Long-Term Target
We aim to maintain zero reported incidents of corruption and conduct Anti-Bribery and Corruption training in FY2024.	Target met. In FY2024, there were no reported cases of corruption and Anti-Bribery and Corruption training was conducted.	We aim to maintain zero reported incidents of corruption and conduct Anti-Bribery and Corruption training.

ENVIRONMENT

At LS 2, we are committed in ensuring that our operations are managed in an environmentally responsible way. As a home-grown integrated environmental services provider which specialises in providing a full suite of cleaning services, we strive to create a long-standing relationship with our stakeholders while promoting environmental sustainability.

FY2024 marks the first year that LS 2 is disclosing its energy and emissions data. As such, no comparison figures are available at this stage. Moving forward, we will continue to track and collect this data to enable year-on-year comparisons in future reporting periods.

Energy

In our pursuit of sustainability, the Group recognises the importance of conserving the energy it consumes. Accordingly, the Group has taken significant steps to gather and track energy-related data, and for the first time disclose our energy consumption.

Demonstrating our commitment to environmental stewardship, LS 2 prioritised effective energy management throughout FY2024. To run our operations, we rely on energy resources in the following areas:

- Diesel is used by Group's vehicles;
- Petrol is used for Group's vehicles and daily operational duties; and
- Electricity is consumed at our office and leased housing for workers accommodation

Energy Source	FY2024	
	Unit of Measurement	Consumption (in thousands)
Diesel	Litres	30
Petrol	Litres	63
Electricity	kWh	291

In FY2024, the Group recorded an energy intensity of 616 kWh per occupant¹ in the leased unit, primarily driven by worker housing needs.

Short-, Medium-, and Long-Term Target

We are committed to continuously reducing or maintaining our energy consumption through efficiency improvements, innovative technologies, and sustainable practices.

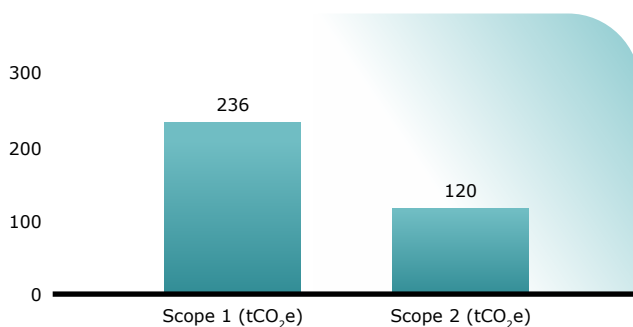
Emissions

Recognising the importance of reducing our carbon footprint for future generations, we remain committed to continuous monitoring and implementing sustainable practices. By focusing on operational efficiency, LS 2 strives to minimise environmental impact arising from our business operation.

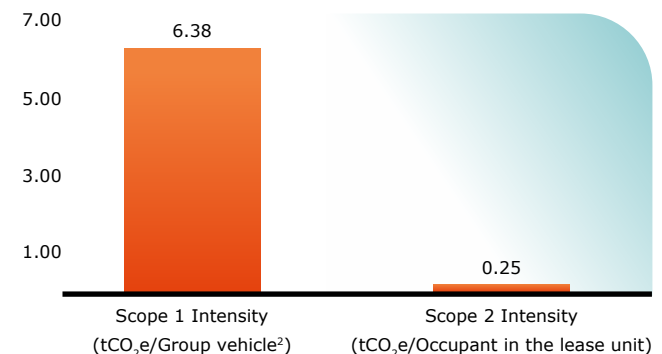
During the Reporting Period, we started tracking and disclosing our greenhouse gas emissions ("GHG") arising from our operations for the first time, particularly on Scope 1 and Scope 2 GHG emissions. We acknowledge that emissions are a topic that our stakeholders have a high interest in, and we place great emphasis to comply with SGX-ST rules and the relevant climate-related reporting framework.

As part of our efforts, we have implemented various strategies, including increased monitoring, and evaluating our performance in emission reduction annually, and ensuring that our emissions factors are aligned with the latest electricity grid emissions standards set out by Energy Market Authority ("EMA") Singapore.

Direct (Scope 1) and Indirect (Scope 2) GHG Emissions



Direct (Scope 1) and Indirect (Scope 2) Emissions Intensity



¹ Energy intensity is calculated by dividing the electricity consumption in leased units for employees by the total number of occupiers. In FY2024, the Group had 472 occupiers.

² In FY2024, the Group owned a total of 37 vehicles.

SUSTAINABILITY REPORT

	Scope 1	Scope 2
Baseline year	2024	2024
Emissions in the base year	236 tonnes	120 tonnes
Restatement of calculation	NIL	NIL
Emission factors source	2006 IPCC Guidelines for National Greenhouse Gas Inventories	Electricity Grid Emission Factors from EMA Singapore
Emissions consolidation approach	Operational Control	Operational Control
Emissions calculation methodology	Data is for petrol and diesel consumed for Group's vehicles, based on company fuel cards, as well as purchase volume of petrol and diesel for operational use.	Calculation of Scope 2 is based on electricity usage data of LS 2.

Short-, Medium-, and Long-Term Target

We are committed to continuously reducing or maintaining our emissions through efficiency improvements and environmentally responsible practices.

Apart from tracking our energy consumption and GHG emission, we have also conducted Environmental Aspect and Impact Assessment and reviewed our Environmental Control Procedures. This assessment helps us identify opportunities for environmental improvements and to understand the impact of our business activities. Beyond reviewing the environmental aspects and impact, we communicate the assessment results to the respective heads of departments.

Moreover, our commitment to environmental sustainability extends beyond our operations. In December 2023, the Group has engaged with one of the Institutes of Higher Learning in Singapore for a potential collaboration in setting up Enviro Tech Innovation Hub ("ETIH") on development and test-bedding of an electricity and water consumption monitoring Internet of Things ("IoT") kit for cleaning devices and equipment.

As of this year, the project is still in development and has yet to be launched. We are actively looking to be involved in initiatives focused on preserving the environment and educating others about the importance of protecting our planet.

We believe that it is our responsibility to ensure that we are doing all we can to protect the environment for future generations. We are proud to be starting the journey towards environmental sustainability and will remain committed to continuing and improving these efforts into the future.

SOCIAL

At LS 2, we are committed to making a positive difference in the communities where we operate. We are aware of the various societal challenges that may impact individual rights within our environment, as well as the far-reaching consequences of every individual's action, and we take them seriously.

At LS 2, we believe that it is our responsibility to uphold and promote human rights within our value chain. We remain committed to respecting the human rights of everyone we work with, from our suppliers to our customers, and will take all necessary steps to ensure that these rights are not violated in any way. We are proud of our efforts towards creating lasting value and safeguarding individuals' rights as we continuously strive to improve our policies and procedures to ensure that they reflect the evolving needs of our communities.

Occupational Health and Safety

The Board has signed a charter that outlines the purpose, roles, and responsibilities of Environmental, Health and Safety ("EHS") Committee. The appointment ensures that the effectiveness and objectives of EHS measures are met, and the progress regularly monitored to ensure that environmental, health and safety are conducted in accordance with the relevant laws and regulations.

LS 2 is committed to reducing any negative harm posed by the nature of our operations to our workers' health and safety. We are proud to be compliant with ISO 45001:2018, the international standard for Occupational Health and Safety Management Systems. ISO 45000:2018 helps us assess and minimise risks by providing us with a structured approach to continuously improving our Occupational Health and Safety performance and preventing work-related injury and ill-health.

In FY2024, we conducted Workplace Safety and Health general meetings as part of our EHS Management Programme. This meeting is held monthly, whereby we review our current Quality, Environmental, Health and Safety ("QEHS") policies and procedures and the potential changes that might be needed in order to ensure the safety of our staff and customers. Additionally, we reviewed all workplace incidents and prepared mitigation actions to prevent any reoccurrences.

As part of our commitment to occupational health and safety, we have also developed a comprehensive Fall Prevention Plan. This plan focuses on preventive measures such as providing employees with safety procedures for entering and exiting elevated surfaces. This reporting system allows us to keep track of any fall-related incidents and to quickly address any potential issues.

FY2024 Target	FY2024 Performance	Short-, Medium-, and Long-Term Target
We strive to achieve zero fatal accidents in the workplace in FY2024.	Target met. There was no reported fatal accidental in FY2024.	We strive to achieve zero fatal accident in the workplace.

Customer Privacy

LS 2 believes that safeguarding our customers' data privacy is essential for our sustainable value creation. We have regularly reviewed and updated our security protocols to ensure that our customers' data is kept safe, and secure from any unauthorised access.

We have a comprehensive set of policies in place to protect personal data. We ensure that our systems and networks are secure and up to date with the latest security measures. We also take steps to ensure that our customers understand how their data is being used.

Our approach to customers' data privacy is aligned with the Personal Data Protection Act ("PDPA") which has the power to investigate and take action against organisations that violate the Act. By complying with PDPA, LS 2 demonstrates our commitment to responsible data practices essential to build trust with our customers. This is also a testament that LS 2 meets its regulatory requirements and strives to avoid potential legal and financial consequences. We are committed to provide our customers with the best experience possible and protect their data.

FY2024 Target	FY2024 Performance	Short-, Medium-, and Long-Term Target
We strive to maintain adherence to the relevant laws and regulations and ensure zero customers' data privacy breaches in FY2024.	Target met. In FY2024, there were zero reported incidents of customer data privacy breaches and we have maintained adherence to the relevant laws and regulations.	We strive to maintain adherence to the relevant laws and regulations and ensure zero customers' data privacy breaches.

Training and Education

Employee training is an important step in our journey towards sustainable value creation. It will help equip our employees to gain a competitive advantage and support our Group's sustainability goals. We encourage our employees to take advantage of internal and external training opportunities that are available.

All the Company's directors have completed comprehensive sustainability training in FY2024. This significant step demonstrates our unwavering dedication to integrating sustainability practices into our business operations. By expanding our knowledge in this crucial area, we are better positioned to make informed decisions that benefit our stakeholders.

SUSTAINABILITY REPORT

In FY2024, our employees have successfully completed the following programmes and courses:

No.	Course Attended By Our Employees
1	Provide Quality Services
2	BDO Financial Reporting Standards ("FRS") Updates Seminar 2024
3	Cert First Aid
4	Clean Vertical Surfaces, Glass and Ceiling
5	Comply with Workplace Safety and Health Policies and Procedures
6	Demonstrate and Apply Understanding of Cleaning Chemicals
7	Implement Maintenance of Cleaning Tools and Equipment
8	Implement Work Plans & Monitor Performance
9	Manage Work At Height
10	Onsite Scissor lift and Vertical lift Familiarisation Training at Changi Airport
11	Outcome Based Contracting ("OBC") for Cleaning Services: Effective Implementation with Digitalisation and Automation
12	Perform Basic Cleaning of Hard Floor Surfaces - Horizontal Surface Maintenance - L1
13	Perform Basic Cleaning of Washrooms
14	Perform Cleaning of Public Residential Estates (Manual)
15	Provide Quality Services – Customer Management
16	Workplace Safety and Health ("WSH") Incident & Accident Investigation (Level 3)

Key statistics in relation to employee training and development are as follows:

Employee training by gender	FY2024		FY2023	
	Male	Female	Male	Female
Total number of training hours (in thousands)	15.0	7.2	7.4	5.7
Average hours of training per employee	19.2	20.8	13.4	13.9

In FY2024, the Group's total training hours have nearly doubled compared to FY2023. The average training hours per employee has also increased, driven primarily by the implementation of new mandatory training initiatives, which have led to a higher overall training engagement.

FY2024 Target	FY2024 Performance	Short-, Medium-, and Long-Term Target
We strive to achieve at least 16 average training hours per employee.	Target met. The Group has achieved more than 16 hours per employee.	We strive to achieve at least 16 average training hours per employee.

Diversity and Equal Opportunity

LS 2 is committed in creating and investing in a workplace where all employees can feel valued and appreciated.

LS 2 continues to focus on building a more diverse and inclusive culture. We want to ensure that all employees feel respected and valued regardless of race, gender, religious beliefs, sexual orientations and/or any other personal characteristics. We commend employees for creating a civil and productive environment where employees can bring their whole selves to work without fear of discrimination.

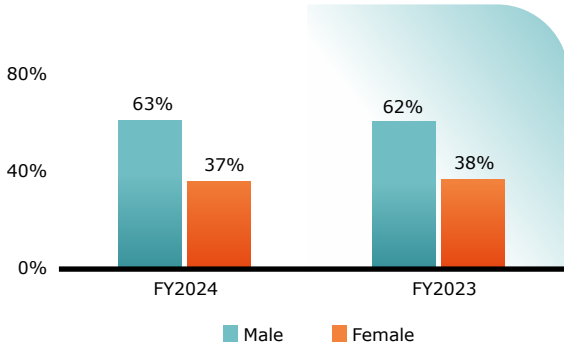
Board Diversity Policy

LS 2 has in place a Board Diversity Policy with a view to achieve sustainable and balanced development. We see diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

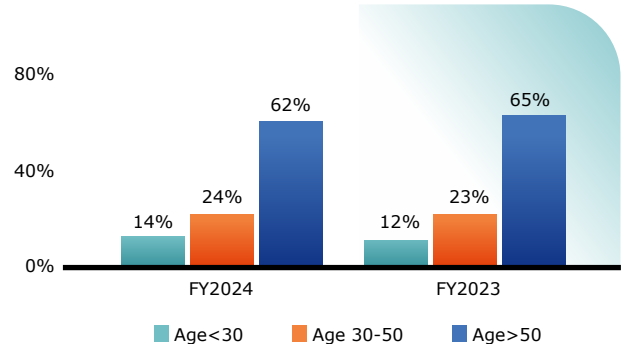
LS 2 is also committed to appointing individuals from diverse backgrounds, including but not limited to age, cultural background, educational background, ethnicity, expertise and experience, gender, geographical background, independence, knowledge, length of service, nationality, and skill.

Our focus on investing in our human resources has been signified by the SkillsFuture Employer Awards we received in 2021. As at ending FY2024, our total workforce comprised of 1,806 (FY2023: 1,654) individuals with the following distribution:

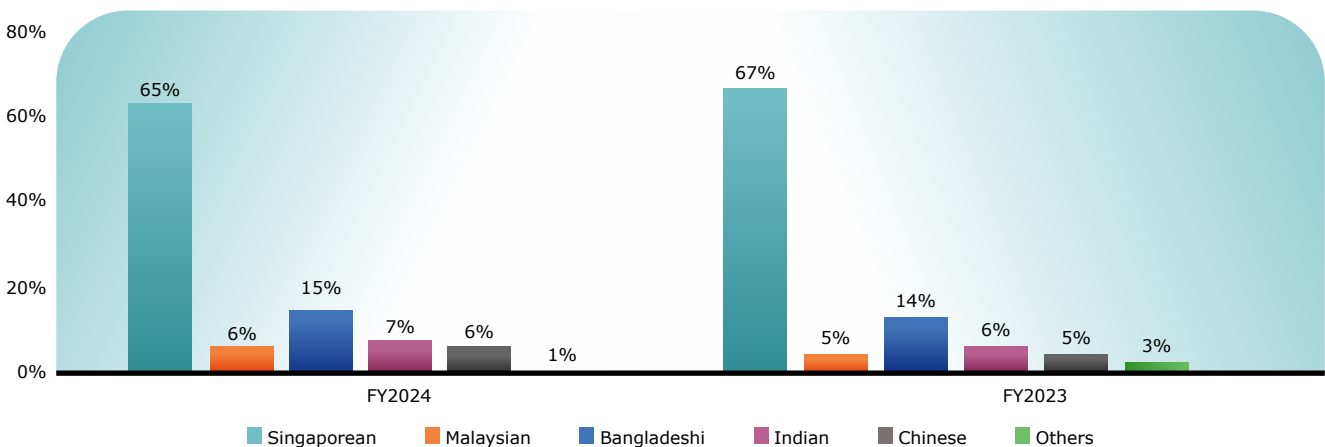
Employees by Gender



Employees by Age



Employees by Nationalities*

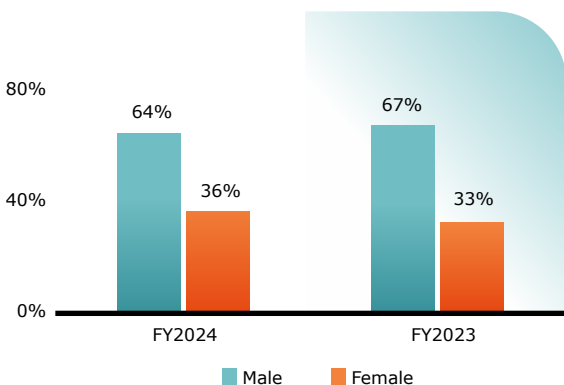


*Includes full-time and part-time employees

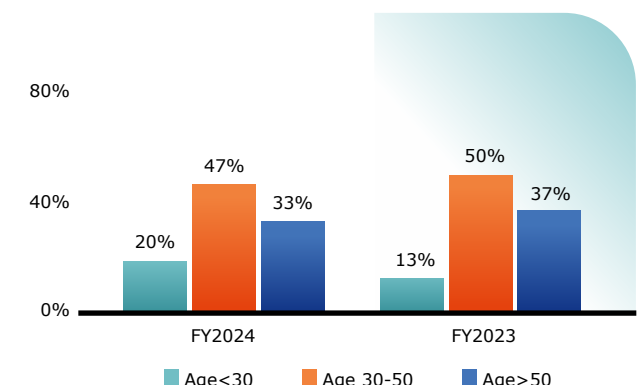
Management Diversity

We promote management diversity within our team. Our goal is to create a more inclusive and effective work environment that brings together different perspectives and experiences for better decision-making, innovation, increase employee engagement and ultimately boost our Group's overall performance.

Management by Gender

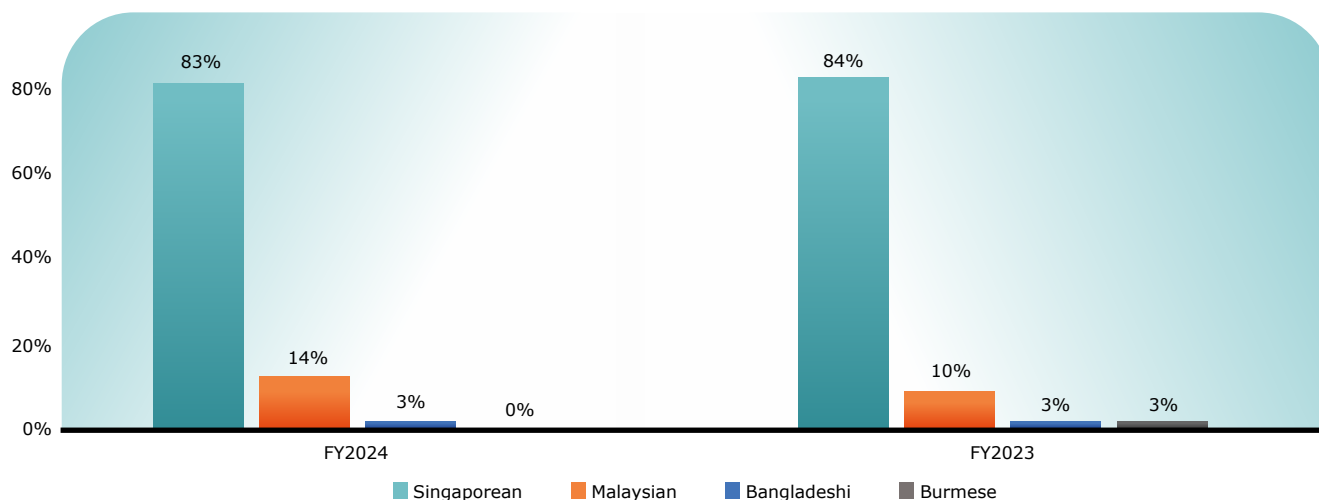


Management by Age



SUSTAINABILITY REPORT

Management by Nationalities



FY2024 Target	FY2024 Performance	Short-, Medium-, and Long-Term Target
We will strive to maintain the level of diversity in FY2024.	Target met. We maintained the level of diversity in FY2024.	We will strive to maintain the level of diversity and enhance board diversity within the next 5 years.

Employment

Our competitive strengths lie in the well-trained large workforce and operationally ready workers. We ensure that our employees and workers are upskilled to enhance their technological know-how, thereby enabling the Group to be more efficient and productive.

We have a qualified and competent management team that possesses extensive experience, technical expertise, and business relationships with industry players in the environmental services sector. Our Group's workforce includes both full-time and part-time employees.

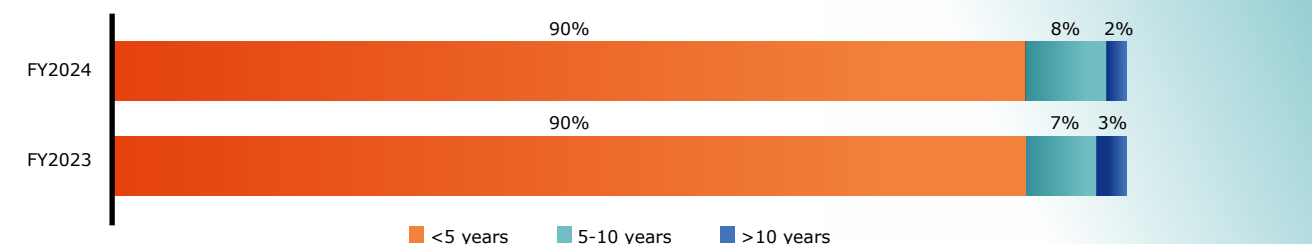
In line with our commitment to sustainability through fair employment practices, we hire and support individuals from the areas we operate, we are helping to build stronger communities and contributing to the long-term success of our business. Throughout the Reporting Period, zero incidents of discrimination were reported within the Group.

In FY2024, we continue to disclose our employee new hires and turnovers data as follows:

New hires and turnovers

	FY2024				FY2023			
	Number of new hires	New hires rate	Number of turnovers	Turnover rate	Number of new hires	New hires rate	Number of turnovers	Turnover rate
Gender								
Male	636	24.8%	511	19.9%	696	28.2%	500	20.3%
Female	352	13.7%	311	12.1%	458	18.6%	314	12.7%
Age								
Below 30	156	6.1%	78	3.0%	128	5.2%	79	3.2%
30 to 50	252	9.8%	199	7.7%	251	10.2%	194	7.9%
Above 50	580	22.6%	545	21.2%	775	31.4%	541	21.9%


Length of Service



FY2024 Target	FY2024 Performance	Short-, Medium-, and Long-Term Target
We strive to maintain a fair employment practice while recruiting our new workforce in FY2024.	Target met. We maintained a fair employment practice and hiring and there were no incidents of discrimination recorded in FY2024.	We strive to maintain a fair employment practice and achieve zero incidents of discrimination.

Membership Associations


Our involvement within the communities enables us to become a member of reputable organisations. Becoming a member of associations allows us to better serve our communities and contribute to the growth of our industry. Our current memberships are as follows:



Environmental Management Association of Singapore ("**EMAS**"): EMAS aims to provide a cohesive platform for companies in the environmental industry to raise the professionalism of the industry and to address the common concerns of environmental and hygienic services.

Awards, Accreditations and Certifications

We believe that our management approach to sustainability is key to our success, as it allows us to ensure operations are running smoothly and efficiently. This includes adhering to safety regulations, the Employment Act, providing quality customer service, and providing safe and conducive working conditions. We received the following awards, accreditations, and certifications over the years as a testament that we continuously improve our processes and services.



Singapore Pest Management Association ("**SPMA**"): SPMA is the registered trade body that represents the pest management industry in Singapore. It advocates advancement of knowledge and improvement in pest management techniques, so as to contribute to a healthy environment.

Year	Name of Awards/Accreditations/Certificates
2003	FM02 L6 BCA
2014	Cleaning Business License
2018	FM03 L1 & FM04 L1 BCA
2021	BizSAFE STAR
2021	SkillsFuture Employer Awards
2022	FM01 M3
2022	ISO 14001:2015
2022	ISO 9001:2015
2022	ISO 45001:2018
2023	Clean Mark Gold Award
2023	Medal of Commendation Award (NTUC Central Committee)
2023	Progressive Wage Mark
2023	COVID-19 Resilience Certificate
2024	Cleaning Business License Class 1

SUSTAINABILITY REPORT

We recognise that our awards, accreditations, and certifications are not only a reflection of our Group’s hard work, but also the trust of our stakeholders.

GOVERNANCE

In governing sustainability issues, we strive to be compliant with relevant laws and regulations and embed policies and procedures that minimise negative impacts. We also strive to embed sustainable practices such as efficient use of resources, monitor and measure performance against sustainability targets, foster an organisational culture of sustainability awareness, report our sustainability performance through this Report and regularly consult our stakeholders in the areas of sustainability.

Risk Management

The Board has appointed Risk Management/Risk Assessment Team (“**RM/RA Team**”) to ensure that the requirements of Risk Management Code of Practice (“**RMCP**”) and WSH Regulation are practiced and met. The team has the following responsibilities:

- 1. Serves as the focal point for coordinating Risk Management in the workplace.
- 2. Ensure that Risk Register is prepared in accordance with the Code of Practice on WSH Risk Management.
- 3. Obtain approval from Management and ensure implementation of risk control measures.
- 4. Review and provide regular updates to Management regarding appropriate risk control measures implemented to reduce or eliminate risks identified.

LS 2 understands the importance of ensuring our business operations remain resilient and our risk management is kept up to date. To achieve this, we use Business Risk and Opportunity Worksheet to identify potential risks that may have a significant impact on the business.

FY2024 Target	FY2024 Performance	Short-, Medium-, and Long-Term Target
We will strive to conduct an annual review of our RMCP and WSH practices in FY2024.	Target met. The Group has completed an annual review to RMCP and WSH practice in year 2024.	We will strive to conduct an annual review of our RMCP and WSH practices.

TCFD CLIMATE-RELATED DISCLOSURES

As the global climate continues to change, we are committed to addressing climate-related issues applicable to our business. It is increasingly important to consider how climate-related risks and opportunities can affect businesses. Cleaning services, in particular, might be affected by the changing environment. For example, we may experience increased costs due to higher energy prices or extreme weather conditions. Aside from these risks, there may be opportunities for new services, such as green cleaning solutions, which could result from changes in customer demand.

In line with our commitment, LS 2 will continue to increase our knowledge and understanding on climate-related risks and explore climate-related opportunities that we can capitalise on in this changing environment to achieve a sustainable future and believe that incorporating climate resilience into our strategy is essential for long-term value creation.

Governance

The Board recognises the importance of addressing climate-related risks and opportunities as part of our commitment to ensuring sustainable business.

The Board is ultimately responsible for oversight of Group's climate related issues across the operations and has delegated the CEO and SWG to provide focused attention on climate-related matters. The CEO reports directly to the Board and holds a meeting as and when required to discuss and assess climate-related issues. The Board ensures that climate considerations are accounted for its overall business strategy and considers potential impacts on operations, risk management, and supply chain.

By delegation to support the Board, the CEO is tasked with strategic management of climate-related risks and opportunities. The CEO is also responsible for conducting climate risk assessments across various aspects of the business including operations, supply chain, and market positioning and considering potential impacts of those risks on the Company's financial performance. The CEO ensures that climate risks and opportunities are factored into business decisions to enhance long-term sustainability and value creation.

In terms of risk mitigation strategies, the CEO is also responsible for the development and implementation of risk mitigation strategies to address both physical and transitional climate risks with support from the RM/RA team.

Strategy

In FY2024, LS 2 has taken steps to enhance our internal capabilities to effectively address the TCFD Recommendations, with the goal of strategically managing key climate-related risks and opportunities within our organisation. As part of this effort, a climate risk assessment was conducted in FY2024, enabling us to identify and evaluate climate-related risks and opportunities across our operations. These assessments consider potential business and financial impacts over different time horizons: short-term (<3 years), medium-term (3-10 years), and long-term (>10 years), as outlined below:

Climate-related Risks	Description	Anticipated Impact	Timeframe
Physical risk (Acute) Increased extreme weather events	The heightened occurrence of extreme weather events, such as flash floods, attributable to climate change, can precipitate potential harm to our assets, machinery, equipment, and infrastructure, underscoring the urgent requirement for resilient structures and machinery.	Increased operating costs and insurance premium on assets	Medium-to Long-term
Physical risk (Chronic) Extreme heat	Increased mean temperatures can disrupt normal operations and elevate thermal stress and health risks for our on-site employees. Additionally, operating costs may rise due to an increased frequency of water breaks and related operational demands.	Increased operating costs	Medium-to Long-term
Transition risk (Policy and Legal) Expansion of carbon pricing mechanism	Evolution in policy and regulatory frameworks, including broadening the scope of carbon taxation and elevating carbon tax rates, can engender heightened costs associated with reducing carbon emissions. These adjustments may necessitate: <ul style="list-style-type: none"> • Greater investments in emission reduction technologies and methodologies. • Increased expenditures on carbon offsetting initiatives and renewable energy adoption. 	Increased carbon emission reduction cost	Medium-to Long-term
Transition risk (Policy and Legal) Enhanced sustainability reporting requirements	Non-compliance with pertinent climate reporting mandates mandated by regulatory authorities can precipitate heightened sustainability concerns or adverse feedback from stakeholders, potentially eroding investor trust and confidence. This could result in: <ul style="list-style-type: none"> • Amplified scrutiny and criticism from stakeholders, reflecting negatively on the organisation's commitment to environmental responsibility. • Increased costs incurred to bolster compliance efforts, aligning with more rigorous regulatory benchmarks. 	Increased operating and compliance costs	Short- to Medium-term
Transition risk (Reputation) Shift in customers' preferences	Failure to adapt to the evolving business landscape and growing customer emphasis on green initiatives may prevent LS 2 from bidding on green projects, potentially leading to a loss of market presence and share.	Decreased revenue	Medium-to Long-term

SUSTAINABILITY REPORT

Climate-related Opportunities	Description	Anticipated Impact	Timeframe
Opportunities (Resilience) Increased supply chain resilience and adaptability	By investing in resilient equipment and embracing sustainable practices such as adopting electric-powered machineries and electric-powered Group's vehicles and procurement strategies throughout the value chain—LS 2 stands to bolster its adaptability for the future.	Decreased operating costs Increased business revenue	Medium- to Long-term
Opportunities (Products and Services) Expansion of low emission services	LS 2 could potentially shift its focus towards the expansion of low-emission services, presenting an opportunity to align with evolving regulatory standards and the growing customer demand for sustainable solutions. By diversifying its offerings to include environmentally friendly services.	Increased business revenue	Medium- to Long-term
Opportunities (Market) Increased competitiveness through accessing green financing and access to new markets	Increased competitiveness for LS 2 can be achieved by accessing green financing to support sustainable projects and entering new markets focused on environmental responsibility. This enables LS 2 to innovate, expand its customer base, and strengthen its position as a leader in the green transition.	Enhanced competitiveness and increased revenue	Short- to Long-term

To address climate-related risks and seize related opportunities, we have implemented several initiatives to actively manage their impacts. Our carbon reduction action plan includes measures like the establishment of a QEHS Policy, water conservation, and responsible waste management. To mitigate medium-term risks, we have introduced a Risk Management and Business Continuity Policy, along with Competence, Training, and Awareness programmes. Furthermore, we invest in research and development of new technologies to cut emissions and enhance energy efficiency, publish an annual sustainability report, and advocate for sustainable practices across the organisation.

Going forward, the Group plans to disclose its strategies and conduct scenario analysis to enhance its sustainability efforts and improve future disclosures.

Risk Management

To navigate the evolving business landscape, the Group recognises the growing importance of mitigating the impacts of climate change. Accordingly, the Group's Enterprise Risk Management ("ERM") framework incorporates, among other factors, climate-related risks. This framework governs the Group's risk management processes, facilitating the identification, assessment, prioritisation, management, and monitoring of key risks affecting our operations. Strengthened by internal controls, our risk management system is both effective and adequate in addressing material risks within the current business environment.

The Group has integrated climate-related risks into its ERM framework. Through an ongoing risk assessment process, LS 2 identified relevant risks and opportunities, including climate-related ones, by leveraging external sources such as peer company benchmarking and TCFD Recommendations. These risks were subsequently evaluated and prioritised based on their potential impact on the Group's operations and strategic planning.

To ensure a robust system of risk management and internal controls, protecting the interests of our shareholders and the Group's assets, we have established clear roles and responsibilities between the Board and the CEO concerning climate-related risk management. The CEO, supported by the SWG, assesses all significant control policies and procedures, bringing any critical issues to the attention of the Board and the AC. The AC, with the support of an external risk management consultant, supervises the Company's risk management framework and policies.

Metrics and Targets

We recognise that we are on a long-term journey in terms of managing our climate-related risks. We will ensure that necessary steps are taken in order to meet our sustainability commitments, and we believe that by setting sustainability and climate-related metrics and targets, we can track our progress and make positive impacts.

We are committed to improving our sustainability practices and are looking into implementing proper metrics and targets to account for GHG emissions in the coming years as we are increasing our understanding of climate-related financial impacts. In the meantime, we focus our efforts on sustainability policies, performance and targets.

In our efforts to address the impacts of climate change, we have set climate-related metrics and targets, as outlined below, to provide stakeholders with greater insight into our initiatives and progress in managing critical climate-related risks and opportunities. We monitor our climate performance through various metrics and report our Scope 1 and Scope 2 GHG emissions in this Report:

- Total petrol consumption (Litres)
- Total diesel consumption (Litres)
- Total electricity consumption (kWh)
- Total electricity consumption intensity (kWh/Occupant in leased unit)
- Total GHG emissions (Scope 1 & 2) (Tonnes of CO₂-equivalent; tCO₂e)
- Total GHG emissions intensity (Scope 1) (Tonnes of CO₂-equivalent per Group vehicle; tCO₂e/Group vehicle)
- Total GHG emissions intensity (Scope 2) (Tonnes of CO₂-equivalent per occupant in leased unit; tCO₂e/Occupant in leased unit)

GRI Content Index

Statement of use	LS 2 Holdings Limited has reported the information cited in this GRI content index for the period from 1 January 2024 to 31 December 2024 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No applicable Sector Standard(s) available as at date of publication

GRI STANDARDS	DESCRIPTION	PAGE REFERENCE
GRI 2: General Disclosures 2021	2-1 Organizational details	Pages 1, 13
	2-2 Entities included in the organization's sustainability reporting	Page 14
	2-3 Reporting period, frequency and contact point	Page 14
	2-4 Restatements of information	None
	2-5 External assurance	None
	2-6 Activities, value chain and other business relationships	Pages 1 to 8
	2-7 Employees	Pages 22 to 25
	2-8 Workers who are not employees	Pages 23 to 24
	2-9 Governance structure and composition	Pages 15, 34 to 35
	2-10 Nomination and selection of the highest governance body	Pages 36 to 38
	2-11 Chair of the highest governance body	Pages 10, 31 to 32
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 34 to 35
	2-13 Delegation of responsibility for managing impacts	Pages 35 to 36
	2-14 Role of the highest governance body in sustainability reporting	Page 15
	2-15 Conflicts of interest	Page 32
	2-16 Communication of critical concerns	Pages 16 to 18
	2-17 Collective knowledge of the highest governance body	Page 32
	2-18 Evaluation of the performance of the highest governance body	Pages 38 to 39
	2-19 Remuneration policies	Pages 39 to 40
	2-20 Process to determine remuneration	Pages 39 to 41

SUSTAINABILITY REPORT

GRI STANDARDS	DESCRIPTION	PAGE REFERENCE
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	Pages 41 to 43
	2-22 Statement on sustainable development strategy	Page 15
	2-23 Policy commitments	Page 21
	2-24 Embedding policy commitments	Page 21
	2-25 Processes to remediate negative impacts	Page 18
	2-26 Mechanisms for seeking advice and raising concerns	Pages 16, 18
	2-27 Compliance with laws and regulations	Page 26
	2-28 Membership associations	Page 25
	2-29 Approach to stakeholder engagement	Page 16
	2-30 Collective bargaining agreements	None
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 17
	3-2 List of material topics	Page 17
	3-3 Management of material topics	Pages 18 to 26
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 18
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Page 18
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 19
	302-3 Energy intensity	Page 19
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Pages 19 to 20
	305-2 Energy indirect (Scope 2) GHG emissions	Pages 19 to 20
	305-4 GHG emissions intensity	Pages 19 to 20
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 24
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Pages 20 to 21
	403-2 Hazard identification, risk assessment, and incident investigation	Page 21
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 21
	403-5 Worker training on occupational health and safety	Page 21
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 21
	403-9 Work-related injuries	Page 21
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 22
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 22
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 22 to 24
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Pages 24 to 25
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 21

Corporate Governance Statement

The Board of Directors (the “**Board**” or “**Directors**”) of LS 2 Holdings Limited is committed to upholding high standards of corporate governance and practices throughout LS 2 Holdings Limited (the “**Company**”) and its subsidiary corporations (the “**Group**”), as a fundamental part of its responsibility to protect shareholders’ interests, enhance shareholders’ value and the financial performance of the Group.

This report describes the Group’s corporate governance practices in place during the financial year ended 31 December 2024 (“**FY2024**”) and structures with specific references made to the principles and provisions of the Code of Corporate Governance 2018 (the “**Code**”) issued on 6 August 2018.

The Company and the Board confirm that the Company has adhered to all principles and provisions set out in the Code pursuant to Rule 710 of the Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”) issued by SGX-ST as set out in this report. Where there are deviations from the Code, appropriate explanations will be provided.

BOARD MATTERS

As at the date of this Annual Report, the Board comprises of the following members:-

Mr. Tan Hoo Kiat	(Executive Chairman and Executive Director)
Mr. Ong Khong Weng, Alvin	(Chief Executive Officer and Executive Director)
Mr. Tan Siang Leng	(Lead Independent Non-Executive Director)
Mr. Ng Hong Whee	(Independent Non-Executive Director)
Mr. Chua Ser Miang	(Independent Non-Executive Director)

The profile of each Director is presented under the “Board of Directors” section of the Annual Report.

The Board’s Conduct of its Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

Provision 1.1 of the Code: Directors’ duties and responsibilities

The Board is entrusted with the responsibility of the overall management of the Company.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, are as follows:-

- oversee the Company’s business and its performance and is collectively responsible for the long-term success of the Company.
- overall responsibility for establishing and maintaining a framework of good corporate governance in the Group, including the risk management system and internal control to safeguard shareholders’ interests and the Group’s assets and to take into account the interests of key stakeholder groups in its decision making.
- provide independent judgement, diversified knowledge and experience to weigh on issues of strategy, performance, resources and standards of conduct and ethics.
- regularly reviews the Group’s strategic business plans, the assessment of key risks by Management and the operational and financial performance of the Group to enable the Group to meet its objectives.
- responsible for shaping the Company’s strategic direction and integrate sustainability components into all the Company’s business and operations. This integration involves the consideration of Environmental, Social and Governance (ESG) factors in the Company’s business and operations. The Board will work alongside the Management to advance sustainability efforts within the Company.

COPORATE GOVERNANCE

All Directors recognise that they must discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board is a representation of the shareholders in the Company and is accountable to them through effective governance of the business. The Directors and the Group's employees are also guided by the Company's code of ethics in the Group Employee Handbook, which prescribe the standards of ethical behaviour. All Directors are required to avoid situations where their own personal or business interests may conflict or appear to conflict with the interests of the Company.

Where a Director has a conflict of interest in the matter discussed, or it appears that the Director might have a conflict of interest in relation to the matter discussed, the Director must immediately declare his personal or business interest at the Board meeting or send a written notice to the Company containing details of his personal or business interest in the matter and the actual or potential conflict of interest.

Any Director facing a conflict of interest in the matter discussed will recuse himself from the discussions and abstain from participating in any Board decisions and voting on resolutions regarding the matter and refrain from exercising any influence over other members of the Board, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion.

Provision 1.2 of the Code: Induction, Training and Development

A formal letter is provided to each Director upon their appointment, setting out their relevant duties and obligations, to acquaint them with their responsibilities as Directors of the Company.

The Company conducts an orientation programme for new directors and the directors are briefed by Management to familiarise themselves with the Group's business and governance policies and practices. The orientation programme aims to provide the new directors with an understanding of the Group's businesses to enable them to assimilate into their new roles and to get acquainted with Management, thereby facilitating Board interaction and independent access to Management.

To keep abreast with developments in the relevant sectors and to ensure that the Directors are kept informed of relevant new laws, regulations and changing commercial risks that will affect the Group, the Company encourages its Directors to attend relevant instructional or training courses at the Company's expense. In particular, the Board is regularly kept informed and updated on courses and seminars offered by the Singapore Institute of Directors ("**SID**") which are relevant to the training and professional development of the Directors. The Directors are also briefed on the new requirements of the SGX-ST, Companies Act 1967 and other regulatory requirements from time to time by the Company Secretary, the Auditors and the Sponsor.

As stipulated under Rule 406(3)(a) of the Catalist Rules, Directors who are appointed and who have no prior experience as directors of a listed company in Singapore will have to attend the Listed Entity Director ("**LED**") courses organised by the SID within one (1) year of his appointment as prescribed by SGX-ST in accordance with Rule 406(3). There was no new director appointed during FY2024.

All Directors had attended a training on sustainability matters organised by approved training providers as prescribed under Rule 720(6) of the Catalist Rules in FY2022.

Provision 1.3 of the Code: Matters requiring Board's approval

Notwithstanding that the daily operations and management of the Company is delegated to the Executive Directors, the Board has put in place internal guidelines on matters which require the Board's approval, including but not limited to the following:-

- the appointment of directors, the company secretary and the sponsor;
- any major transactions such as, *inter alia*, capital funding, acquisitions and disposals of assets;
- release of the Group's financial results announcements, annual report and convening of shareholders' meeting, circulars to shareholders and related announcements through SGXNet.
- alterations to the share capital of the Company;
- approving interested person transactions exceeding a certain threshold;

- any material regulatory matters and litigation cases;
- compliance matters associated with the Catalist Rules, Securities and Futures Act or other relevant laws and regulations.

Clear directions have been disseminated to the Management that reserved matters must be approved by the Board.

Provision 1.4 of the Code: Board Committees

The Board objectively discharges its duties and responsibilities at all times and makes decisions in the interests of the Group. The Board has delegated specific responsibilities to the various committees established by the Board, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC") (collectively known as the "Board Committees"). Each committee has the authority to examine issues relevant to their term of reference and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

Provision 1.5 of the Code: Board and Board Committees Meeting

The Board meets regularly on a biannual basis and ad-hoc Board Committee and/or Board meetings are convened as and when required. In between Board meetings, any important matter will be tabled for the Board's approval by way of circulating resolutions in writing.

The Constitution of the Company allows directors to participate in Board meetings via electronic means. The Directors are free to discuss any information or view as presented by any member of the Board and Management.

When necessary or appropriate, members of the Board exchange views outside the formal environment of Board meetings. Each Board member is expected to objectively discharge his duties and responsibilities at all times as fiduciaries in the best interest of the Company.

The attendance record of each director at meetings of the Board and Board Committees during FY2024 is disclosed below:-

	Board Meeting		AC Meeting		NC Meeting		RC Meeting	
Name of Director	No. of Held	No. of Attended	No. of Held	No. of Attended	No. of Held	No. of Attended	No. of Held	No. of Attended
Tan Hoo Kiat	2	2	2	2*	1	1*	1	1*
Ong Khong Weng, Alvin	2	2	2	2*	1	1*	1	1*
Tan Siang Leng	2	2	2	2	1	1	1	1
Ng Hong Whee	2	2	2	2	1	1	1	1
Chua Ser Miang	2	2	2	2	1	1	1	1

* By way of invitation.

The Company's Constitution allows for meetings to be held through telephone and/or videoconference. The Company Secretary and/or her representative also attends the Board and Board Committee meetings.

Provision 1.6 of the Code: Access to Information

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides the Board with key information that is complete, adequate and in advance to enable the Directors to make timely decisions, effectively discharge their duties and make a balanced and informed assessment of the performance, position and prospects of the Company.

COPORATE GOVERNANCE

The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All Directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary. Any additional materials or information requested by the Directors are promptly furnished. If necessary, management staff who are able to explain and provide insights to the matters to be discussed are invited to present to the Board and answer any queries that the Directors may have.

Provision 1.7 of the Code: Access to management and company secretary

The Directors are updated regularly on corporate governance requirements, changes in listing rules and regulations, and the performance of the Group. The Directors have separate and independent access to Management, including the CEO, the Group Financial Controller ("**GFC**") and other key management personnel ("**Key Management Personnel**") as well as the Group's internal and external auditors, and Company Secretary at all times.

The Company Secretary and/or her representative attend all Board meetings and ensures the Board procedures and the performance of the Group's compliance obligations pursuant to the relevant statutes and regulations are followed. Under the direction of the Executive Chairman and CEO, the Company Secretary ensures good information flow within the Board and Board Committees and between senior management and Non-Executive Directors, as well as facilitating orientation and assisting with professional development if required. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

The Directors, either individually or as a whole, has direct access to the Group's independent professional advisers, if necessary, to enable each Director to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

Provision 2.1 of the Code: Director's independence

Provision 2.2 of the Code: Independence directors make up a majority of the Board where the Chairman is not independent.

Provision 2.3 of the Code: Non-executive directors make up a majority of the Board

As at the date of this Annual Report, the Board comprises of five (5) directors. The five (5) directors consist of one (1) Executive Chairman ("**Chairman**") and Executive Director, one (1) Chief Executive Officer ("**CEO**") and Executive Director and three (3) Independent Non-Executive Directors ("**INED**"). Each INED has no relationship with the Company, its related companies, its substantial shareholders, or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the INED's independent business judgement in the best interests of the Group. No individual or small group of individuals dominates the Board's decision making. INED comprise majority of the Board and the chairman of the respective Board Committees are chaired by Independent Directors. The Company is in compliance with the Provision 2.2 and 2.3 of the Code.

All Directors are required to disclose any relationships or appointments which would impair their independence to the Board as and when the need arises. The NC reviews on an annual basis the independence of the Directors under Provision 2.1 of the Code, and as and when circumstances require. In respect of the review of the independence of each director, the NC assessed the independence of each director and had considered that Mr. Chua Ser Miang, Mr. Tan Siang Leng and Mr. Ng Hong Whee to be independent. None of the INED has served on the Board beyond nine (9) years from their respective date of appointment.

Each member of the NC has abstained from deliberations in respect of the assessment of his own independence.

Provision 2.4 of the Code: Board size and diversity

The NC reviews the size and diversity of the Board and Board Committees on an annual basis. The Board comprises of business leaders and professionals with financial, environmental and business management backgrounds. The Board, as a whole, has an appropriate balance and mix of skills with the necessary core competencies such as accounting, finance, business or management experience and industry knowledge, strategic planning experience and customer-based experience or knowledge. This allows the Board to foster constructive debate and avoid groupthink.

In consideration of the current scope and nature of the operations of the Group's operations, the NC is of the view that the current size and diversity of the Board provides an appropriate balance and allows for effective decision making at the Board and Board Committees' meetings.

The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. The Company has a Board Diversity Policy that sets out the approach to take into consideration criteria of such as qualification, age, gender, experience, and expertise in various fields, in relevant industry to achieve diversity in the Company's Board.

The Board recognises the importance and value of gender diversity in the composition of the Board. Gender diversity is recognised by the Board as an essential aspect of a well-balanced Board. The Company will continue to enhance diversity on the Board's composition. When making recommendations to the Board for the appointment of a director, the NC will ensure that:-

- a) female candidates with the appropriate combination of skillset and experience are included for consideration;
- b) the requirement to present female candidates will be made known where external consultants are used for the search; and
- c) there is at least one female representation on the Board.

Currently, there is no female Director on the Board. In year 2022, NC resolved to make a recommendation to the Board as and when there is a suitable candidate who will be able to complement the skills and experience, and enhance the diversity of the Board as a whole within the next 5 years.

Provision 2.5 of the Code: Meeting of Non-Executive Directors ("NEDs") without Management

Although all the Directors have an equal responsibility for the Group's operations, the role of NEDs are particularly important in ensuring that the strategies proposed by Management are constructively challenged from an objective perspective, and at the same time take into account any constructive suggestions that will shape the Company's policies. NEDs also aid in the review of Management's performance and monitor Management's reporting framework.

The NEDs meet regularly without the presence of Management. During FY2024, the NEDs met twice in the absence of Management.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Provision 3.1 of the Code: Separation of the roles of the Chairman and CEO

Provision 3.2 of the Code: Division of responsibilities between the Chairman and CEO

Provision 3.3 of the Code: Lead Independent Director

The roles of the Chairman and CEO are separated to ensure a clear division of the responsibilities. Mr. Tan Hoo Kiat is the Executive Chairman of the Group and Mr. Ong Khong Weng, Alvin is the CEO of the Group. The Chairman and the CEO are not related to each other.

COPORATE GOVERNANCE

The Chairman is responsible for the oversight of our Group's business and strategic planning, and overall development of our Group. He is also responsible for our Group's expansion plans for growth and development, including sourcing for investment opportunities to promote the growth of our Group's business whilst the CEO is responsible for the business management and day-to-day operations of the Group.

The Board is of the view that as all major decisions are made in consultation with the Board which comprises of a majority of INEDs, there are adequate measures in place to ensure accountability and against any uneven concentration of power and authority in a single individual.

The Chairman encourages constructive relations among the Board and between the Board and Management and the Chairman, with the help of the Company Secretary, ensures that Board meetings are convened as and when necessary and sets the meeting agenda in consultation with the CEO and fellow directors and other executives, and if warranted, with professional advisors. The Chairman also leads the Board discussions and ensures that quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of non-executive directors and independent directors during Board meetings.

Mr. Tan Siang Leng is the Lead Independent Director ("**LID**") and he is available to shareholders, where they have concerns, and for which contact through the normal channels of the Executive Chairman and CEO or Management are inappropriate or inadequate. When necessary, the INEDs will meet without the presence of the other Directors and the LID will provide feedback to the Chairman after such meetings.

All INEDs led by the LID, meet at least once annually without the presence of Executive Directors and Management to discuss matters of significance which are thereon reported to the Chairman accordingly.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provision 4.1 of the Code: Role of the NC

Provision 4.2 of the Code: Composition of NC

The NC comprises of the following three (3) members, all of whom including the Chairman, are INEDs.

- Mr. Chua Ser Miang (Chairman)
- Mr. Tan Siang Leng (Member)
- Mr. Ng Hong Whee (Member)

The written terms of reference of the NC have been approved and adopted, and includes the following:-

- The review of structure, size and composition of the Board and Board Committees.
- The review of succession plans for the Board Chairman, Directors, CEO and members of Key Management Personnel.
- The development of a transparent process for evaluating the performance of the Board, its Board Committees and Directors, including assessing whether Directors are able to commit enough time to discharge their responsibilities and the maximum number of listed company Board representations which a Director may hold.
- The review of training and professional development programmes for the Board and its Directors.
- The appointment and reappointment of all Directors (including any Alternate Directors).

The NC is responsible for identifying and nominating candidates for the Board, determining annually, whether a Director is independent in accordance with the guidelines set out in the Code, filling board vacancies as well as to put in place plans for succession.

Provision 4.3 of the Code: Director appointment and re-nomination

The process for selection and appointment of new directors will be led by the NC in the following order: (i) determining the desirable competencies for the appointment, and after consultation with the Management, (ii) assessing the suitability of the candidates and conducting an open dialogue to ensure that each candidate is aware of his role and obligations and (iii) submitting a final shortlist for recommendation to the Board.

The search and nomination process for new directors, led by the NC, is as follows:-

- The NC evaluates the balance, skills, knowledge and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and key attributes that an incoming director should have.
- after endorsement by the Board of the key attributes required, the NC taps on the networking resources of the existing Directors and seeks recommendations from them in relation to the potential candidates and goes through a shortlist process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to aid in the search process.
- the NC meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.
- the NC recommends the most suitable candidate to the Board for appointment as Director.

Pursuant to Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-election and re-appointment at least once every three (3) years. Pursuant to Articles 96 and 97 the Constitution of the Company, at each annual general meeting of the Company ("AGM"), at least one-third of the Directors for the time being or if their number is not three or a multiple of three, the number nearest to one-third but not less than one-third shall retire by rotation and that all Directors shall retire at least once every three (3) years and such retiring Director shall be eligible for re-election.

A retiring Director is eligible to offer himself for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his own re-election as Director.

Pursuant to Article 100 of the Company's Constitution, all newly appointed Directors shall retire and being eligible, submit themselves for re-election at the forthcoming AGM ("**Retiring Directors**").

Accordingly, the NC had recommended the aforesaid re-election of two (2) Directors and the Board had accepted the NC's recommendation. In recommending the re-election of these two (2) Directors, the NC has considered the Directors' overall contributions and performance. The details of the directors seeking for re-election as required under Appendix 7F of the Catalist Rules are set out on pages 53 to 58 of this Annual Report.

Provision 4.4 of the Code: Circumstances affecting director's independence

As described under Principle 2 of this report, the Company has put in place a process to ensure the continuous monitoring of the independence of the Directors. Each Independent Director is required annually to confirm his independence. Further, the NC determines annually, and as and when circumstances require, whether a Director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial shareholders or its officers and the checklist completed by each Independent Director. Having made its review, the NC is of the view that all independent directors have satisfied the criteria for independence.

COPORATE GOVERNANCE

Provision 4.5 of the Code: Multiple directorships

The NC monitors and determines annually whether Directors who have multiple board representations and principal commitments, give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC takes into account the results of the assessment of the effectiveness of the individual director and his actual conduct on the Board, in making this determination.

The NC has ascertained that for the period under review, where a Director had other listed company board representations and/or other principal commitments, the Director was able to carry out and had been adequately carrying out, his duties as a Director of the Company. The Directors have expressed that they are committed to carrying out their roles and responsibilities to their best of efforts. The NC concluded that there is no need to impose a limit on the number of board representations at this stage.

Currently, the Company does not have any alternate directors.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1 of the Code: Performance criteria and process for evaluation of the effectiveness of the Board

Provision 5.2 of the Code: Disclosure of assessment of the Board, Board committees and each director

Based on the recommendations by the NC, the Board has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Executive Chairman and individual Directors to the effectiveness of the Board. Part of the evaluation process is through the review of the appraisal and evaluation forms, which helps to assess the Directors through the following key performance criteria:-

- Board size and composition of the Board
- Board independence
- Board processes
- Board information and accountability
- Board performance in discharging principal functions
- Board Committee performance
- Board time commitment
- Board diversity
- Overall contribution

Each Director is required to complete assessment forms to evaluate the Board, Board Committees and individual Directors, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors. The evaluation of individual Directors aims to assess whether each Director continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, and any other duties. There was no external consultant engaged and involved in the Board evaluation process in FY2024.

The Company Secretary had been requested to collate the Board's evaluation and to provide the summarised observations for the Chairman of the NC and the Board Chairman. The Board Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or in the case of resignation, new directors may be sought.

Following the review of the assessment of the Board, its committees and individual directors, including the Chairman for FY2024, both the NC and the Board are of the view that the Board and its committees have operated effectively, and each director has contributed to the overall effectiveness of the Board in FY2024.

The NC is responsible for assessing the effectiveness of the Board, the Board Committees, and each individual Director. All NC members have abstained from voting or review process of any matters in connection with the assessment of his own performance.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Provision 6.1 of the Code: RC to recommend remuneration framework and packages

Provision 6.2 of the Code: Composition of RC

RC Composition and Role

The RC comprises of the following three (3) members, all of whom including the Chairman, are INEDs.

- Mr. Ng Hong Whee (Chairman)
- Mr. Tan Siang Leng (Member)
- Mr. Chua Ser Miang (Member)

The RC is responsible for ensuring a formal and transparent procedure for developing policies on director and executive remuneration, and for determining the remuneration packages of individual Directors and Key Management Personnel.

The written terms of reference of the RC have been approved and adopted, including but not limited to, the following:-

- Reviewing and recommending to the Board for the endorsement, a general framework for computation of directors' fees of the Board and Key Management Personnel. For Executive Directors and Key Management Personnel, the framework covers all aspects of executive remuneration. Such remuneration packages include but are not limited to director's fees, salaries, allowances, bonuses and benefits in kind;
- Reviewing and recommending the specific remuneration packages for each Director and the Company's Key Management Personnel;
- Review the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotion for these related employees will also be subject to the review and approval of the RC;
- Review the ongoing appropriateness and relevance of the Company's remuneration policy (including but not limited to Directors' fees, salaries allowances, bonuses, options, share-based incentives and awards and benefits-in-kind are covered) and other benefit programmes (where appropriate);

COPORATE GOVERNANCE

- reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or Key Management Personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group;
- reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and Key Management Personnel and to align the interests of the Directors and Key Management Personnel with the long-term interests of the Company;
- if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- administering the LS 2 Performance Incentive Scheme ("**Schemes**") namely LS 2 Employee Share Option Scheme ("**ESOS**") and LS 2 Performance Share Plan ("**PSP**"). Details of the Scheme are contained in the Company's offer document dated 15 February 2022 ("**Offer Document**"); and
- Undertake such other functions and duties as may be required by the Board under the Code, statute or Catalist Rules (where applicable).

Provision 6.3 of the Code: RC to consider and ensure all aspect of remuneration are fair

The RC reviews the reasonableness of the contracts of service of Executive Directors and Key Management Personnel to ensure that their remuneration are commensurate with the responsibilities and risks involved in their roles and that their remuneration packages are comparable within the industry. They are also responsible for the administration of the ESOS and PSP to motivate eligible participants towards better performance through increased dedication and loyalty.

The Independent Directors are entitled to Directors' fees in accordance with their contributions, considering factors such as effort and time spent, and their responsibilities. The Directors' fees are recommended by the RC and endorsed by the Board, and are subject to shareholders' approval at the AGM. Except as disclosed in this Annual Report, the Independent Directors did not receive any other remuneration from the Company.

The Executive Directors have each entered into a service agreement with the Company ("**Service Agreement**"), under which the terms of their employment are stipulated, including a monthly base salary, annual wage supplement and benefits commensurate with the position. The Executive Directors also participate in a profit-sharing scheme that is pegged to the Group's profitability. The Executive Directors are not entitled to Directors' fees and there are no post-retirement and severance benefits except the common practice of giving notice or salary in lieu of notice in the event of termination. The Service Agreements are valid for five (5) years ("**Initial Term**") and upon the expiry of the Initial Term, the Service Agreement shall be automatically renewed on a biennial (once every two (2) years) basis on such terms and conditions as the parties may agree.

All recommendations made by the RC on the remuneration of directors and Key Management Personnel will be submitted for endorsement by the Board. None of the RC is involved in setting his remuneration package. Each RC member shall abstain from reviewing, deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him.

Provision 6.4 of the Code: Expert advice on remuneration

The members of the RC are familiar with executive compensation matters as they have prior experience in principal commitments, managing businesses and/or are holding board representation in other listed companies. The RC also has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2024.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Provision 7.1 and 7.3 of the Code: Remuneration of Executive Directors and key management personnel are appropriately structured to link rewards to performance.

Save for directors' fees, which are subject to the approval of the shareholders at every AGM, the INEDs do not receive any other remuneration from the Company. No Director or member of the RC is involved in deciding his own remuneration.

Based on the Remuneration Framework, the service contract for Executive Directors and Key Management Personnel comprises a fixed component (in the form of basic salary, fixed allowance and other benefits-in-kind) and variable components (in the form of annual performance bonus) which is based on the Group's and individual performance. The service agreements of Executive Directors provide for a fixed appointment period, after which they are subject to renewal.

The Company has in place Schemes such as the ESOS and PSP. These Schemes serve to motivate eligible participants towards better performance through the award of shares to align themselves with the performance of the Company. The ESOS and PSP, which form an integral part and important component of the employee compensation plan, are designed to primarily reward and retain Directors and employees whose services are vital to the Group's well-being and success. Save from an announcement made by the Company on 2 October 2023 in relation to 5,500,000 Shares Options granted under LS 2 ESOS, no options or awards have been granted under the Scheme as at the date of this annual report.

Provision 7.2 of the Code: Remuneration of Non-Executive Directors

Save for directors' fees, which are subject to shareholders' approval at every AGM, the INEDs do not receive any other remuneration from the Company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provision 8.1 and 8.3 of the Code: Remuneration disclosures of directors and key management personnel

The Company has disclosed the remuneration details of the executive directors and the non-executive directors.

The Company believes that it is in the best interests of the Company not to disclose the absolute number, the remuneration breakdown of its Key Management Personnel, to avoid such information being exploited by competitors and to maintain confidentiality regarding remuneration matters. After taking into account the reasons for non-disclosure stated above, the Board is of the view that the current disclosure of the remuneration presented herein in this report is sufficient to provide shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complied with Principle 8 of the Code.

COPORATE GOVERNANCE

The actual remuneration of Directors for the financial year ended 31 December 2024 received by the Company and its subsidiaries during the financial year are set out below:

Name	Fees ⁽¹⁾	Salary ⁽²⁾	Bonus ⁽²⁾	Others ⁽³⁾	Total	ESOS Value ⁽⁵⁾
Directors						
S\$750,001 – S\$1,000,000						
Mr. Tan Hoo Kiat	–	634,490 (68.0%)	238,542 (25.5%)	60,350 (6.5%)	933,382 (100%)	–
Mr. Ong Khong Weng, Alvin	–	511,420 (68.0%)	216,856 (28.8%)	24,350 (3.2%)	752,626 (100%)	–
Below S\$250,000						
Mr. Tan Siang Leng	32,500 (100%)	–	–	–	32,500 (100%)	–
Mr. Ng Hong Whee	27,500 (100%)	–	–	–	27,500 (100%)	–
Mr. Chua Ser Miang	27,500 (100%)	–	–	–	27,500 (100%)	–
Key Management Personnel						
Below S\$250,000						
Mr. Ong Han Poh	–	91.1%	8.7%	0.2%	100%	S\$13,494
Ms. Tan Wei Ying ⁽⁴⁾	–	87.0%	10.8%	2.2%	100%	S\$13,494
Ms. Lee Sun Sun, Susan	–	73.3%	26.5%	0.2%	100%	S\$13,494
Ms. Tan Wei Li ⁽⁴⁾	–	86.6%	13.1%	0.3%	100%	S\$7,497
Ms. Seah Rui Zi, Ziilia	–	93.8%	5.9%	0.3%	100%	S\$2,999

Notes

- (1) These fees were approved by shareholders at the last AGM held on 30 Apr 2024.
- (2) Salaries and bonuses include employer contributions to the Central Provident Fund. Bonuses also include performance-related incentives.
- (3) Allowances and fringe benefits (included benefits in kind).
- (4) Ms. Tan Wei Ying and Ms. Tan Wei are daughters of Mr. Tan Hoo Kiat who is the Executive Chairman and Executive Director of the Group and Controlling Shareholder of the Company.
- (5) Refer to the total fair value of share option granted during the financial year, estimated using the Black-Scholes Option Pricing Model.

The Board discloses the remuneration for Directors and Key Management Personnel in bands of S\$250,000 instead of full detail disclosure. The Board believes that such disclosure presentation provides sufficient overview of the remuneration of the Directors and Key Management Personnel, considering the confidentiality of remuneration matters. The Board is of the opinion that the information disclosed would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and thus may be prejudice to the Group's interest.

The Group does not have other Key Management Personnel save for those disclosed above. The aggregate total remuneration paid to the Executive Directors and Key Management Personnel of the Group during the financial year was set out on page 108 of this Annual Report

Information on the Company's ESOS such as size of grants, exercise price of options that were granted as well as outstanding and vesting period of option are set out on page 106 of the Annual Report.

There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel in FY2024.

Provision 8.2 of the Code: Remuneration of employee who are substantial shareholders, immediate family members of Executive Director or substantial shareholder

The table below shows the annual remuneration (in incremental bands of S\$100,000) of employees who are immediate family members of a Director, the CEO or a substantial shareholder in FY2024:

Remuneration Band & Names of Executives
S\$100,001 – S\$200,000
Ms. Tan Wei Ying
Ms. Tan Wei Li
Below S\$100,001
Mr. Tan Wei Qin

Ms. Tan Wei Ying, Ms. Tan Wei Li and Mr Tan Wei Qin are children of Mr. Tan Hoo Kiat, Executive Chairman and Executive Director of the Group and controlling shareholder of the Company.

Save for Ms. Tan Wei Ying, Ms. Tan Wei Li and Mr Tan Wei Qin, there were no other employees within the Group who were substantial shareholders of the Company, immediate family members of a Director, the CEO, or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY2024.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance and risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 of the Code: Board determines the nature and extent of risks

The Board and Management acknowledge that they are responsible for the overall risk management and internal control framework but recognise that no internal control system will preclude all errors and irregularities, and a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements or losses, human errors, frauds and lapses in judgement.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls. The AC oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

Provision 9.2 of the Code: Assurance from the Board and management

The Board is collectively responsible for the success of the Company and works with the Management to achieve this. The Company reports its financial results half-yearly.

Through these reports, the Board aims to provide shareholders with a balanced assessment of the Group's financial performance, position and prospects.

COPORATE GOVERNANCE

The Management provides all members of the Board with sufficient and timely information on its financial performance and potential issues prior to all scheduled Board and Board Committees meetings.

In line with the continuous disclosure obligations of the Company and in accordance with the Catalist Rules and the Companies Act, the Board adopts a policy whereby shareholders will be informed of all major developments of the Company.

Financial information and other price sensitive information are circulated in a timely manner to the shareholders through announcements via SGXNET, press releases, the Company's website, media and analysts' briefings. The Company's corporate information as well as annual reports are also available on the Company's website.

The Management makes available to all Directors its half-year and full-year management accounts and where required, such other necessary financial information for other periods, if applicable.

The Board has received assurance from (a) the executive directors and the group financial controller that the financial records have been properly maintained and the financial statements for FY2024 give a true and fair view of the Company's operations and finances; and (b) the executive directors and key management personnel regarding the adequacy and effectiveness of the Company's internal control systems.

Based on the review, works done by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance and IT risks, risk management systems or significant business risks are adequate and effective.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively

Provision 10.1 of the Code: Duties of Audit Committee

Provision 10.2 of the Code: Composition of Audit Committee

Provision 10.3 of the Code: Audit Committee does not comprise former partners or directors of the Company's auditing firm

The AC comprises of the following three (3) members, all whom including the Chairman, are INEDs and have recent and relevant accounting or related financial expertise or experience to discharge their responsibilities:-

- Mr. Tan Siang Leng (Chairman)
- Mr. Ng Hong Whee (Member)
- Mr. Chua Ser Miang (Member)

The Board is of the view that all the AC members are appropriately qualified to discharge their responsibilities.

The external auditors were also invited to be present at AC meetings, as and when required, held during the year to answer or clarify any matters on accounting and auditing or internal controls.

The AC is of the opinion that the independence and objectivity of the external auditors have not been affected based on the amount of non-audit fees paid in FY2024.

The written terms of reference of the AC have been approved and adopted, and they include the following:-

- a) to review with the external auditors their audit plan, audit report, management letter and the Management's response;
- b) to review the half-year and full-year financial statements on significant financial reporting issues and judgments before submission to the Board for approval;

- c) to review any formal announcements relating to the Company's financial performance;
- d) to discuss accounting and auditing issues, if any, arising from the interim and final audits, in consultation with the external auditors;
- e) to meet with the internal and external auditors without the presence of the Management, at least annually, to discuss any problems and concerns they may have;
- f) to review the assistance given by the Management to external auditors;
- g) to review and evaluate the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls;
- h) to review the effectiveness of the Company's internal audit function;
- i) to review annually the scope and results of the external audit and its cost-effectiveness as well as the independence and objectivity of the external auditors;
- j) to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters within its terms of reference or whistle-blowing reports;
- k) to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- l) to review interested person transactions falling within the scope of the Catalist Rules;
- m) to undertake such other reviews and projects as may be requested by the Board;
- n) to review the assurance from the Executive Directors and the GFC on the financial records and financial statements; and
- o) to consider the appointment/re-appointment of external auditors, the audit fee and matters relating to the resignation or dismissal of auditors.

The AC has put in place a whistleblowing policy ("**Policy**"), whereby all employees and external parties, such as shareholders, consultants, suppliers, customers, contractors and other stakeholders, may use the procedures set out in the Policy to report any concern or complaints regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of Group policy, unsafe work practices or any other matters involving fraud, corruption or employee misconduct. The Policy sets out the procedures for a whistle blower to make a report to the Company on misconduct or wrongdoing relating to the Group and its officers. The AC is responsible for the oversight and monitoring of whistleblowing and oversees the whistleblowing policy and its related procedures. All whistleblowing reports received are reviewed by the AC. Upon receipt of any report, the AC will review it, and if deemed necessary, appoint an independent investigator with no personal interest in the matter to investigate the matters disclosed. All whistleblowing reports received, including the whistle-blower's identity and the persons implicated in the report, are kept strictly confidential. Whistle-blowers who make any frivolous or malicious allegations may be subject to legal action by the individuals accused of fraudulent conduct. The Company has the right to report such incidences of false and malicious allegation to external regulatory authorities for further investigation. The whistleblowing policy is published on the Company's website at <https://www.LS2.sg>, and a copy of the whistleblowing policy is also disseminated to all employees of the Group.

As at the date of this Annual Report, there were no complaints, concerns of issue and whistleblowing reports received through the whistle-blowing channel.

COPORATE GOVERNANCE

The AC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment. The AC provides a channel of communication between the Board, the Management, and the internal and external auditors on audit matters.

The AC also has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The AC meets with the internal and external auditors, without the presence of the Management, at least once a year.

Any change to accounting standards and issues which have a direct impact on financial statements will be highlighted to the AC from time to time by the external auditors. The external auditors will work with the Management to ensure that the Group complies with the new accounting standards, if applicable.

Financial Matters

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following key audit matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the AC:

Key audit matters	How the AC reviewed these matters and what decision were made
Revenue Recognition	<p>The AC considered the approach and audit procedures applied to the recognition of revenue in the accounting period in which the services are rendered.</p> <p>The assessment of the revenue recognition was an area of focus of the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2024.</p>
Recoverability of Trade Receivables	<p>Trade receivables amounted to S\$20.8 million as at 31 December 2024. The AC considered management's approach, methodology and judgement pertaining to the assessment of recoverability of trade receivables and the amount of expected credit loss allowances required (if any). The AC also considered the observations and findings presented by the External Auditor with reference to the payment track records of trade debtors and expected credit loss of trade receivables.</p> <p>The assessment of the recoverability of trade receivables was an area of focus of the external auditors. The external auditors have included this item as a key audit matter in its audit report for FY2024.</p>

Interested Person Transactions ("IPTs")

The Company has set out procedures governing all interested person transactions to ensure that they are reported in a timely manner to the AC, and the transactions are carried out fairly on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its shareholders. All interested person transactions are subject to review by the AC to ensure compliance.

The AC reviewed the Group's IPTs to ensure that the transactions were executed at normal commercial terms and did not prejudice the interests of the Group and its minority shareholders.

COPORATE GOVERNANCE

During the year, the following interested person transactions were entered into with the following Director and controlling shareholder:

Name of interested person	Aggregate value of all interested person transactions conducted during the financial year (excluding transactions below \$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Integrated Training Consultants Pte Ltd an associate company of Chief Executive Officer and Executive Director, Mr Ong Khong Weng, Alvin	S\$498,011	–

The Company does not have a general shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules.

Save from above, the AC is satisfied that there were no material contracts of the Company and its subsidiary corporations involving the interest of the executive directors or any Director or controlling shareholder subsisted at the end of the financial year. In the event that a member of the AC is involved in any IPTs, he will abstain from reviewing that particular transaction.

External Auditors

In assessing independence of external auditors, Messrs. CLA Global TS Public Accounting Corporation, the AC reviewed the fees and expenses paid to the external auditors, including fees paid for non-audit services during the year. Save for the table below, there were no non-audit services rendered by the external auditors for FY2024. The AC is of the opinion that the external auditors is independent and was adequate and effective in performing its audit.

	S\$	% of fees
Audit fees	95,000	92
Non-audit fees		
- Tax services	8,310	8
Total fees	103,310	100

The financial statements of the Company and its subsidiary corporations are audited by Messrs. CLA Global TS Public Accounting Corporation. The AC and the Board are of the view that the audit firm is adequately resourced, of appropriate standing within the international affiliation, have reviewed and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and that the Company has complied with Rule 712 and Rule 715 of the Catalist Rules of the SGX-ST.

The AC has recommended to the Board that Messrs. CLA Global TS Public Accounting Corporation be nominated for re-appointment as the external auditors of the Company at the forthcoming AGM of the Company to be held on 29 April 2025. None of the AC members are former partners or directors of the Company's external audit firm within the period of two years commencing on the date of their ceasing to be a partner of the external audit firm and none of the AC members hold any financial interest in the external audit firm.

COPORATE GOVERNANCE

Provision 10.4 of the Code: Internal Audit Function

The internal auditors carried out its function with reference to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Company does not have a risk management committee. The Board is overall responsible for the management of risk within the Group. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic business objectives.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. Messrs. BDO Advisory Pte Ltd ("**BDO**"), the Company's internal auditors ("**IA**") conducted a review of the Group's operations and business to identify and assess risks relevant to the Group with the objective of mitigating the risks and allocating the Group's resources to create and preserve value aligned to the Group's strategy. Management has adopted a risk management framework and the Enterprise Risk Management ("**ERM**") manual. BDO will facilitate an enterprise risk assessment with the Management and relevant employees to identify key risks that would impact the achievement of the Group's business objectives in FY2024. The risk assessment exercise shall cover pertinent risks in strategic, operational, financial, regulatory compliance and information technology areas.

The Management is responsible for ensuring that the risks identified are relevant to the business environment and that controls or mitigating factors are in place. The Board reviews and approves policies and procedures for managing the identified risks. The AC provides independent oversight to the effectiveness of the risk management process.

The IA reports directly to the AC on all internal audit matters. The AC reviews and approves the internal audit plan submitted by the IA. The IA reports to the AC any significant weaknesses and risks identified during internal audits conducted on an on-going basis. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls, and to highlight the areas where control weaknesses exist, if any. The Company continues to work with the internal auditors to identify other scope of work which will help to further enhance the robustness of the controls of the Company. The effectiveness of the Group's system of internal controls are in place to address the key strategic financial, operational, compliance and information technology risks affecting the operations are reviewed by the AC, together with the Board.

In compliance with Rule 1204(10) of the Catalist Rules, the Board, with the concurrence of the AC, is of the opinion that the Company has an adequate and effective internal control (including financial, operational, compliance and information technology controls) and risk management systems, based on the internal controls established and maintained by the Group and reports from the internal auditors and external auditors.

The Board notes that the system of internal controls provides reasonable but not absolute assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, frauds or other irregularities.

The AC has reviewed the independence, adequacy, and effectiveness of the internal audit function at least annually to ensure that it is adequately resourced and has appropriate standing within the Company. The outsourced internal audit team is headed by a Partner who has more than 25 years of experience in audit and advisory services and supported by appropriate personnel with relevant experience and qualification. Based on the review, the AC was of the view that the internal audit function is independent, effective, and adequately resourced.

The AC meets with the internal auditors at least once a year without the presence of Management.

The AC approves the hiring, removal, evaluation and compensation of the internal auditors, who has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

Provision 10.5 of the Code: AC meets the auditors without the presence of management annually.

The AC shall meet External and Internal Auditors without the presence of the Management at least once a year so that any matter can be raised directly. For FY2024, the AC has met with the External and Internal Auditors twice without the presence of the Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholder fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provision 11.1 of the Code: Shareholders Rights

The Board is committed to be open and transparent in the conduct of the Company's affairs, while preserving the commercial interests of the Company. The Board is mindful of its obligations to provide timely and fair disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. Financial Results, annual reports and other material information are released via SGXNET. Announcements released via SGXNET are also uploaded promptly on the Company's corporate website. The Company's website: www.LS2.sg, contains regular up to date information and corporate profile of the Group. All shareholders and the public can access for more information of the Company through this website.

Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. All shareholders of the Company receive a request form of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. To facilitate participation by the shareholders, the Constitution of the Company allows the shareholders entitled to attend and vote at general meetings of the Company to appoint not more than two proxies to attend and vote on behalf. In the case of a shareholder who is a relevant intermediary (as defined in the Act), it may appoint more than two proxies but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. The proxy forms are to be deposited at the Company's Share Registrar office not less than 72 hours before the meeting. Detailed information on each item of the AGM agenda can be found in the explanatory notes to the AGM Notice in the Annual Report.

The Company's forthcoming AGM will be held wholly in physical format on 29 April 2025.

Provision 11.2 of the Code: Resolutions

All resolutions at general meetings are voted on by poll so as to better reflect shareholders' shareholding interests and ensure greater transparency. Shareholders are briefed by the appointed polling agent on the poll voting procedures at the general meetings. The appointed scrutineer will ensure that the poll process is properly carried out and the counting of the votes is verified by the scrutineer. The poll voting results of all votes cast for, or against, or abstain, each resolution and the respective percentages are announced at the meeting and via SGXNET upon the conclusion of the general meetings.

Provision 11.3 of the Code: Attendance at General Meetings

All Directors, including the respective Chairman of the AC, NC and RC are in attendance at the general meeting to allow shareholders the opportunity to express their views and ask Directors questions regarding the Company. In addition, external auditors are also invited to attend AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the contents of the auditors' report.

COPORATE GOVERNANCE

Provision 11.4 of the Code: Voting procedures

The Company is in full support of shareholder participation at general meetings. For those who hold their shares through nominee or custodial services, they are allowed, upon prior request through their nominee, to attend the general meetings as observers without being constrained by the two-proxy rule.

The Constitution allows a shareholder and corporation which provide nominee or custodial services to appoint not more than two (2) proxies to attend and vote at general meetings. The Constitution contains provision for any shareholder to vote in absentia, such as via mail, electronic mail or facsimile. The Board does not implement absentia-voting methods by mail, electronic mail or facsimile, until issues on security and integrity are satisfactorily resolved.

Provision 11.5 of the Code: Minutes of general meeting

The Company Secretary shall prepare each item of special business in the notices of the shareholders' general meetings and where appropriate, an explanation for the proposed resolution. Separate resolutions are proposed for each distinct issue. Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management are available to shareholders upon request.

The Company will, within one (1) month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to the above.

Provision 11.6 of the Code: Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, operational and capital requirements, cash flow and financial conditions, as well as general business conditions and other factors which the Board may deem appropriate. The Board endeavours to maintain a balance between meeting shareholder's expectations and prudent capital management. The Board will review the dividend payment from time to time and any dividend declaration will be communicated to shareholders via announcement through SGXNET.

The Board did not declare or recommend a dividend for FY2024 as the available fund will be retained for working capital use.

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company

Provision 12.1 of the Code: Communication with shareholders

Shareholders are informed of shareholders' meeting through notices published in the newspapers and reports, or circulars sent to all shareholders.

At general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group and its businesses. The Constitution contains provision for any shareholder to vote in absentia by appointing not more than two (2) proxies to attend and vote at general meetings.

Each item of special business in the notices of the shareholders' general meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for each distinct issue.

Provision 12.2 of the Code: Investor Relations Policy

The Company has an Investor Relations ("IR") policy outlining the principles and practices adopted during the course of its investor relations activities, including communication with shareholders and the investment community.

The IR policy reflects avenues for communication between shareholders and the Company, including shareholders' meetings, the Company's annual report and sustainability report, the information available on the Company's website, results announcements, meetings with analysts and media, and describes how shareholders may contact the Company should they have questions. The policy thus allows for an ongoing exchange of views with shareholders, thereby promoting regular, effective and fair communication.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement With Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of materials stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served

Provision 13.1 of the Code: Relationship with Stakeholders

The Company has identified key stakeholders as those who are impacted by the Group's business and operation activities, and have a significant impact on the Group's sustainability. Such stakeholders include employees, shareholders, workers, its consumers, its suppliers and business partners, communities, government and regulators, and its financiers. The Company engages its stakeholders through various channels to ensure that business interests of the Group are balanced against the needs and interest of its stakeholders.

The Group's policies including the Board Diversity Policy, the IR Policy and Whistle-blowing Policy facilitates the Group's engagement with its key stakeholders.

Provision 13.2 of the Code: Sustainability Report

The Company is committed to corporate social responsibility and keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy. The Sustainability Report which highlights the Group's strategy and key areas of focus in relation to managing stakeholders' relationships during FY2024 have been set out on page 14 the Company's Sustainability Report.

Provision 13.3 of the Code: Corporate Website

Stakeholder engagement is important for the sustainable growth of the Company's business and therefore the Company seeks to maintain an open and transparent dialogue with its material stakeholders to understand and address their needs and expectations.

Stakeholders may contact the Company through 'Contact' in the Company's corporate website at www.LS2.sg.

COPORATE GOVERNANCE

Additional Information Required by the Singapore Exchange Securities Trading Limited

1. SECURITIES TRANSACTIONS

In compliance with Rule 1204(19) of the Catalist Rules, the Company imposes a trading embargo on its Directors and employees of the Company from trading in its securities for the period of one (1) month prior to the announcement of the half-year and full-year financial results, or when they are in possession of unpublished material price-sensitive information.

An internal memorandum was circulated informing all persons covered by the policy that they are prohibited from dealing in the securities of the Company during the 'closed window' period until after the release of the results. The Company's internal memorandum includes the clause whereby an officer of the Company is prohibited from dealing in the Company's securities on short-term considerations.

In view of the policy in place, the Board is of the opinion that the Company has complied with the recommended best practices on dealings in securities under Rule 1204(19) of the Catalist Rules.

2. NON-SPONSORSHIP FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, RHT Capital, in FY2024.

3. USE OF IPO PROCEEDS

As at 8 August 2024, the status on the use of the Listing net proceeds is as follows:

	Amount allocated S\$'000	Amount utilised S\$'000	Balance S\$'000
Business expansion (including strengthening our market position in Singapore, expanding the scope of our service offerings, engaging in strategic acquisitions and joint venture partnerships and investing in equipment and technology)	3,000	(3,000)	-
Working capital	1,356	(1,356)	-
Total	4,356	(4,356)	-

4. MATERIAL CONTRACTS

There were no material contracts of the Company or its subsidiary corporations involving the interest of any director or controlling shareholder subsisting as at the end of the financial year under review or entered since the end of the previous financial year.

5. ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-APPOINTMENT

Pursuant to Rule 720(5) of Catalyst Rules, the information relating to the directors who are seeking re-appointment at the forthcoming AGM of the Company, as set out in Appendix 7F to the Catalyst Rules is set out below:

	Mr. Tan Hoo Kiat	Mr. Chua Ser Miang
Date of appointment	18 June 2020	2 December 2021
Date of last re-appointment	27 May 2022	28 April 2023
Age	64	58
Country of principal residence	Singapore	Singapore
The Board's comments on the re-appointment	Based on the recommendation of the NC, the Board (save for Mr. Tan Hoo Kiat who abstain from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Tan Hoo Kiat as an Executive Chairman and Executive Director of the Company.	Based on the recommendation of the Nominating Committee, the Board (save for Mr. Chua Ser Miang who abstain from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Chua Ser Miang as an Independent Director of the Company
Whether the appointment is executive, and if so, the area of responsibility	Executive, responsible for overseeing our Group's business and strategic planning, and overall development our Group and executing expansion plans for growth and development, including sourcing for investment opportunities to promote the growth of our Group's business	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Executive Director	Independent Director, Chairman of Nominating Committee and Member of the Audit Committee and Remuneration Committee.
Working experience and occupation(s) in the past 10 years	2000 - present LS 2 Holdings & its subsidiaries, founder and executive chairman	2020 - present Crowne Horwath Capital Pte Ltd, director of corporate finance advisory 2013 - 2020 Eastwin Capital Pte Ltd, director of corporate finance advisory 2013 - 2014 Stamford Management Pte Ltd, principal consultant 2006 - 2012 DMG & Partners Securities Pte Ltd, director of corporate finance department.

COPORATE GOVERNANCE

	Mr. Tan Hoo Kiat	Mr. Chua Ser Miang
Shareholding interest in the listed issuer and its subsidiary corporations	120,250,000 shares (Direct Interest)	No
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiary corporations.	Ms. Tan Wei Ying, Ms. Tan Wei Li, Mr. Tan Wei Qin are the children of Mr. Tan Hoo Kiat	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes
Principal commitments including directorships	<p>Present Directorships:</p> <p><u>Listed company</u></p> <ul style="list-style-type: none"> LS 2 Holdings Limited <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> LS 2 Services Pte Ltd LS 2 Management Pte. Ltd. LS 2 Facilities Pte. Ltd. Urban Cobots Pte. Ltd. Clean Envirotech Pte. Ltd. Citiwall LS2 Pte. Ltd. THK Capital Pte. Ltd. 	<p>Present Directorships:</p> <p><u>Listed company</u></p> <ul style="list-style-type: none"> LS 2 Holdings Limited Aoxin Q&M Dental Group Limited Kori Holdings Limited PC Partner Group Limited
Past (for the last 5 years)	<p><u>Non-Listed Company</u></p> <ul style="list-style-type: none"> Advance Cleaning Pte Ltd News Environmental Pte Ltd 	<p><u>Listed company</u></p> <ul style="list-style-type: none"> Yamada Green Resources Limited VCPlus Limited (formerly known as Anchor Resources Limited) <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> Eastwin Capital Pte Ltd China Knowledge Data Technology Pte Ltd Acumen Diagnostic Pte Ltd Acumen Research Laboratories Pte Ltd
a Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

	Mr. Tan Hoo Kiat	Mr. Chua Ser Miang
b Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c Whether there is any unsatisfied judgment against him?	No	No
d Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

COPORATE GOVERNANCE

	Mr. Tan Hoo Kiat	Mr. Chua Ser Miang
f Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

	Mr. Tan Hoo Kiat	Mr. Chua Ser Miang
<p>j Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>Yes (note i)</p>	<p>Yes (note ii)</p>

COPORATE GOVERNANCE

	Mr. Tan Hoo Kiat	Mr. Chua Ser Miang
k Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Note i.

By a letter dated 3 September 2018, LS 2 Services Pte Ltd ("**LS 2 Services**") was informed by MOM that an investigation by MOM had revealed that LS 2 Services had committed offences under the Employment Act 1968 ("**Employment Act**") for deploying workers to work more than 72 hours of overtime in a month. The letter further stated that, instead of prosecution, MOM was prepared to compound the offences for S\$1,500 ("**Fine**"). The Fine has been fully paid by LS 2 Services. Subsequently, on 18 September 2018, LS 2 Services received a further letter from MOM which referred to the offer of composition dated 3 September 2018 and the contraventions referred to therein and informing LS 2 Services that the Controller of Work Passes had decided to debar LS 2 Services from applying for or being issued with new work passes until 15 February 2019. The debarment has been lifted since 15 February 2019.

From time to time, MOM conducts audits and investigations on companies in the ordinary course of the company's operations. Arising from one (1) such routine audit, LS 2 Services received cautions, dated 15 December 2020 and 17 December 2020, from MOM stating that MOM had concluded investigations into LS 2 Services and found that LS 2 Services had contravened the requirement to give every employee a complete and accurate itemised pay slip not later than three (3) days after the salary is paid to the employee under Section 96(1) of the Employment Act, in relation to five (5) employees for July and August 2020 whereby LS 2 Services had provided these workers an incomplete and inaccurate itemised pay slip.

Section 96(1) of the Employment Act requires every employer to give to every employee a pay slip within the time prescribed, for all salary paid by the employer for the salary period to which the pay slip relates. MOM has prescribed that the pay slip should be given together with payment, or if unable to do so, within three (3) working days of payment. Pursuant to Section 96(2) of the Employment Act, such pay slip must be in the form prescribed and contain all the information prescribed. MOM has prescribed that the required information includes, among others, details of any other additional payment for each salary period, such as rest day pay and public holiday pay. Pursuant to Section 96(4) of the Employment Act, an employer is taken to have failed to comply with Section 96(1) of the Employment Act if the pay slip given to an employee is incomplete or inaccurate, whether or not the employer knew that the pay slip is incomplete or inaccurate. The cautions further stated that the caution was being issued in lieu of an administrative penalty.

The contravention of Section 96(1) of the Employment Act arose as a result of these five (5) employees working on rest days and public holidays, but the remuneration of such work not being itemised completely and/or accurately in their payslips. As such, LS 2 Services also received an advisory from MOM on 15 December 2020 on its obligations under the Employment Act. The advisory stated that MOM had concluded its investigation into LS 2 Services and was issuing an advisory on Employment Act obligations to LS 2 Services. The advisory stated that LS 2 Services must abide by the requirements under the Employment Act, specifically under Section 37(3) in relation to work on rest days and Section 88(4) in relation to payment for work done on public holidays. Section 37(3) of the Employment Act sets out the amount of payment that should be made to employees for working on rest days, which differs whether the period of work is less than half of such employee's normal hours of work, more than half but does not exceed his normal hours of work, or exceeds his normal hours of work for one day. Section 88(4) of the Employment Act provides that an employee may be required by his employer to work on any public holiday and in such event, he shall be paid, among others, an extra day's salary at the basic rate of pay for one day's work in addition to the gross rate of pay for that day. No other penalties were imposed on LS 2 Services.

On 17 August 2021, LS 2 Services received a stern warning from MOM following an inspection conducted by MOM on 22 June 2021 at which foreign workers employed by LS 2 Services were found not residing at their registered premises in MOM's online foreign worker address service. No other penalties were imposed on LS 2 Services.

The directors of LS 2 Services during the relevant period of the above actions were Mr. Tan Hoo Kiat and Ms. Tan Wei Ying.

Note ii.

- 1) Mr. Chua Ser Miang was an independent director of Yamada Green Resources Ltd ("**Yamada Green**") from September 2013 to March 2021. In September 2017, the then-auditors of Yamada Green, BDO LLP, made a report to the Ministry of Finance regarding the group's financial records for FY2017. Deloitte & Touche Financial Advisory Services Pte Ltd was appointed to perform a review of the bank statements, and the key findings were announced on 1 April 2018. On 21 August 2018, Yamada Green announced that its bamboo plantations had been disposed of in August 2017, without having been brought to the Board's attention and for its approval. The audit committee (of which Mr Chua Ser Miang was a member) of Yamada Green engaged Foo Kon Tan LLP to conduct an investigation into the matter, and the key findings of such investigation were announced on 28 January 2019. Mr Chua Ser Miang was not a subject of the abovementioned investigations.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

The directors present their statement to the members together with the audited financial statements of LS 2 Holdings Limited (the "Company") and its subsidiary corporations (collectively, the "Group") for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 69 to 118 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Tan Hoo Kiat
Ong Khong Weng, Alvin
Tan Siang Leng
Ng Hong Whee
Chua Ser Miang

Arrangements to enable director to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" in this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director	
	As at 31.12.2024	As at 1.1.2024
The Company		
<u>(No. of ordinary shares)</u>		
Tan Hoo Kiat	120,250,000	120,250,000
Ong Khong Weng, Alvin	37,000,000	37,000,000

By virtue of Section 7 of the Singapore Companies Act, Mr. Tan Hoo Kiat and Mr. Ong Khong Weng, Alvin are deemed to have an interest in the shares of the Company and all the subsidiary corporations of the Company at the beginning and the end of the financial year.

The directors' interests in the shares of the Company at 21 January 2025 were the same at 31 December 2024.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Performance share plan

The LS 2 Performance Share Plan (the "**LS 2 PSP**") was approved by the Company's shareholders at an Annual General Meeting held on 27 May 2022.

The LS 2 PSP will provide eligible participants ("PSP Participants") with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The LS 2 PSP forms an integral and important component of our compensation plan and is designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and/or the Group. Under the LS 2 PSP, the award of fully-paid shares, free of charge (the "Award") are granted to the Group employees including Group Executive Directors and Group Non-Executive Directors who in the opinion of the Remuneration Committee ("**RC**"), have contributed or will contribute to the success and development of the Group.

Employees who are controlling shareholders or associates of controlling shareholders, and who are also Group Executives shall be eligible to participate in the LS 2 PSP at the absolute discretion of the RC if their participation and the terms of each grant of Award and the actual number of Shares to be granted to them have been approved by the independent shareholders at a general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (a) his participation, and (b) the terms of each grant of Award and the actual number of shares to be granted to him, provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the LS 2 PSP of a controlling shareholder or an associate of a controlling shareholder who is, at the relevant time, already a PSP Participant.

The Award will be determined at the absolute discretion of the RC which will oversee and administer the LS 2 PSP, provided that no member of the RC shall participate in any deliberation or decision in respect of Awards granted or to be granted to him/her. In considering the grant of an Award to a participant, the RC shall take into account (where applicable) criteria such as the rank, scope of responsibilities, performance, years of services and potential for future development of the PSP Participant. The length of the vesting period in respect of each Award will be determined by the RC on a case-by-case basis taking into consideration the length of service of the participant and the need to retain the participant so as to encourage him/her to continue serving the Group for a further period even after having satisfied the performance target. No minimum vesting periods are prescribed under the LS 2 PSP. The criteria and terms of the Awards will be applied consistently to all participants including the controlling shareholders and their associates.

The aggregate number of shares over which the RC may grant under the LS 2 PSP on any date, when aggregated any other share-based incentive scheme, shall not exceed 15% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time. There were no Award granted to controlling shareholders of the Company or their associates (as defined in the SGX-ST Listing Manual Section B: Rules of Catalist) and no participant has received 5% or more of the total number of shares available under the LS 2 PSP during the financial year ended 31 December 2024. There were no Awards granted during the financial year ended 31 December 2024.

Share options

LS 2 Employee Share Option Scheme (the "**LS 2 ESOS**")

The LS 2 ESOS was approved by the Company's shareholders at an Extraordinary General Meeting held on 27 May 2022.

On 2 October 2023, the Company announced that it had granted 5,500,000 Share Options pursuant to the LS 2 ESOS.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Share options (cont'd)

LS 2 Employee Share Option Scheme (the "**LS 2 ESOS**") (cont'd)

Information regarding the LS 2 ESOS is outlined below:

- (a) The exercise price of each option is fixed at \$0.20.
- (b) The options are exercisable after one (1) year of the date of grant up to the six (6) years of the date of grant, if not exercised within this period, all unexercised options shall immediately lapse and become null and void.
- (c) The number of unissued ordinary shares of the Company under option in relation to the LS 2 ESOS outstanding at the end of the financial year was as follows:

Date of grant	Exercise price	Beginning of the financial year	Granted during the financial year	Cancelled/ lapsed during the financial year	Exercised during the financial year	End of financial year	Exercisable period
2 October 2023	\$0.20	5,500,000	–	–	–	5,500,000	2 October 2024 to 1 October 2029

Except as disclosed, there were no unissued shares of the Company or its subsidiary corporations under options granted by the Company and its subsidiary corporations as at the end of the financial year.

- (d) The details of share options granted to the key executives and employees of the Group are as follows:

No. of unissued ordinary shares of the Group under LS 2 ESOS					
	Aggregate share options granted since commencement to 31 December 2024	Share options granted during the financial year ended 31 December 2024	Aggregate share options cancelled/ lapsed since commencement to 31 December 2024	Aggregate share options exercised since commencement to 31 December 2024	Aggregate share options outstanding as at 31 December 2024
Key executives and employees of the Group	5,500,000	–	–	–	5,500,000

The outstanding options represent approximately 2.97% of the Company's total number of issued shares as at 31 December 2024.

No options have been granted to Directors of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

Tan Siang Leng (Chairman)
Ng Hong Whee
Chua Ser Miang

All members of the Audit Committee are independent non-executive directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967 of Singapore. In performing those functions, the Audit Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan and the audit findings of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor and the internal auditor; and
- the statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2024 before their submission to the Board of Directors.

The Audit Committee has recommended to the Board that the independent auditor, CLA Global TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, CLA Global TS Public Accounting Corporation, has expressed its willingness to accept reappointment.

On behalf of the Board of Directors

TAN HOO KIAT
Director

ONG KHONG WENG, ALVIN
Director

27 March 2025

INDEPENDENT AUDITOR'S REPORT

To the Members of LS 2 Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of LS 2 Holdings Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the financial statements, including material accounting policies information, as set out on pages 69 to 118.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics Applicable to Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2024. The matter below was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

INDEPENDENT AUDITOR'S REPORT

To the Members of LS 2 Holdings Limited

Key Audit Matters (cont'd)

Revenue recognition – Rendering of services

Refer to Note 2.2(a) and Note 4 to financial statements.

The Group derives revenue from providing contract cleaning, pest control and integrated facilities management services which are recognised in the financial period in which the services are rendered. For recurring service contracts, revenue is recognised over time as the services are provided. The stage of completion is determined based on the output method which aligns with the pattern of transfer of service provision to the customers. During the financial year ended 31 December 2024, the Group recognised revenue from rendering of services of \$68,596,834 (2023: \$61,408,810).

We focus on this area as a key audit matter due to presumed fraud risk with regards to revenue recognition and revenue, being one of the key performance indicators of the Group, represents the most significant item on the Group's financial statements. The potential of management override of controls and large volume of transactions further increase the inherent risk of material misstatement in the amount of revenue reported.

How our audit addressed the matter

In obtaining sufficient audit evidence, the following procedures have been performed:

- Reviewed and assessed that the Group's revenue recognition policies comply with SFRS(I) 15 *Revenue from Contracts with Customers* and have been consistently applied within the Group;
- Reviewed significant sales contracts of the Group to assess whether revenue is recognised in accordance with the Group's accounting policies;
- Obtained an understanding of the design and implementation of internal controls relating to revenue and receivables and, on a sample basis, tested the operating effectiveness of the key controls over the revenue recognition;
- Performed substantive procedures, such as test of details of revenue transactions throughout the financial year on a sampling basis by verifying sales supporting documents and performing analytical procedures to ascertain the accuracy of the contractual revenue recorded during the financial year. Additionally, conducted a cut-off test to ascertain that revenue has been properly recognised in the correct financial year;
- Reviewed credit notes issued during the year and subsequent to the end of the financial year, ensuring that revenue was adjusted accordingly, if any; and
- Assessed the risks of material misstatement arising from ordinarily presumed fraud risk on revenue recognition in accordance with SSA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* and reviewed management journal entries to detect any unusual transactions related to revenue as evidence of fraud.

INDEPENDENT AUDITOR'S REPORT

To the Members of LS 2 Holdings Limited

Key Audit Matters (cont'd)

Recoverability of trade receivables

Refer to Note 2.9(b), Note 3 and Note 13 to financial statements.

As at 31 December 2024, the carrying amount of the Group's trade receivables from non-related parties was \$20,840,443 (2023: \$15,485,303) making it the most significant asset of the Group. These trade receivables represented approximately 58.3% (2023: 47.8%) of the Group's total assets as at 31 December 2024.

In accordance with SFRS(I) 9 *Financial Instruments*, the Group is required to recognise expected credit loss ("ECL") allowance on financial assets at amortised cost. For trade receivables, the Group applies a provision matrix to measure the lifetime ECL allowance, grouping and trade receivables based on shared credit risk characteristics and days past due for the purpose of the ECL assessment. In calculating the ECL rates, the Group considers historical loss rates for each category of customers, and adjustments are made to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle their receivables.

We focused on this area due to the inherent subjectivity involved in making judgements related to credit risk exposures to assess the recoverability of trade receivables.

How our audit addressed the matter

In obtaining sufficient audit evidence, the following procedures have been performed:

- Obtained an understanding and evaluated the Group's processes and ECL assessment for trade receivables;
- Assessed the appropriateness of the estimates and judgments used by management in estimating credit losses and determining the necessary allowances by comparing them against the aging profile of trade receivables, historical default rates, debt collection patterns, and other information on creditworthiness of the Group's customers;
- Assessed the reliability of trade receivables aging report by reviewing the aging of trade receivables against the sales invoices on sampling basis;
- Verified subsequent receipts and any other evidence supporting the recoverability of trade receivables; and
- Reviewed and considered the adequacy of disclosures made in the consolidated financial statements, including the disclosure on the critical judgements applied by management in the determination of the ECL.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Members of LS 2 Holdings Limited

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

To the Members of LS 2 Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
27 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

	Note	2024 \$	2023 \$
Revenue	4	68,601,084	61,433,328
Other income:			
- Interest income – Bank deposits	5	42,423	72,448
- Others	5	196,443	180,985
		238,866	253,433
Other gains and losses, net	6	3,166	(60,511)
Expenses:			
- Direct operating costs			
- Purchases and related costs		(9,796,776)	(15,417,964)
- Employee benefits	7	(42,198,881)	(33,563,634)
		(51,995,657)	(48,981,598)
- Depreciation of property, plant and equipment	17	(3,624,204)	(2,777,840)
- Other expenses	8	(10,242,239)	(7,929,620)
- Finance expense	9	(181,799)	(189,428)
Total expenses		(66,043,899)	(59,878,486)
Share of the loss from investment in a joint venture	16	(650)	–
Profit before income tax		2,798,567	1,747,764
Income tax expense	10	(258,855)	(222,919)
Total comprehensive income, representing net profit for the financial year		2,539,712	1,524,845
Total comprehensive income/(loss), representing net profit/(loss) attributable to:			
- Equity holder of the Company		2,621,915	1,564,564
- Non-controlling interests		(82,203)	(39,719)
		2,539,712	1,524,845
Earnings per share (“EPS”) for net profit attributable to equity holders of the Company (Cents per share)			
Basic EPS	11	1.42	0.85
Diluted EPS	11	1.42	0.85

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2024

	Note	Group		Company	
		2024	2023	2024	2023
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and bank balances	12	4,968,717	7,856,584	107,638	3,188,059
Trade and other receivables	13	22,998,752	17,115,735	3,452,548	830,163
Inventories	14	98,935	60,235	–	–
		28,066,404	25,032,554	3,560,186	4,018,222
Non-current assets					
Investments in subsidiary corporations	15	–	–	715,598	313,138
Investment in a joint venture	16	24,350	–	24,350	–
Property, plant and equipment	17	7,581,065	7,234,693	2,336	3,886
Deferred income tax assets	22	86,907	153,237	67,253	77,515
		7,692,322	7,387,930	809,537	394,539
Total assets		35,758,726	32,420,484	4,369,723	4,412,761
LIABILITIES					
Current liabilities					
Trade and other payables	20	10,503,842	9,357,449	260,730	211,152
Borrowings	21	2,600,812	2,234,910	–	–
Current income tax liabilities		369,841	318,490	–	–
		13,474,495	11,910,849	260,730	211,152
Non-current liabilities					
Borrowings	21	1,285,875	2,174,197	–	–
Deferred income tax liabilities	22	320,214	309,469	–	–
		1,606,089	2,483,666	–	–
Total liabilities		15,080,584	14,394,515	260,730	211,152
Net assets		20,678,142	18,025,969	4,108,993	4,201,609
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	23	5,363,897	5,363,897	5,363,897	5,363,897
Retained profits/(accumulated losses)		12,228,510	9,606,595	(1,364,879)	(1,189,802)
Merger reserve	24	3,000,001	3,000,001	–	–
Share option reserve	25	109,975	27,514	109,975	27,514
		20,702,383	17,998,007	4,108,993	4,201,609
Non-controlling interests		(24,241)	27,962	–	–
Total equity		20,678,142	18,025,969	4,108,993	4,201,609

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

← Attributable to equity holders of the Company →							
Note	Share capital	Retained profits*	Merger reserve	Share option reserve	Total	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
Group							
2024							
Beginning of financial year	5,363,897	9,606,595	3,000,001	27,514	17,998,007	27,962	18,025,969
Employee share option scheme – Value of employee service	25	-	-	82,461	82,461	-	82,461
Total comprehensive income – Net profit/(loss) for the financial year		-	2,621,915	-	2,621,915	(82,203)	2,539,712
Capital contribution to subsidiary corporation from non-controlling interests		-	-	-	-	30,000	30,000
End of financial year	<u>5,363,897</u>	<u>12,228,510</u>	<u>3,000,001</u>	<u>109,975</u>	<u>20,702,383</u>	<u>(24,241)</u>	<u>20,678,142</u>
2023							
Beginning of financial year	5,363,897	8,042,031	3,000,001	-	16,405,929	37,681	16,443,610
Employee share option scheme – Value of employee service	25	-	-	27,514	27,514	-	27,514
Total comprehensive income – Net profit/(loss) for the financial year		-	1,564,564	-	1,564,564	(39,719)	1,524,845
Capital contribution to subsidiary corporation from non-controlling interests		-	-	-	-	30,000	30,000
End of financial year	<u>5,363,897</u>	<u>9,606,595</u>	<u>3,000,001</u>	<u>27,514</u>	<u>17,998,007</u>	<u>27,962</u>	<u>18,025,969</u>

* Retained profits of the Group are fully distributable, except for accumulated retained earnings of joint venture (if any). Retained profits of the Group comprise of accumulated share of losses from joint venture amounting to \$650 (2023: \$Nil).

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Profit before income tax		2,798,567	1,747,764
Adjustments for:			
- Depreciation of property, plant and equipment	17	3,624,204	2,777,840
- Property, plant and equipment written-off	6	26,892	9,096
- (Gain)/loss on disposal of property, plant and equipment	6	(28,163)	51,415
- Gain on early termination of leases	6	(1,895)	-
- Employee share option scheme - value of employee service	25	82,461	27,514
- Share of losses from investment in a joint venture	16	650	-
- Interest income	5	(42,423)	(72,448)
- Interest expense	9	181,799	189,428
		6,642,092	4,730,609
Changes in working capital:			
- Change of inventories		(38,700)	(60,235)
- Trade and other receivables		(5,466,517)	600,850
- Trade and other payables		1,146,393	7,145
Cash generated from operations		2,283,268	5,278,369
Interest received		42,423	72,447
Income tax paid		(130,429)	(109,934)
Net cash provided by operating activities		2,195,262	5,240,882
Cash flows from investing activities			
Investment in a joint venture	16	(25,000)	-
Proceeds from disposal of property, plant and equipment		28,164	27,544
Additions to property, plant and equipment ⁽¹⁾		(1,766,819)	(1,108,102)
Net cash used in investing activities		(1,763,655)	(1,080,558)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

	Note	2024 \$	2023 \$
Cash flows from financing activities			
Capital contribution to subsidiary corporation from non-controlling interests		30,000	30,000
Principal repayment of lease liabilities		(2,417,675)	(1,746,048)
Proceeds from borrowings		790,000	1,650,000
Repayments of borrowings		(750,000)	(3,621,156)
Repayment of trade receivables factoring		(790,000)	–
Interest paid		(181,799)	(189,428)
Net cash used in financing activities		(3,319,474)	(3,876,632)
Net (decrease)/increase in cash and cash equivalents		(2,887,867)	283,692
Cash and cash equivalents			
Beginning of the financial year		7,856,584	7,572,892
End of the financial year	12	4,968,717	7,856,584

(1) Reconciliation of additions to property, plant and equipment is presented as below:

	2024 \$	2023 \$
Total additions as per Note 17	3,377,513	2,910,069
(Less): Acquired under lease liabilities	(2,027,194)	(1,582,027)
(Less): Movement in down-payment to supplier of property, plant and equipment	–	(8,492)
Add/(Less): Movement in receivables grants	416,500	(211,448)
Net cash outflows for additions to property, plant and equipment	1,766,819	1,108,102

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

Reconciliation of liabilities arising from financing activities

	1 January 2024	Proceeds from borrowings	Principal and interest payments	Non-cash changes			31 December 2024
	\$	\$	\$	Interest expense	Additions	Lease modification	Effect of lease termination
	\$	\$	\$	\$	\$	\$	\$
Bank borrowings	2,312,500	-	(812,061)	62,061	-	-	-
Trade receivables factoring	-	790,000	(791,525)	1,525	-	-	-
Lease liabilities	2,096,607	-	(2,535,888)	118,213	2,027,194	697,301	(79,240)
							2,324,187

	1 January 2023	Proceeds from borrowings	Principal and interest payments	Non-cash changes			31 December 2023
	\$	\$	\$	Interest expense	Additions	Lease modification	\$
	\$	\$	\$	\$	\$	\$	\$
Bank borrowings	4,283,656	-	(2,072,958)	101,802	-	-	2,312,500
Trade receivables factoring	-	1,650,000	(1,654,583)	4,583	-	-	-
Lease liabilities	1,653,805	-	(1,829,091)	83,043	1,582,027	606,823	2,096,607

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

LS 2 Holdings Limited (the "Company") is listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited ("SGX-ST"), which is incorporated and domiciled in Singapore. The address of its registered office is at 1 Bukit Batok Crescent, #04-11 WCEGA Plaza, Singapore 658064.

The principal activity of the Company is that of an investment holding. The principal activities of the subsidiary corporations are disclosed in Note 15.

2. Material accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("S\$") except otherwise indicated.

The preparation of these financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

New and amended standards adopted by the Group

The following are the other new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Effective for annual periods beginning on or after 1 January 2024:

1 January 2024	Amendments to:
	- SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
	- SFRS(I) 1-1: Non-current Liabilities with Covenants
	- SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements
	- SFRS(I) 16: Lease Liability in a Sale and Leaseback

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods or service to the customer, which is when the customer obtains control of the goods or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.2 Revenue recognition (cont'd)

(a) *Rendering of services*

Revenue from contract cleaning services, pest control services and integrated facilities management are recognised in the accounting period in which the services are rendered. For recurring service contracts, revenue is recognised over time as the services are provided. The stage of completion is determined based on the output method (time lapsed) which commensurates with the pattern of transfer of provision of services to the customers.

(b) *Sale of machinery*

Revenue from sale of machinery is recognised at the point in time when control of the machinery is transferred to the customers, typically on delivery to the destination specified by the customers as specified in the contracts with the customers.

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown as an offset against the related cost. Government grants with no direct expenses are presented separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiary corporations*

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.4 Group accounting (cont'd)

(a) *Subsidiary corporations (cont'd)*

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group, other than those entities which are under common control.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

(iii) Business combinations involving entities under common control

The consolidated financial statements comprise the financial statements of the Company and its subsidiary corporations as at the reporting date. The financial statements of the subsidiary corporations used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and plant and equipment, are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method under the predecessor accounting.

The consolidated financial statements of the Group were prepared by applying the pooling of interest method through a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of the subsidiary corporations for the financial years presented rather than from the completion of the restructuring exercise. Accordingly, the results of the Group include the results of the subsidiary corporations for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.4 Group accounting (cont'd)

(a) *Subsidiary corporations (cont'd)*

(iii) Business combinations involving entities under common control (cont'd)

Pursuant to this:

- Assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- No additional goodwill is recognised as a result of the combination;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporations are reflected within the equity of the Group as merger reserve.

(iv) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and joint venture" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.4 Group accounting (cont'd)

(c) *Joint ventures*

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisition

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint ventures over the Group's share of the fair value of the identifiable net assets of the joint ventures and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of joint ventures' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in a joint venture includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and joint venture" for the accounting policy on investment in joint venture in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.5 Property, plant and equipment

(a) *Measurement*

(i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold buildings	50 years
Furniture and fittings	Up to 5 years
Motor vehicles	Up to 5 years
Office equipment	Up to 5 years
Renovation	Up to 5 years
Tools and machinery	Up to 5 years
Other equipment	Up to 3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains and losses, net".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations and joint venture

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's statement of financial position. Investment in a joint venture is accounted using the equity method of accounting less impairment losses, if any, in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment

Right-of-use assets

Investments in subsidiary corporations and joint venture

Property, plant and equipment, right-of-use assets and investments in subsidiary corporations and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Financial assets

(a) Classification and measurement

The Group classifies its financial assets at amortised cost.

The classification of the debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.9 Financial assets (cont'd)

(a) Classification and measurement (cont'd)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not a fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

- Debt instruments

Debt instruments mainly comprise cash and bank balances and trade and other receivables.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the assets.

Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is recognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.9 Financial assets (cont'd)

(c) Recognition and derecognition (cont'd)

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

Covenants that the Group is required to comply with on or before the end of the reporting period are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

Borrowings are initially recognised at fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Leases

(a) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.13 Leases (cont'd)

(a) When the Group is the lessee (cont'd)

- Right-of-use assets

The Group recognises a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Property, plant and equipment".

- Lease liabilities

The initial measurement of a lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option;
- Lease payments to be made under an extension option if the group is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.13 Leases (cont'd)

(a) When the Group is the lessee (cont'd)

- Lease liabilities (cont'd)

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments.

(b) When the Group is the lessor:

The Group leases its owned property, plant and equipment under operating leases to non-related parties.

- Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.14 Inventories

Inventories comprising sundry consumables and raw materials are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method and includes all costs of purchase, in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- i. at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date; and
- ii. based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expenses in profit or loss.

2.16 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policies (cont'd)

2.16 Employee compensation (cont'd)

(c) Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises an accrual when it is contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

(d) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on grant date. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "Treasury shares" account, when treasury shares are re-issued to the employees.

2.17 Currency translation

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

Transactions in a currency other than the Singapore Dollar ("foreign currency") are translated into the Singapore Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.18 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Expected credit losses ("ECL") on trade receivables

ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL, management has taken into the consideration of the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of other receivables. The carrying amount of the Group's trade receivables as at 31 December 2024 and 2023 is disclosed in Note 13 to the financial statements.

Notwithstanding the above, the Group evaluates the ECL on customers in financial difficulties separately. No loss allowances on trade receivables were recognised by the Group for the financial years ended 31 December 2024 and 2023 as the default rate is assessed to be Nil, and there are no customers in financial difficulties during both financial years.

Lease term of contracts with renewal options

The Group determined the lease term based on the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The majority of the Group's leases comprise residential units for purpose of staff accommodation which include extension options, which the Group may exercise before the expiry of the existing lease period.

For leases with extension options, the Group applied significant judgement in determining whether such extension options should be reflected in measuring the lease liabilities, taking into consideration all facts and circumstances that create an economic incentive to exercise the extension option including the amounts of leasehold improvements incurred, the locations, historical lease periods, costs required to obtain replacement assets and business disruption.

After the lease commencement date, the Group reassessed the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. Revenue

Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following business segment. Revenue is attributed to different type of customers.

	At a point in time \$	Over time \$	Total \$
Group			
2024			
<u>Cleaning services</u>			
- Public sector	-	49,536,930	49,536,930
- Private sector	-	16,760,520	16,760,520
	-	66,297,450	66,297,450
<u>Pest control services</u>			
- Public sector	-	1,140,990	1,140,990
- Private sector	-	35,210	35,210
	-	1,176,200	1,176,200
<u>Integrated facilities management services</u>			
- Public sector	-	1,123,184	1,123,184
<u>Machinery</u>			
- Private sector	4,250	-	4,250
Total	4,250	68,596,834	68,601,084
2023			
<u>Cleaning services</u>			
- Public sector	-	44,493,759	44,493,759
- Private sector	-	16,158,659	16,158,659
	-	60,652,418	60,652,418
<u>Pest control services</u>			
- Public sector	-	648,383	648,383
- Private sector	-	108,009	108,009
	-	756,392	756,392
<u>Machinery</u>			
- Public sector	14,368	-	14,368
- Private sector	10,150	-	10,150
	24,518	-	24,518
Total	24,518	61,408,810	61,433,328

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

4. Revenue (cont'd)

Trade receivables from contracts with customers

	Group			Company		
	31 December 2024	31 December 2023	1 January 2023	31 December 2024	31 December 2023	1 January 2023
	\$	\$	\$	\$	\$	\$
Current assets						
Trade receivables from contracts with customers (Note 13)	20,840,443	15,485,303	16,430,347	62,851	163,292	-

5. Other income

	Group	
	2024	2023
	\$	\$
Interest income – Bank deposits	42,423	72,448
Government grants:		
- Absentee Payroll Funding ⁽¹⁾	137,355	47,311
- Enterprise Development Grant ⁽²⁾	-	45,203
- Productivity Solutions Grant ⁽³⁾	-	14,000
- Employment and Employability Institute ⁽⁴⁾	-	1,500
Insurance claims	11,998	7,140
Rental income	14,400	48,841
Others	32,690	16,990
	196,443	180,985
	238,866	253,433

- (1) The Absentee Payroll Funding ("AP") is introduced to help employer defray manpower costs incurred when they send their employees for certifiable skills training.
- (2) The Enterprise Development Grant ("EDG") is introduced in 2018 to help enterprises grow and transform through upgrade of business capabilities, innovation and overseas venture.
- (3) The Productivity Solutions Grant ("PSG") helps Singapore companies improve their productivity and automate existing processes through IT solutions and equipment.
- (4) Employment and Employability Institute ("e2i") grants managed by NTUC to support Singapore companies through implement enterprise and workforce transformation plans that would lead to better worker and business outcomes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

6. Other gains and losses, net

	Group	
	2024	2023
	\$	\$
Gain/(loss) on disposal of property, plant and equipment	28,163	(51,415)
Gain on early termination of leases	1,895	–
Property, plant and equipment written-off	(26,892)	(9,096)
	3,166	(60,511)

7. Employee benefits

	Group	
	2024	2023
	\$	\$
<u>Employee benefits – Other than executive directors and key management officers:</u>		
Salaries and wages	32,360,737	26,520,554
Other short-term benefits	6,759,565	4,769,925
Employer's contribution to defined contribution plans including The Central Provident Fund	3,047,096	2,262,633
Share option expense (Note 25)	31,483	10,522
	42,198,881	33,563,634

Executive directors and key management officers' remuneration is separately included under other expenses (Note 8) and disclosed in Note 26(b) to the financial statements.

The above salaries and wages are presented as net, after offsetting against the following grant income recognised in the respective financial years:

	Group	
	2024	2023
	\$	\$
Progressive Wage Credit Scheme ⁽¹⁾	1,249,665	876,253
Special Employment Credit ⁽²⁾	955,955	840,027
Enabling Employment Credit ⁽³⁾	59,216	–
Other grants	37,134	77,449
	2,301,970	1,793,729

(1) The Progressive Wage Credit Scheme ("PWCS") was introduced in Budget 2023 to provide transitional wage support for employers to adjust to mandatory wage increases for lower-wage workers covered by the Progressive Wage and Local Qualifying Salary requirements and voluntarily raise wages of lower-wage workers.

(2) Special Employment Credit ("SEC") was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older Singaporean. It was enhanced in 2012 to provide employers with continuing supporting to hire older Singaporean workers.

(3) Enabling Employment Credit ("EEC") was introduced in April 2023 to support firms employing persons with disabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

8. Other expenses

	Group	
	2024	2023
	\$	\$
Audit fees paid/payable to auditor of the Company	95,000	95,500
Commission to real estate agents	83,898	68,000
Executive directors and key management officers' remuneration (Note 26(b))	3,123,229	2,204,407
Foreign worker levies	4,100,437	3,198,784
Independent directors' fee	95,000	80,000
Insurance	774,818	438,984
Lease expense – short term leases and low-value assets (Note 18(d))	60,595	57,567
License fees	9,855	5,743
Listing and compliance costs	54,785	47,632
Professional fees	71,510	92,995
Repair and maintenance	82,829	66,569
Software charges	231,135	226,052
Sponsorship fee	60,000	60,000
Staff recruitment	76,449	52,869
Staff welfare	519,762	363,422
Travelling and transportation	260,712	235,156
Utilities	299,433	340,011
Others	242,792	295,929
	10,242,239	7,929,620

9. Finance expense

	Group	
	2024	2023
	\$	\$
Interest expenses:		
- Term loan	62,061	101,802
- Lease liabilities (Note 18(c))	118,213	83,043
- Trade receivables factoring	1,525	4,583
	181,799	189,428

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

10. Income taxes

	Group	
	2024	2023
	\$	\$
Tax expense/(credit) attributable to profit is made up of:		
- Current income tax – Singapore	369,842	351,440
- Deferred income tax (Note 22)	(29,973)	(67,341)
	339,869	284,099
(Over)/under provision in prior financial years:		
- Current income tax – Singapore	(188,063)	(76,948)
- Deferred income tax (Note 22)	107,049	15,768
	(81,014)	(61,180)
	258,855	222,919

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2024	2023
	\$	\$
Profit before income tax	2,798,567	1,747,764
Share of loss of losses of joint venture, net of tax	650	-
Profit before tax and share of loss of joint venture	2,799,217	1,747,764
Tax calculated at tax rate of 17% (2023: 17%)	475,867	297,120
Effects of:		
- income not subject to tax	(4,321)	-
- expenses not deductible for tax purposes	35,477	26,532
- tax exemption	(202,551)	(34,850)
- tax incentives	(474)	(4,703)
- over provision of tax in prior financial years	(81,014)	(61,180)
- deferred tax assets not recognised	29,930	-
- others	5,941	-
	258,855	222,919

As at 31 December 2024, the Group has unutilised tax losses of approximately \$537,443 (2023: \$361,385) that is available for carry forward to offset against future taxable income subject to meeting certain statutory requirements of the Income Tax Act in Singapore. Deferred tax assets have not been recognised in the financial statements due to the uncertainties that future taxable profits will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

11. Earnings per share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares from share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Basic and diluted earnings per share are calculated as follows:

	2024	2023
Basic earnings per share		
Net profit attributable to equity holders of the Company (\$)	2,621,915	1,564,564
Weighted average number of ordinary shares outstanding for basic earnings per share	185,000,000	185,000,000
Basic earnings per share (cents per share)	1.42	0.85
Diluted earnings per share		
Net profit attributable to equity holders of the Company (\$)	2,621,915	1,564,564
Weighted average number of ordinary shares outstanding for basic earnings per share	185,000,000	185,000,000
Adjustment for		
- Share options ⁽¹⁾	-	-
	185,000,000	185,000,000
Dilutive earnings per share (cents per share)	1.42	0.85

- (1) During the financial year ended 31 December 2024, 5,500,000 (2023: 5,500,000) share options were excluded from the number of dilutive potential ordinary shares as the exercise price of the share options of \$0.20 exceeded the Company's average market share price of \$0.08 (2023: \$0.12) during the financial year. As the share options were out of the money, they were assumed not to be exercised and had an antidilutive effect on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

12. Cash and bank balances

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash at bank and cash on hand	4,968,717	5,856,584	107,638	3,188,059
Short-term bank deposits	–	2,000,000	–	–
	4,968,717	7,856,584	107,638	3,188,059

As at 31 December 2023, the bank deposits were placed with financial institutions with maturity period of 1 month with average fixed interest rate of 3.0%.

13. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade receivables				
- Non-related parties	20,840,443	15,485,303	–	–
- Subsidiary corporations	–	–	62,851	163,292
	20,840,443	15,485,303	62,851	163,292
Non-trade receivables				
- Non-related parties	198,346	171,709	–	–
- Joint venture	1,300	–	1,300	–
- Subsidiary corporations	–	–	3,360,000	664,996
	199,646	171,709	3,361,300	664,996
Less: Loss allowance – Non-related parties (Note 27(b)(iii))	(95,940)	(95,940)	–	–
Non-trade receivables - Net	103,706	75,769	3,361,300	664,996
Deposits	491,900	356,547	–	–
Goods and services tax receivables	1,220	860	–	–
Government grant receivables	1,269,867	491,399	10,295	–
Prepayments	291,616	705,857	18,102	1,875
	22,998,752	17,115,735	3,452,548	830,163

Non-trade receivables from joint venture and subsidiary corporations are unsecured, interest-free and receivable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

13. Trade and other receivables (cont'd)

Government grant receivables

Government grant receivables primarily comprise of:

- a) Government grants of \$843,072 as at 31 December 2024 (2023: \$491,399) from the Special Employment Credit, that are used to compensate wages paid during the respective financial years and are expected to be received in the following financial year.
- b) NTUC Company Training Committee (CTC) of \$416,500 as at 31 December 2024 (2023: \$Nil) that are used to support equipment investment to implement a transformation plans to enhance business capabilities and worker outcomes.

14. Inventories

	Group	
	2024	2023
	\$	\$
<u>At cost</u>		
Consumables	49,133	60,235
Raw materials	49,802	–
	98,935	60,235

Cost of inventories recognised as expense was included in "Direct operating costs - Purchases and related costs" amounted to \$538,088 (2023: \$186,557).

15. Investments in subsidiary corporations

	Company	
	2024	2023
	\$	\$
<u>Equity investments at cost</u>		
Beginning of financial year	313,138	165,624
Additions ⁽¹⁾	319,999	120,000
Capital contribution – Employee share option scheme (Note 25)	82,461	27,514
End of financial year	715,598	313,138

(1) Included in the additions of investments in subsidiary corporations are the following:

- During the financial year ended 31 December 2024, the Company subscribed for additional 249,999 and 70,000 new ordinary shares at \$1 per share in the share capital of its subsidiary corporations, LS 2 Management Pte. Ltd. and Urban Cobots Pte. Ltd., for a total consideration of \$249,999 and \$30,000 respectively as working capital for these subsidiary corporations.
- During the financial year ended 31 December 2023, the Company subscribed for additional 50,000 and 30,000 new ordinary shares at \$1 per share in the share capital of its subsidiary corporations, LS 2 Facilities Pte. Ltd. and Urban Cobots Pte. Ltd., for a total consideration of \$50,000 and \$70,000 respectively as working capital for these subsidiary corporations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

15. Investment in subsidiary corporations (cont'd)

The Group has the following subsidiary corporations as at 31 December 2024 and 2023:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group	
			2024	2023	2024	2023
			%	%	%	%
<u>Held by the Company</u>						
LS 2 Services Pte Ltd ^(a)	Cleaning services and landscape care and maintenance service activity	Singapore	100	100	100	100
LS 2 Management Pte. Ltd. ^(a)	General cleaning services (including cleaning of public areas, offices and factories) and pest control services	Singapore	100	100	100	100
LS 2 Facilities Pte. Ltd. ^(a)	Facilities management for buildings and offices	Singapore	100	100	100	100
Urban Cobots Pte. Ltd. ^(a)	Design, manufacture and repair of machinery and equipment in relation to the cleaning industry	Singapore	70	70	70	70
Clean Envirotech Pte. Ltd. ^{(b)(c)}	Services in digitalisation and system integration solutions to environmental services industry.	Singapore	100	100	100	100

(a) Audited by CLA Global TS Public Accounting Corporation

(b) Not required to be audited under the laws of Singapore

(c) For purpose of the consolidated financial statements, these financial statements have been reviewed by CLA Global TS Public Accounting Corporation

As at 31 December 2024, the carrying amount of non-controlling interests Urban Cobots Pte. Ltd. is a deficit of \$24,241 (2023: surplus of \$27,962). As the amount is immaterial, no disclosure of the summarised financial information is made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

16. Investment in a joint venture

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
<u>Investment at equity method</u>				
Beginning of financial year	–	–	–	–
Additions ⁽¹⁾	25,000	–	25,000	–
Share of losses during the financial year	(650)	–	(650)	–
End of financial year	24,350	–	24,350	–

- (1) On 11 October 2024, the Company entered into a Joint Venture Agreement with Citiwall Pte. Ltd., to establish a joint venture, Citiwall LS2 Pte. Ltd., which principal activities relates to provision and supply façade installation as part of the Group's continuing strategy to build up and diversify revenue streams from new business opportunities and improve prospects of the Group. The Company subscribed to 50% of Citiwall LS2 Pte. Ltd.'s issued share capital for a consideration of \$25,000.

The Group has joint control over joint venture as under the contractual agreements, unanimous consent is required from all parties to the arrangements for all relevant activities. The Group's joint arrangement is structured as a limited company such that the Group and the parties to the arrangement have the rights to the net assets of the limited company under the arrangements. Therefore, this joint arrangement is classified as a joint venture. There are no contingent liabilities relating to the Group's interest in the joint venture company.

Set out below is the joint venture of the Group as at 31 December 2024:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group	
			2024	2023	2024	2023
			%	%	%	%
<u>Held by the Company</u>						
Citiwall LS2 Pte. Ltd. ^{(a)(b)(c)}	Provision and supply façade installation	Singapore	50	–	50	–

(a) Incorporated on 10 October 2024

(b) Not required to be audited under the laws of Singapore

(c) For purpose of the consolidated financial statements, these financial statements have been reviewed by CLA Global TS Public Accounting Corporation

No summarised financial information for the joint venture is presented as the joint venture is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17. Property, plant and equipment

	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools and machinery	Other equipment	Asset under construction	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Group									
2024									
Cost									
Beginning of financial year	6,225,610	85,340	2,120,820	1,141,526	216,904	4,266,074	362,508	-	14,418,782
Additions	1,995,687	4,330	484,632	78,106	18,800	701,472	-	94,486	3,377,513
Lease modification	697,301	-	-	-	-	-	-	-	697,301
Lease termination	(350,879)	-	-	-	-	-	-	-	(350,879)
Disposal/write-off	-	(58,210)	(53,800)	(50,471)	(142,624)	(156,532)	-	-	(461,637)
End of financial year	8,567,719	31,460	2,551,652	1,169,161	93,080	4,811,014	362,508	94,486	17,681,080
Accumulated depreciation									
Beginning of financial year	2,068,800	75,620	1,676,475	602,663	144,679	2,332,100	283,752	-	7,184,089
Depreciation charge	2,181,271	6,708	222,038	207,706	33,610	906,251	66,620	-	3,624,204
Lease termination	(273,534)	-	-	-	-	-	-	-	(273,534)
Disposal/write-off	-	(56,004)	(53,800)	(50,391)	(123,744)	(150,805)	-	-	(434,744)
End of financial year	3,976,537	26,324	1,844,713	759,978	54,545	3,087,546	350,372	-	10,100,015
Net book value									
End of financial year	4,591,182	5,136	706,939	409,183	38,535	1,723,468	12,136	94,486	7,581,065
	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools and machinery	Other equipment	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Group									
2023									
Cost									
Beginning of financial year	4,820,704	85,340	1,827,959	914,620	216,904	3,859,840	404,244		12,129,611
Additions	1,582,027	-	292,861	360,224	-	674,957	-		2,910,069
Lease modification	606,823	-	-	-	-	-	-		606,823
Lease termination	(783,944)	-	-	(90,339)	-	-	(41,736)		(916,019)
Disposal/write-off	-	-	-	(42,979)	-	(268,723)	-		(311,702)
End of financial year	6,225,610	85,340	2,120,820	1,141,526	216,904	4,266,074	362,508		14,418,782
Accumulated depreciation									
Beginning of financial year	1,407,385	63,839	1,499,463	521,599	102,485	1,749,970	201,174		5,545,915
Depreciation charge	1,445,359	11,781	177,012	210,410	42,194	766,770	124,314		2,777,840
Lease termination	(783,944)	-	-	(90,339)	-	-	(41,736)		(916,019)
Disposal/write-off	-	-	-	(39,007)	-	(184,640)	-		(223,647)
End of financial year	2,068,800	75,620	1,676,475	602,663	144,679	2,332,100	283,752		7,184,089
Net book value									
End of financial year	4,156,810	9,720	444,345	538,863	72,225	1,933,974	78,756		7,234,693

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

17. Property, plant and equipment (cont'd)

	Company	
	2024	2023
	\$	\$
Office equipment		
Cost		
Beginning and end of financial year	7,752	7,752
Accumulated depreciation		
Beginning of financial year	3,866	2,313
Depreciation charge	1,550	1,553
End of financial year	5,416	3,866
Net book value		
End of financial year	2,336	3,886

- (a) Right-of-use ("ROU") assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18.
- (b) Included within the additions during the financial year ended 31 December 2024 were leasehold buildings, motor vehicles, office equipment and other equipment acquired under lease arrangements amounting to \$2,027,194 (2023: \$1,582,027) (Note 18(f)).
- (c) During the year, the Group renegotiated and modified an existing lease contract for leasehold buildings by extending the lease term at revised lease payments. As this extension is not part of the terms and conditions of the original lease contract, it is accounted for as a lease modification with an addition to the right-of-use assets amounting to \$697,301 (2023: \$606,823), classified under 'Property, plant and equipment'. The corresponding remeasurement to lease liabilities is recorded under 'Borrowings'.
- (d) Certain property, plant and equipment of the Group with aggregate carrying amounts of \$1,196,533 (2023: \$1,952,200) as at 31 December 2024 are pledged as collateral for lease liabilities of the Group of \$4,583 (2023: \$166,426) (Note 21(a)).

18. Leases – The Group as a lessee

Nature of the Group's leasing activities

Leasehold buildings

The Group leases office spaces and residential units for the purpose of back-office operations and staff accommodation respectively. There are restrictions or covenants imposed by the leases to sublet the units to another party. Unless permitted by the owner, the right-of-use asset can only be used by the lessee. Typically, the leases are non-cancellable. Some leases contain an option to extend the lease for a further term, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. Most of the extension options are exercisable by the Group and not by the lessor.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18. Leases – The Group as a lessee (cont'd)

Nature of the Group's leasing activities (cont'd)

Motor vehicles

The Group leases lorries and vans to support the operations. The Group's obligations under these leases are secured by the lessor's title to the leased motor vehicles. There are no externally imposed covenants on these lease arrangements.

Tools and machinery, office equipment and other equipment

The Group leases cleaning and waste management tools and machinery to support the operations. The Group also leases photocopiers and miscellaneous equipment to support the operations. There are no externally imposed covenants on these lease arrangements.

(a) Carrying amounts

ROU assets classified within property, plant and equipment

	Group	
	2024	2023
	\$	\$
Leasehold buildings	2,221,207	1,733,743
Motor vehicles	60,123	113,149
Office equipment	49,085	69,631
Tools and machinery	–	42,666
Other equipment	12,136	78,757
	2,342,551	2,037,946

(b) Depreciation charge during the financial year

	Group	
	2024	2023
	\$	\$
Leasehold buildings	2,128,177	1,392,259
Motor vehicles	53,027	78,803
Office equipment	52,055	77,190
Tools and machinery	42,666	51,200
Other equipment	66,620	124,314
	2,342,545	1,723,766

(c) Interest expense

	Group	
	2024	2023
	\$	\$
Interest expense on lease liabilities (Note 9)	118,213	83,043

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

18. Leases – The Group as a lessee (cont'd)

Nature of the Group's leasing activities (cont'd)

(d) Lease expense not capitalised in lease liabilities

	Group	
	2024	2023
	\$	\$
Lease expense – short term leases and low-value assets (Note 8)	60,595	57,567

(e) Total cash outflow for all leases in the financial year ended 31 December 2024 was \$2,596,483 (2023: \$1,886,658).

(f) Additions of ROU assets in the financial year ended 31 December 2024 were \$2,027,194 (2023: \$1,582,027) (Note 17(b)).

19. Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group	
	2024	2023
	\$	\$
Property, plant and equipment	258,620	–

20. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Trade payables - Non-related parties	1,889,113	2,664,499	–	–
Non-trade payables - Non-related parties	315,202	150,136	–	24,649
Accrued expenses	6,917,524	5,454,982	227,179	166,227
Goods and services tax payables	1,382,003	1,014,832	33,551	20,276
Retention payables	–	73,000	–	–
	10,503,842	9,357,449	260,730	211,152

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

21. Borrowings

	Group	
	2024	2023
	\$	\$
<i>Current</i>		
Term loan (secured)	750,000	750,000
Lease liabilities	1,850,812	1,484,910
	2,600,812	2,234,910
<i>Non-current</i>		
Term loan (secured)	812,500	1,562,500
Lease liabilities	473,375	611,697
	1,285,875	2,174,197
Total borrowings	3,886,687	4,409,107

There is no exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date.

(a) Security granted

(i) Lease liabilities

Secured lease liabilities amounting to \$4,583 (2023: \$166,426) are secured over motor vehicles of the Group (Note 17(d)) and personal guarantee from a director of subsidiary corporation, LS 2 Services Pte Ltd.

(ii) Term loan

Temporary bridge loan of \$1,562,500 (2023: \$2,312,500) is secured by a corporate guarantee from the Company.

(iii) Banker's guarantee

Banker's guarantee is granted to the Group during the financial year ended 31 December 2023 and is secured by the Group's leasehold properties (Note 17(d)) and a corporate guarantee of the Company. Banker's guarantee has not been drawn down and there is no outstanding balance owing to the bank as at 31 December 2024 and 31 December 2023.

(b) Loan covenants

The secured term loan which has a carrying amount of \$1,562,500 (2023: \$2,312,500) is subject to comply with the following financial covenants at all times:

- leverage ratio must be not more than 2.25 times (2023: 2.25 times)
- debt service coverage ratio must be not less than 1.2 times (2023: 1.2 times); and
- net worth of not less than \$5,000,000 (2023: \$5,000,000).

The Group has complied with these covenants throughout the reporting period. As at 31 December 2024, the leverage ratio was 1.21 times (2023: 1.06 times) and the debt service coverage ratio was 2.38 times (2023: 2.22 times), and net worth was \$20,678,142 (2023: \$18,025,969).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

21. Borrowings (cont'd)

(c) Fair value of non-current borrowings

	Group	
	2024	2023
	\$	\$
Term loan (secured)	760,207	1,415,920

The fair value of non-current borrowings (excluding lease liabilities) above are determined from the cash flow analyses discounted at market borrowing rates of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group	
	2024	2023
	%	%
Term loan (secured)	3.25	3.25

The fair values are within Level 2 of the fair value hierarchy.

22. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. There is no offsetting of deferred income tax assets and liabilities as at 31 December 2024 and 2023.

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Representing:				
Non-current				
Deferred income tax assets	86,907	153,237	67,253	77,515
Deferred income tax liabilities	320,214	309,469	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22. Deferred income taxes (cont'd)

The movement in the deferred income tax assets and liabilities (prior to offsetting of the balances) is as follows:

Deferred income tax assets

	Unutilised tax losses \$	Unutilised staff leave \$	Leased liabilities \$	Total \$
Group				
2024				
Beginning of financial year	149,550	85,292	328,131	562,973
Tax (charged)/credited to profit or loss (Note 10)	(67,317)	26,544	66,202	25,429
End of financial year	82,233	111,836	394,333	588,402
2023				
Beginning of financial year	43,926	63,100	–	107,026
Tax credited to profit or loss (Note 10)	105,624	22,192	328,131	455,947
End of financial year	149,550	85,292	328,131	562,973
Company				
2024				
Beginning of financial year	72,217	5,298	–	77,515
Tax (charged)/credited to profit or loss	(12,107)	1,845	–	(10,262)
End of financial year	60,110	7,143	–	67,253
2023				
Beginning of financial year	30,911	5,218	–	36,129
Tax credited to profit or loss	41,306	80	–	41,386
End of financial year	72,217	5,298	–	77,515

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

22. Deferred income taxes (cont'd)

The movement in the deferred income tax assets and liabilities (prior to offsetting of the balances) is as follows: (cont'd)

Deferred income tax liabilities

	Accelerated tax depreciation \$	Leased assets \$	Total \$
Group			
2024			
Beginning of financial year	399,242	319,962	719,204
Tax charged to profit or loss (Note 10)	34,454	68,051	102,505
End of financial year	433,696	388,013	821,709
2023			
Beginning of financial year	314,831	–	314,831
Tax charged to profit or loss (Note 10)	84,411	319,962	404,373
End of financial year	399,242	319,962	719,204

23. Share capital

	Group		Company	
	No. of ordinary shares	Amount \$	No. of ordinary shares	Amount \$
2024 and 2023				
Beginning and end of financial year	185,000,000	5,363,897	185,000,000	5,363,897

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the respective companies. All ordinary shares rank equally with regards to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

23. Share capital (cont'd)

Share options

On 2 October 2023, the Company announced that it had granted 5,500,000 Share Options pursuant to the LS 2 ESOS ("2023 Option"). The 2023 Options are exercisable from 2 October 2024 and expire on 1 October 2029.

Movements in the number of unissued ordinary shares under the LS 2 ESOS and their exercise prices are as follows:

	No. of ordinary shares under option					Exercise price	Exercisable period
	Beginning of the financial year	Granted during the financial year	Cancelled/ lapsed during the financial year	Exercised during the financial year	End of financial year		
Group and Company 2024							
2023 Option	<u>5,500,000</u>	-	-	-	<u>5,500,000</u>	\$0.20	2 October 2024 to 1 October 2029
2023 Option	<u>-</u>	<u>5,500,000</u>	-	-	<u>5,500,000</u>	\$0.20	2 October 2024 to 1 October 2029

The fair value of the share options granted, determined using the Black Scholes model, and the significant inputs into the model are as follows:

Option grant date	Fair value of share options	Share price at the grant date	Exercise price of the options granted	Average expected life	Historical volatilities ⁽¹⁾	Singapore risk-free rate
2 October 2023	\$109,948	\$0.076	\$0.20	3.5 years	68.0%	3.43%

- (1) Expected volatility was determined by calculating the historical volatility of the Company's share price over the most recent period that is commensurate with the contractual life of the share options. As there is limited trading history of the Company, references to the historical volatilities of comparable companies have been made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

24. Merger reserve

	Group	
	2024	2023
	\$	\$
Beginning and end of financial year	3,000,001	3,000,001

Merger reverse represents the difference between the cost of investment and the nominal value of share capital of the subsidiary corporations acquired under common control pursuant to the restructuring exercise. Merger reserve is non-distributable.

25. Share option reserve

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Beginning of financial year	27,514	–	27,514	–
Employee share option scheme – Value of employee services (Note 7 and 26(b))	82,461	27,514	–	–
Employee share option scheme – Capital contribution to subsidiary corporations (Note 15)	–	–	82,461	27,514
End of financial year	109,975	27,514	109,975	27,514

The share option reserve represents equity-settled share options granted to employees of the Group. The reserve is made up of the cumulative value of services received from the Group's employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the cancellation/lapse or exercise of the share option.

26. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	2024	2023
	\$	\$
(a) Purchase of services		
- Training session ⁽¹⁾	498,011	230,190

- (1) The Group's subsidiary corporations, LS 2 Services Pte Ltd and LS 2 Management Pte. Ltd., engaged Integrated Training Consultants Pte Ltd, an associate company of Mr. Ong Khong Weng, Alvin, to provide training services to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

26. Related party transactions (cont'd)

- (b) The remuneration of the Group's executive directors and other members of key management during the respective financial years are as follows:

	Group	
	2024	2023
	\$	\$
Salaries and bonuses	2,942,529	2,070,427
Employer's contribution to The Central Provident Fund	129,722	116,988
Share option expense (Note 25)	50,978	16,992
	3,123,229	2,204,407
Comprised of amounts paid to:		
Executive directors	2,304,940	1,587,633
Other key management personnel	818,289	616,774
	3,123,229	2,204,407

The salaries and bonuses disclosed above include \$911,455 (2023: \$420,800) of bonuses payable which were unpaid as at year end and are included in accrued expenses.

27. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the directors. The information presented is based on information received by key management.

(a) Market risk

(i) Currency risk

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the Group. The Group does not have significant exposure to currency risk as it operates only in Singapore. Revenue and expenses are predominantly denominated in Singapore Dollar.

(ii) Price risk

The Group does not have exposure to equity price risk as it does not hold any equity financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27. Financial risk management (cont'd)

Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Cash flow and interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

The Group obtains financing through bank facilities and seeks to minimise its interest rate exposure by obtaining the most favourable interest rates available.

The Group has borrowings at variable rates on which effective hedges have not been entered into. If the interest rates increase/decrease by 0.5% in the respective financial years ended 31 December 2024 and 2023 with all other variables including tax rate being held constant, the impact to the net profit of the Group as a result of changes in interest rate on these borrowings is not significant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The major classes of the financial assets of the Group are cash and cash equivalents and trade receivables.

For trade receivables, the Group adopts the policy of dealing only with creditworthy customers to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis. At 31 December 2024, the Group has concentrated credit risk on 3 debtors (2023: 3 debtors) that individually represent more than 10% of the trade receivables.

The credit risk for trade receivables based on information provided to the Board of Directors is as follows:

	Group	
	2024	2023
	\$	\$
Public sector	12,130,781	11,647,880
Private sector	8,709,662	3,837,423
	20,840,443	15,485,303

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27. Financial risk management (cont'd)

Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(i) Expected credit losses of trade receivables

The Group applies the simplified approach to provide for ECL under the financial reporting standard on financial instruments, which permits the use of the lifetime expected loss provision for all trade receivables. A default on receivables is when the counterparty fails to make contractual payments when they fall due. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where receivables have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

Trade receivables from public sector are generally of good reputations and payment records, therefore are assessed to have low credit risk and no credit loss allowances are required. The Group categorises a receivable under private sector to be doubtful when a debtor fails to make contractual payments greater than 60 days and assesses the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Management has assessed that no credit loss allowances are required for trade receivables as at 31 December 2024 and 2023 and no bad debts were written-off during the financial years ended 31 December 2024 and 2023.

The Group's credit risk exposure in relation to trade receivables from customers as at 31 December 2024 and 2023 are set out in the ageing analysis as follows.

	Current	Past due				Total
		Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	
	\$	\$	\$	\$	\$	\$
2024	8,008,986	5,415,641	2,747,521	2,139,759	2,528,536	20,840,443
2023	9,057,895	2,583,681	2,108,934	237,860	1,496,933	15,485,303

(ii) Cash and bank balances

As at 31 December 2024, the Group and the Company held cash and bank balances of \$4,968,717 and \$107,638 (2023: \$7,856,584 and \$3,188,059) with banks with high credit ratings respectively and are considered to have low credit risk. The cash balances are measured on 12-months and subject to immaterial credit loss.

(iii) Non-trade receivables

As at 31 December 2024 the Group has net non-trade receivables from non-related parties and joint venture amounting to \$103,706 and \$1,300 (2023: \$75,769 and \$Nil) respectively. For non-trade receivables, the Group has applied 12-month ECL to measure the loss allowance and evaluated both qualitative and quantitative factors that are indicative of the risk of default. The Group has provided for \$95,940 (2023: \$95,940) (Note 13) of loss allowance as at 31 December 2024.

The Company held non-trade receivables from its subsidiary corporations amounting to \$3,360,000 (2023: \$664,996). These balances are amounts funded to subsidiary corporations as working capital. The Company has applied 12-month ECL to measure the loss allowance and based on assessment of qualitative and quantitative factors that are indicative of the risk of default, these exposures are considered to have low credit risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27. Financial risk management (cont'd)

Financial risk factors (cont'd)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding using a mix of long term and short-term financing, not limited to obtaining overdraft facilities, investing in fixed assets and properties held for investments, and managing the maturity profile of its borrowings, payables, and other liabilities. At the reporting date, assets held by the Group for managing liquidity risk included the cash at bank as disclosed in Note 12.

The table below analyses non-derivative financial liabilities of the Group and the Company based on remaining period from the reporting date to the contractual maturity date. The amount disclosed in the table below are the contractual undiscounted cash flows.

	Within 1 year \$	Between 1 to 5 years \$
Group		
2024		
Trade and other payables	9,121,839	–
Borrowings	2,600,812	1,305,665
2023		
Trade and other payables	8,342,617	–
Borrowings	2,234,910	2,237,666
Company		
2024		
Trade and other payables	227,179	–
2023		
Trade and other payables	190,876	–

(d) Capital risk

The Group's objectives when managing capital are to ensure that the Group is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

Management monitors its capital based on compliance of externally imposed capital requirements for the bank borrowings. During the financial year ended 31 December 2024, a subsidiary corporation of the Company is required to maintain (i) leverage ratio of not more than 2.25 times (2023: 2.25 times); (ii) debt service coverage ratio of not less than 1.25 times (2023: 1.25 times); and (iii) net worth of not less than \$5,000,000 (2023: \$5,000,000) at all times.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

27. Financial risk management (cont'd)

Financial risk factors (cont'd)

(e) Fair value measurements

The carrying amount for financial assets and liabilities of the Group are assumed to approximate their fair values, except for non-current borrowings.

The fair value of non-current borrowings is disclosed in Note 21(b) to the financial statements.

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	Group		Company	
	2024	2023	2024	2023
	\$	\$	\$	\$
Financial assets, at amortised cost	26,404,766	23,774,203	3,531,789	4,016,347
Financial liabilities, at amortised cost	13,008,526	12,751,724	227,179	190,876

28. Segment information

The Board of Directors is the Company's chief operating body for decision-making. Management has determined the operating segments based on the reports reviewed by the Board of Directors, which are used to make strategic decisions, allocate resources, and assess performance.

The Board of Directors considers the business from a business segment perspective. Management separately identifies "Cleaning services", "Pest control services", "Machinery" and "IFM" as the Group's reportable operating segments, while other non-reportable business activities are included in "Others" segment. No segment reporting by geographical location is required for the respective financial years ended 31 December 2024 and 2023, as all the Group's operations are in Singapore.

(i) Cleaning services

The cleaning services include conservancy services, facilities cleaning services, and pandemic disinfection services. This reportable segment has been formed by aggregating various cleaning services which are regarded by management to exhibit similar economic characteristics.

(ii) Pest control services

Pest control services comprise rubbish chute cleaning and fogging services.

(iii) Machinery

Machinery relates to design, manufacture and repair of machinery and equipment in relation to the cleaning industry.

(iv) Integrated facilities management ("IFM") services

IFM relates to provision of management services of physical workplaces and infrastructure which include overseeing the maintenance, operation, and enhancement of workplace and its facilities.

(v) Others

Others relates to cost incurred in investment activities and provision of treasury and administrative services.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

28. Segment information (cont'd)

Except as disclosed above, no operating segments have been aggregated to form the above reportable operating segments.

The Board of Directors assesses the performance of the operating segments based on a measure of profit before income tax. This measurement basis excludes the effects of expenditure from the operating segments such as restructuring costs and impairment loss that are not expected to recur regularly in every period which are separately analysed.

(a) Revenue by segment

The segment information provided to the Board of Directors for the reportable segment and the reconciliation to the consolidated statement of comprehensive income are as follows:

	Cleaning services \$	Pest control services \$	Machinery \$	IFM \$	Others \$	Total \$
2024						
Revenue	66,297,450	1,176,200	4,250	1,123,184	-	68,601,084
Other income	151,616	39,660	-	2,000	45,590	238,866
Other gains and losses, net	3,166	-	-	-	-	3,166
Purchases and related costs	(8,604,560)	(1,076,807)	(3,192)	(112,217)	-	(9,796,776)
Employee benefits	(41,229,018)	-	-	(955,607)	(14,256)	(42,198,881)
Depreciation of property, plant and equipment	(3,339,004)	-	(37,080)	(8,006)	(240,114)	(3,624,204)
Executive directors and key management officers' remuneration	-	-	(118,656)	-	(3,004,573)	(3,123,229)
Foreign worker levies	(4,100,437)	-	-	-	-	(4,100,437)
Insurance	(744,448)	(18,070)	(345)	(2,105)	(9,850)	(774,818)
Staff welfare	(510,091)	-	(22)	(3,436)	(6,213)	(519,762)
Other expenses	(1,410,810)	(7,487)	(58,121)	(7,315)	(240,260)	(1,723,993)
Finance expenses	-	-	-	-	(181,799)	(181,799)
Segment profit/(loss) before income tax	6,513,864	113,496	(213,166)	36,498	(3,651,475)	2,799,217
Share of losses from investment in a joint venture						(650)
Income tax expense						(258,855)
Net profit						2,539,712
Segment assets	31,378,604	579,107	176,105	487,710	3,137,200	35,758,726
Addition to:						
Investment in a joint venture	-	-	-	-	25,000	25,000
Property, plant and equipment	3,097,580	-	-	91,711	188,222	3,377,513
Segment liabilities	11,190,239	523,156	4,500	52,545	3,310,144	15,080,584

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

28. Segment information (cont'd)

(a) Revenue by segment (cont'd)

The segment information provided to the Board of Directors for the reportable segment and the reconciliation to the consolidated statement of comprehensive income are as follows: (cont'd)

	Cleaning services \$	Pest control services \$	Machinery \$	Others \$	Total \$
2023					
Revenue	60,652,418	756,392	24,518	-	61,433,328
Other income	223,773	-	-	29,660	253,433
Other gains and losses, net	(60,511)	-	-	-	(60,511)
Purchases and related costs	(14,707,594)	(676,390)	(33,980)	-	(15,417,964)
Employee benefits	(32,985,472)	-	-	(578,162)	(33,563,634)
Depreciation of property, plant and equipment	(2,275,754)	(17,608)	(37,080)	(447,398)	(2,777,840)
Executive directors and key management officers' remuneration	(617,514)	-	(67,432)	(1,519,461)	(2,204,407)
Foreign worker levies	(3,198,784)	-	-	-	(3,198,784)
Insurance	(429,083)	(2,213)	(310)	(7,378)	(438,984)
Staff welfare	(352,469)	-	-	(10,953)	(363,422)
Other expenses	(1,033,115)	(31,923)	(25,580)	(633,405)	(1,724,023)
Finance costs	(9,575)	(293)	-	(179,560)	(189,428)
Segment profit/(loss) before income tax	5,206,320	27,965	(139,864)	(3,346,657)	1,747,764
Income tax expense					(222,919)
Net profit					<u>1,524,845</u>
Segment assets	<u>24,828,900</u>	<u>324,768</u>	<u>160,828</u>	<u>7,105,988</u>	<u>32,420,484</u>
Addition to:					
Property, plant and equipment	<u>2,168,027</u>	<u>21,350</u>	<u>-</u>	<u>720,692</u>	<u>2,910,069</u>
Segment liabilities	<u>10,545,236</u>	<u>-</u>	<u>4,860</u>	<u>3,844,419</u>	<u>14,394,515</u>

(b) Revenue from major services

Revenue from external customers is derived mainly from rendering of services as disclosed in Note 4. Revenue of \$13,211,167 (2023: \$12,474,710) was derived from a single external customer. This revenue was attributable to provision of various cleaning services under cleaning services segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

29. Changes in accounting policies

As a result of the adoption of the amendments to SFRS(I) 1-1, the Group changed its accounting policy for the classification of borrowings as disclosed in Note 2.11.

This new policy did not result in a change in the classification of LS 2 Holdings Limited's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to SFRS(I) 1-1.

30. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2025 and which the Group has not early adopted.

Amendments to SFRS(I) 1-21 - Lack of Exchangeability (effective for annual periods beginning on or after 1 January 2025)

SFRS(I) 1-21 is amended to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, SFRS(I) 1-21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary.

Amendments to SFRS(I) 9 and SFRS(I) 7 - Amendments to the Classification and Measurement of Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2026)

SFRS(I) 9 and SFRS(I) 7 are amended to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

SFRS(I) 18 - Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 18 replaces SFRS(I) 1-1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance (comprising of the statement of profit or loss and other comprehensive income) and providing management-defined performance measures within the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

30. New or revised accounting standards and interpretations (cont'd)

SFRS(I) 18 - Presentation and Disclosure in Financial Statements (effective for annual reporting periods beginning on or after 1 January 2027) (cont'd)

Management is currently assessing the detailed implications of applying the new standard on the group's consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

- Although the adoption of SFRS(I) 18 will have no impact on the group's net profit, the group expects that grouping items of income and expenses in the statement of profit or loss into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the group has performed, the following items might potentially impact operating profit:
 - Foreign exchange differences currently aggregated in the line item 'other income and other gains/(losses) – net' in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit.
 - SFRS(I) 18 has specific requirements on the category in which derivative gains or losses are recognised – which is the same category as the income and expenses affected by the risk that the derivative is used to manage. Although the group currently recognises some gains or losses in operating profit and others in finance costs, there might be a change to where these gains or losses are recognised, and the group is currently evaluating the need for change.
- The line items presented on the primary financial statements might change as a result of the application of the concept of 'useful structured summary' and the enhanced principles on aggregation and disaggregation. In addition, since goodwill will be required to be separately presented in the statement of financial position, the group will disaggregate goodwill and other intangible assets and present them separately in the statement of financial position
- The group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:
 - management-defined performance measures;
 - a break-down of the nature of expenses for line items presented by function in the operating category of the statement of profit or loss – this break-down is only required for certain nature expenses; and
 - for the first annual period of application of SFRS(I) 18, a reconciliation for each line item in the statement of profit or loss between the restated amounts presented by applying SFRS(I) 18 and the amounts previously presented applying SFRS(I) 1-1.
- From a cash flow statement perspective, there will be changes to how interest received and interest paid are presented. Interest paid will be presented as financing cash flows and interest received as investing cash flows, which is a change from current presentation as part of operating cash flows.

The group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with SFRS(I) 18.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

30. New or revised accounting standards and interpretations (cont'd)

SFRS(I) 19 - Subsidiaries without Public Accountability: Disclosures (effective for annual reporting periods beginning on or after 1 January 2027)

SFRS(I) 19 allows for certain eligible subsidiaries of parent entities that report under SFRS(I) Accounting Standards to apply reduced disclosure requirements. This new standard works alongside other SFRS(I). An eligible subsidiary applies the requirements in other SFRS(I) except for the disclosure requirements; and it applies instead the reduced disclosure requirements in SFRS(I) 19.

SFRS(I) 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with SFRS(I) Accounting Standards.

The Group does not expect this standard to have an impact on its operations or financial statements.

31. Authorisation of financial statements

These financial statements were authorised for issued in accordance with a resolution of Board of Directors of LS 2 Holdings Limited on 27 March 2025.

STATISTICS OF SHAREHOLDINGS

As at 4 April 2025

SHARE CAPITAL

Issued and fully paid up capital	:	S\$5,550,001
Number of Shares (excluding treasury shares ad subsidiary holdings)	:	185,000,000
Number of Treasury Shares	:	NIL
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders ^{*1}	%	No. of Shares	%
1-99	–	0.00%	0	0.00%
100-1,000	15	7.77%	6,600	#
1,001-10,000	38	19.69%	308,700	0.17%
10,001-1,000,000	134	69.43%	14,879,800	8.04%
1,000,001 and above	6	3.11%	169,804,900	91.79%
	193	100.00%	185,000,000	100.00%

^{*1} comprise individual and deposit agents

denotes less than 0.01%

SUBSTANTIAL SHAREHOLDERS

Name of Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Tan Hoo Kiat	120,250,000	65%	–	–
Ong Khong Weng, Alvin	37,000,000	20%	–	–

STATISTICS OF SHAREHOLDINGS

As at 4 April 2025

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	TAN HOO KIAT	120,250,000	65.00%
2	ONG KHONG WENG, ALVIN	37,000,000	20.00%
3	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	6,573,400	3.55%
4	DBS NOMINEES (PRIVATE) LIMITED	3,680,800	1.99%
5	ONG HAN POH	1,176,900	0.64%
6	FOK CHEE WAI	1,123,800	0.61%
7	CHIA SIANG YONG	963,000	0.52%
8	PHILLIP SECURITIES PTE LTD	912,800	0.49%
9	TIGER BROKERS (SINGAPORE) PTE. LTD.	724,600	0.39%
10	ONG KHENG CHAI	460,000	0.25%
11	LIM CHIN HOCK	365,000	0.20%
12	TAY THIAM HUAT	340,000	0.18%
13	DENG YOUPING	339,900	0.18%
14	NG CHIAU MENG	300,000	0.16%
15	POON KIANG HAU (FANG JIANHAO)	300,000	0.16%
16	QUEK JIA LE	300,000	0.16%
17	OCBC SECURITIES PRIVATE LIMITED	299,600	0.16%
18	LIM & TAN SECURITIES PTE LTD	289,000	0.16%
19	KARUPPIAH PALANIAPPAN	280,000	0.15%
20	KOH GEK KIEW	260,000	0.14%
		175,938,800	95.10%

PERCENTAGE OF SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 4 April 2025, 15% of the total issued ordinary shares of the Company are held by public and therefore, Rule 723 of Catalist Rules has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of LS 2 Holdings Limited (the "**Company**") will be held at 20 Collyer Quay #23-01 Singapore 049319 on **Tuesday, 29 April 2025 at 4:00 p.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2024 together with the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company who are retiring pursuant to Article 96 of the Constitution of the Company:
 - (a) Mr. Tan Hoo Kiat **(Resolution 2)**
 - (b) Mr. Chua Ser Miang **(Resolution 3)**

*Mr. Tan Hoo Kiat will, upon re-election as Director, remain as Executive Chairman and Executive Director of the Company. Detailed information of Mr Tan Hoo Kiat required pursuant to 720(5) of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**") can be found in the Annual Report.*

Mr. Chua Ser Miang will, upon re-election as an Independent Non-Executive Director, remain as Chairman of the Nominating Committee and members of the Audit Committee and Remuneration Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules. Detailed information of Mr. Chua Ser Miang required pursuant to Rule 720(5) of the Catalist Rules can be found in the Annual Report.
3. To approve the payment of Directors' fees of up to S\$100,000 for the financial year ending 31 December 2025, to be paid half yearly in arrears. **(Resolution 4)**
4. To re-appoint Messrs. CLA Global TS Public Accounting Corporation as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. Authority to issue shares

That pursuant to Section 161 of the Companies Act 1967 ("**Act**") and Rule 806 of the Listing Manual – Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), the Directors of the Company be authorised and empowered to:

- (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) notwithstanding that the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution), to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
- (a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;
 - (b) new Shares arising from exercising of share options or vesting of share awards; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. **(Resolution 6)**

[See Explanatory Note (i)]

7. Authority to issue shares under the LS 2 Performance Share Plan

That:

- (a) the share performance plan known as "LS 2 PERFORMANCE SHARE PLAN" (the "**PSP**"), under which awards (the "**Awards**") of fully paid-up ordinary shares in the capital of the Company will be granted, free of payment, to selected eligible participants of the Company and its subsidiaries (including executive directors, non-executive directors, independent directors, controlling shareholders of the Company and associates of controlling shareholders of the Company and employees of the Company and/or its subsidiaries) (collectively, the "**PSP Participants**"), particulars of which are set out in the said PSP, be and is hereby approved;
- (b) the Directors of the Company be and are hereby authorised:
- (i) to offer and grant Awards in accordance with the provisions of the Plan and pursuant to Section 161 of the Companies Act:
 - (1) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the vesting of the Awards under the PSP; and

NOTICE OF ANNUAL GENERAL MEETING

- (2) notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to any Awards granted by the Directors in accordance with the PSP awarded while the authority conferred in this resolution was in force; and
- (ii) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury shares) towards the satisfaction of Awards granted under the PSP,

provided that the aggregate number of Shares to be issued or transferred pursuant to the Awards under the PSP on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company (including the ESOS), shall not exceed fifteen percent (15%) of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings of the Company) on the day preceding that date. **(Resolution 7)**

[See Explanatory Note (ii)]

8. Authority to issue shares under the LS 2 Employee Share Option Scheme ("ESOS")

That:

- (a) the Directors of the Company be and are hereby authorised:
 - (i) to establish and administer the ESOS;
 - (ii) to modify and/or amend the ESOS from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the ESOS and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary, desirable or expedient in order to give full effect to the ESOS; and
 - (iii) to offer and grant Options in accordance with the provisions of the ESOS and pursuant to Section 161 of the Companies Act:
 - (1) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the exercising of the Options under the ESOS; and
 - (2) (notwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of new Shares as may be required to be delivered pursuant to the exercise of any Options granted by the Directors in accordance with the ESOS granted while the authority conferred in this resolution was in force; and
 - (iv) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury shares) towards the satisfaction of the exercise of Options granted under the ESOS,

provided that the aggregate number of Shares to be issued or transferred pursuant to the Options under the ESOS on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company (including the PSP), shall not exceed fifteen per cent (15%) of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings of the Company) on the day preceding that date. **(Resolution 8)**

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

9. Proposed Renewal of Share Buy-Back Mandate

That:

- (a) for the purposes of the Companies Act 1967, and such other laws and regulations as may for the time being be applicable, approval be and is hereby given for the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding, in aggregate, the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchase(s) transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may, for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act and the Catalyst Rules,

on the terms set out in the Appendix to the Annual Report dated 14 April 2025, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

- (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next AGM of the Company is held or required by law to be held; or
 - (ii) the date on which the share buybacks are carried out to the full extent mandated;
- (c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days on which Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed and quoted, immediately preceding the date of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five day period;

"**date of the making of the offer**" means the day on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the off-market purchase;

"**Maximum Percentage**" means that number of issued Shares representing ten per cent (10%) of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares and subsidiary holding as at that date); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (i) in the case of a market purchase of a Share, one hundred and five per cent (105%) of the Average Closing Price of the Shares; and

NOTICE OF ANNUAL GENERAL MEETING

- (ii) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and twenty per cent (120%) of the Average Closing Price of the Shares; and
- (d) any Director be and is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as he/she may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution. **(Resolution 9)**

[See Explanatory Note (iv)]

By Order of the Board

Joceyln Lim
Company Secretary
Singapore, 14 April 2025

Explanatory Notes:

- (i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holding) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holding) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holding) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 7 in item 7 above, if passed, will authorise the Directors of the Company to grant awards under the Plan in accordance with the provisions of the Plan and pursuant to Section 161 of the Companies Act 1967, to allot and issue shares under the Plan.

The total number of new shares which may be issued pursuant to awards granted under the Plan shall not exceed fifteen per centum (15%) of the issued Shares of the Company (excluding any shares held in treasury and subsidiary holdings) on the day shareholders approve the Plan, provided always that the total number of new shares which may be issued pursuant to awards granted under the Plan when aggregated with the aggregate number of shares which may be granted under any other share plan or share option scheme shall not exceed any limits prescribed by the SGX-ST.

- (iii) The Ordinary Resolution 8 in item 8 above, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes or share plans of the Company, fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
- (iv) The Ordinary Resolution 9 in item 9 above, if passed, renews the Share Buy-Back Mandate and empower the Company, its subsidiaries and associated companies, to enter into the Share Buy-Back as described in the Appendix to the Annual Report dated 14 April 2025, which is enclosed together with the Company's Annual Report. The authority under the renewed Share Buy-Back Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company, or the date by which the next AGM is required to be held, whichever is the earlier.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the AGM. Where such member's form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. A proxy need not be a Member.
 4. The instrument appointing the proxy (the "**Proxy Form**") must be deposited at the Company's registered office at 1 Bukit Batok Crescent, #04-11 WCEGA Plaza, Singapore 658064 or sent by email to ir@LS2.sg, not less than seventy-two (72) hours before the time appointed for the AGM of the Company.

Members are strongly encouraged to submit completed proxy forms electronically via email.

5. CPF and SRS investors: (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should approach their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e.: by 16 April 2025) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form on their behalf by the cut-off date.
6. **Submission of questions prior to the AGM**

Shareholders (including CPF and SRS investors) or where applicable their appointed proxy(ies) may submit questions related to the resolutions to be tabled at the AGM in advance via email to ir@LS2.sg. In order to do so, questions must be submitted no later than 22 April 2025 so that relevant and substantial queries may be addressed prior to or during the AGM proceedings. Any relevant and subsequent queries (after 22 April 2025) received will be addressed during the AGM and the Company will publish the minutes of the AGM on the SGXNet, and the Company's website within one (1) month after the date of AGM.

Shareholders or their corporate representative must state his/her full name and whether he/she is a shareholder or a corporate representative of a corporate shareholder. Any question without the identification details will not be addressed.

PERSONAL DATA PRIVACY:

By (a) submitting an instrument appointing proxy(ies) or the Chairman of the Meeting as a proxy to vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM in accordance with this Notice, a Member consents to the collection, use and disclosure of the Member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing proxy(ies) or the Chairman of the Meeting as a proxy for the AGM (including any adjournment thereof);
- (ii) the processing of the Pre-registration for purposes of granting access to Members (or their corporate representatives in the case of Members which are legal entities) to observe the AGM proceedings and providing them with any technical assistance where necessary;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) addressing relevant and substantial questions from Members received before the AGM and if necessary, following up with the relevant Members in relation to such questions;
- (iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

This Notice of AGM has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this Notice of AGM, including the correctness of any of the statements or opinions made or reports contained in this Notice of AGM.

The contact person for the Sponsor is Mr. Leong Weng Tuck - Registered Professional, 36 Robinson Road, #10-06 City House Singapore 068877, sponsor@rhtgoc.com.

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LS 2 HOLDINGS LIMITED

(Company Registration No. 202016972G)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. A proxy need not be a Member.
2. A member who is a relevant intermediary is entitled to appoint more than two proxies. Where such Member's instruments appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be presented by each proxy shall be specified in the instrument (please see Note 1 for the definition of "relevant intermediary")
3. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies or appointment of the Chairman of the Meeting as proxy.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We _____ (Name), NRIC/Passport No./Co Regn. No. _____

of _____ (Address)

being a member/members of LS 2 Holdings Limited (the "Company"), hereby appoint(s):

Name	Address	Email Address	NRIC / Passport No.	Proportion of Shareholdings	
				No. of shares	%

and/or (delete as appropriate)

Name	Address	Email Address	NRIC / Passport No.	Proportion of Shareholdings	
				No. of shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM of the Company to be held at 20 Collyer Quay #23-01 Singapore 049319 on Tuesday, 29 April 2025 at 4:00 p.m. and at any adjournment thereof. *I/We direct *my/our proxy to vote for or against or abstain from voting the Resolutions to be proposed at the Meeting indicated hereunder. If no specific direction as to voting is given the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

No.	Ordinary Resolutions relating to:	For**	Against**	Abstain**
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2024			
2	Re-election of Mr. Tan Hoo Kiat as a Director			
3	Re-election of Mr. Chua Ser Miang as a Director			
4	Approval of Directors' fees of up to S\$100,000 for the financial year ending 31 December 2025, to be paid half yearly in arrears			
5	Re-appointment of Auditors			
6	Authority to issue shares			
7	Authority to issue shares under the LS 2 Performance Share Plan			
8	Authority to issue shares under the LS 2 Employee Share Option Scheme			
9	Proposed Renewal of Share Buy-Back Mandate			

* Delete where in applicable

** If you wish to use all your votes "For", "Against" or "Abstain", please indicate with an "✓" within the box provided. Otherwise, please indicate number of votes "For", "Against" or "Abstain" for each resolution within the box provided. If you mark "✓" in the "Abstain" box for a particular resolution, you are directing your proxy(ies) not to vote on that resolution.

Dated this _____ day of April 2025

Total number of Share in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM



NOTES:

1. A Member who is a relevant intermediary, entitled to attend and vote at the Meeting is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
2. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e.: by 16 April 2025) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date.
 3. The proxy need not be a Member.
 4. The instrument appointing the proxy (the "**Proxy Form**") must be deposited at the Company's registered office of the Company at 1 Bukit Batok Crescent, #04-11 WCEGA Plaza, Singapore 658064 or sent by email to ir@LS2.sg, not less than seventy-two (72) hours before the time appointed for the Meeting.

Members are strongly encouraged to submit completed proxy forms electronically via email or the AGM portal.

5. A Member should insert the total number of shares held. If the Member has shares entered against his/her/its name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she/it should insert that number of shares. If the Member has shares registered in his/her/its name in the Register of Members, he/she/it should insert that number of shares. If the Member has shares entered against his/her/its name in the said Depository Register and registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the Member.
6. The Proxy Form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where a Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must (failing previous registration with the Company) be lodged with the Proxy Form; failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the Member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by CDP to the Company.
9. All Members will be bound by the outcome of the Meeting regardless of whether they have attended or voted at the Meeting.
10. Personal data privacy: By submitting an instrument appointing the proxy(ies) (other than the Chairman of the Meeting) or Chairman of the Meeting as a proxy to vote at the Meeting and/or any adjournment thereof, all Members accept and agree to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2025.



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