



Annual Report 2023

SOLUTIONS. INNOVATIONS. COBOTICS.

LS 2 HOLDINGS LIMITED

CONTENTS

01	Corporate Profile
02	Chairman's Statement
04	Business Highlights
05	Financial Highlights
07	Operation Review
08	Financial Review
10	Board of Directors
12	Key Executives
13	Corporate Information
14	Sustainability Report
29	Corporate Governance
56	Financial Contents
110	Statistics of Shareholdings
112	Notice of Annual General Meeting
	Proxy Form

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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.

VISION

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

MISSION

To provide trusted Integrated Environmental Services 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 1,650, 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, FM04 L2 BCA, FM01 M3 BCA, FM03 L1 BCA, NEA Class 2 Cleaning Business License, Progressive Wage (“PW”) Mark, Medal and Plaque of Commendation by the NTUC Central Committee, LM U Safe Champion Award, ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, BizSAFE Star, SkillsFuture Employer Award, among others.



The environmental services industry is expected to experience continued growth in 2024, fuelled by stricter regulations, corporate sustainability demands, and public environmental concerns like pollution, waste management and sustainability.

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of LS 2 Holdings Limited (the "**Company**") and its subsidiary corporations (collectively, the "**Group**"), I would like to present to you our Annual Report for the financial year ended 31 December 2023 ("**FY2023**").

FINANCIAL YEAR IN REVIEW

The Group has achieved a sustained increase in revenue by S\$1.5 million or 2.6% from S\$59.9 million in FY2022 to S\$61.4 million in FY2023, due to our continued effort to expand the portfolio of the Group, driven by innovation and building trust with our clients and partners. In FY2023, the Group also prepared for the transition to the revised cleaning business licensing framework, with the introduction of 3 classes of licence and new licence requirements with enhanced training compliance, effective from 1 January 2024. This is part of overall efforts to drive capabilities and raise public health standards of cleaning businesses in Singapore. The revisions to the cleaning business licensing framework will enable the cleaning sector to grow competencies and develop a skilled and resilient workforce. This revised

framework aligns with our sustainability agenda to improve capabilities, develop competencies and build a skilled, environmentally conscious workforce for the environmental services in Singapore.

LOOKING AHEAD

The environmental services industry is expected to experience continued growth in 2024, fuelled by stricter regulations, corporate sustainability demands, and public environmental concerns like pollution, waste management and sustainability. Characteristics of this growth trajectory will be due to the widespread adoption of digital technologies, including the Internet of Things ("IoT"), Artificial Intelligence ("AI"), and automation, to bolster monitoring capabilities and operational efficiency.

In recognition of the pivotal role of public hygiene, The Ministry of Sustainability and the Environment ("MSE") has designated 2024 as the Year of Public Hygiene. Innovation and technological advancement remain the driving forces behind the transformation and capability development within the cleaning industry. On 7 June 2023, Temasek Polytechnic ("TP"), together with the Environmental Management Association of Singapore ("EMAS"), and industry partners LS 2 Holdings Limited ("LS 2"), Republic Power Pte Ltd ("Republic Power"), Cleantools Pte Ltd ("Cleantools"), Karcher Singapore Pte Ltd ("Karcher"), and Nilfisk Pte Ltd ("Nilfisk") joined hands to launch Singapore's first Enviro Tech Innovation Hub ("ETIH@TP"). This Innovation Hub will serve as a pioneering "Living Laboratory" dedicated to the advancement of public hygiene and integrated facilities management. The first-of-its-kind in Singapore, the hub will serve as a platform for

developing capabilities, co-creation and test-bedding of innovative solutions in the cleaning industry. ETIH@TP will be housed within TP and will operate under the joint coordination of TP, EMAS, and LS 2, in collaboration with a consortium of Enviro Tech Partners.

The Group remains steadfast in its commitment to implementing initiatives focused on technology adoption and process automation, such as the deployment of robots and machines, as well as the development of data-driven solutions to inform decision-making. With an unwavering dedication to the implementation of digitalization initiatives, a robust business model, a proven track record, and an esteemed reputation within the Environmental Services industry, the Group is well-positioned to scale its operations and emerge as a Singapore-based company equipped with global capabilities to co-create effective and sustainable environmental solutions. This will be achieved through a workforce transformation journey, encompassing job redesign with a focus on sustainability.

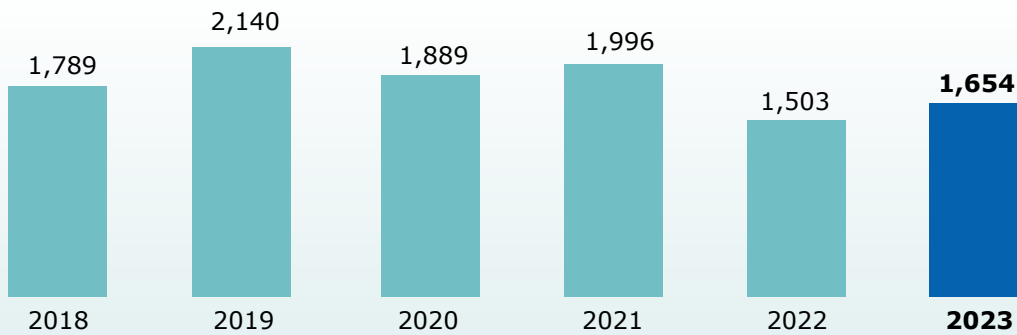
ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to convey our sincere appreciation to our esteemed shareholders, valued customers, and respected business partners for their steadfast support and unwavering trust in the Group. Furthermore, I extend our heartfelt gratitude to our dedicated management team and employees for their tireless efforts, commitment, and resilience to support the business growth. The Group remains resolute in its commitment to delivering sustainable value to all our stakeholders and contributing towards a Clean, Green, and Resilient shared Singapore.

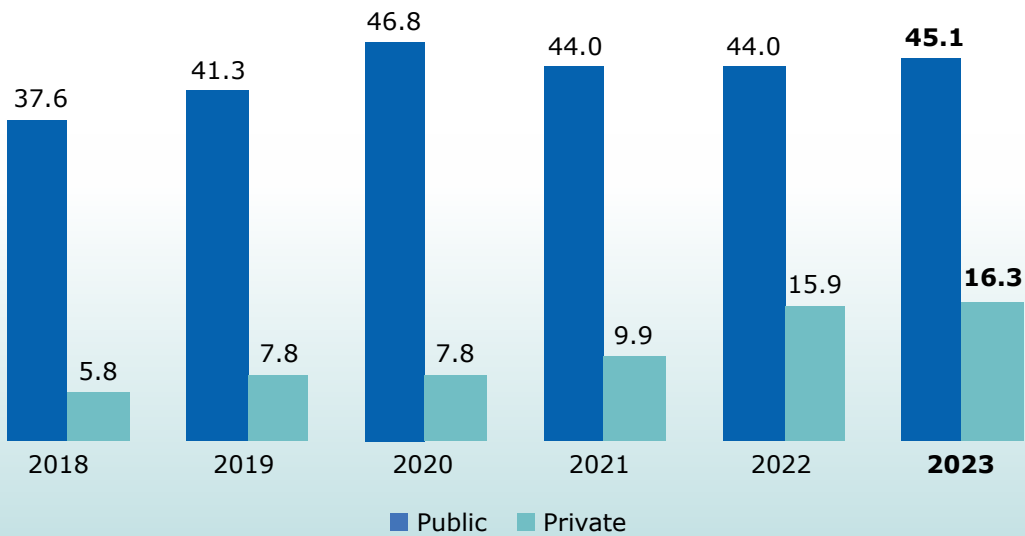


BUSINESS HIGHLIGHTS

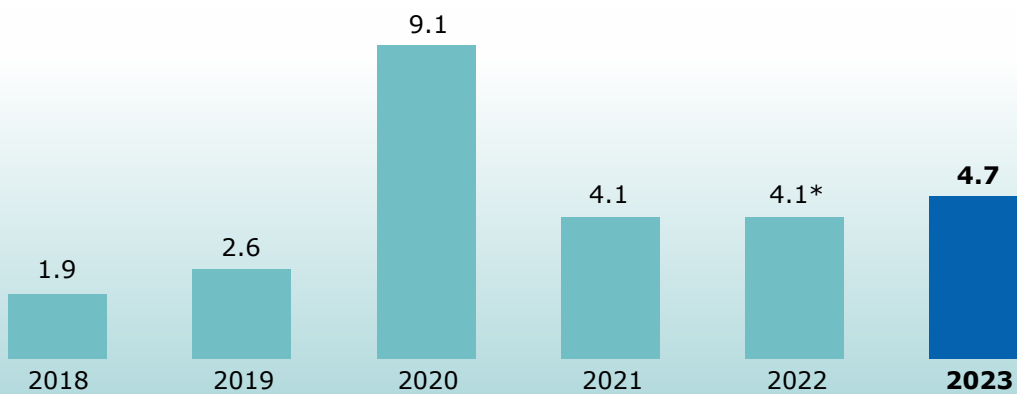
No. of Employees



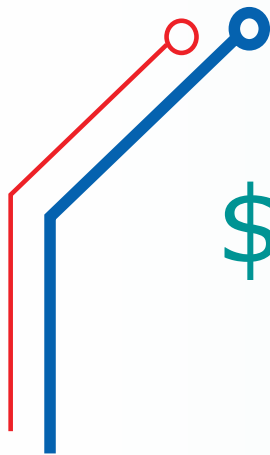
Revenue by Type of Customers S\$ Million



EBITDA S\$ Million



* adjusted EBITDA (excluding IPO listing expenses)

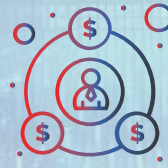


Revenue
\$61.4
million



Net Assets Value

\$18.0
million



EBITDA

\$4.7
million



Net Assets
Value per Share

9.74
cents



Earnings
per share

0.84
cents



Profit to
Equity owner

\$1.6
million





OVER **30 YEARS** OF RELEVANT
EXPERIENCE

PORTFOLIO OF 


OVER **200 CLIENTS**

ABOUT **1,650** WELL-TRAINED
AND KNOWLEDGEABLE STAFF 



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 Group gains its sustainable foothold in the environmental services industry by constantly aligning the Group’s business strategies with emerging initiatives from the Singapore government. The Group’s success-driven strategies and processes have been carefully honed and sharpened through constant technological solution upgrades and relevant experience over the last 30 years. 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, which is in line with the Environmental Services Industry Transformation Map (“**ES ITM**”) launched in 2017.

OUR PEOPLE

Our business is supported by our growing and well-trained workforce of around 1,650 staff who are deployed across the island to ensure services are delivered to service buyers effectively and efficiently. As a unionised company under the Building Construction And Timber Industries 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 capability.

OUR INDUSTRY EXPERIENCE

The Group leverages its experience to deliver industry best practices by integrating interoperable capability gained from our experience in supporting multiple industries’ cleaning operations, placing the Group in a better position to adopt 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 which will facilitate service buyers and providers in the consolidation of various data points thus allowing

both parties to determine their service level agreement and help to close the gap between the cleaning services provided and the service level agreement, where service providers strive to meet or exceed service buyers’ expectations and requirements.

OUR INTELLIGENT SOLUTIONS AND INNOVATION

The Group is investing in intelligent solutions and innovation to its cleaning operations by integrating the Internet of Things (“**IoT**”) and cobot (**collaborative robot**) solutions into the cleaning processes and revolutionising the way cleaning tasks are performed, making the workforce more efficient, precise and cost effective. By leveraging IoT data analytics, the Group can gain valuable insights into cleaning patterns and usage trends, positioning the Group envisions to develop intelligent tools that leverage IoT data analytics and support the development of cutting-edge solutions to enable data-driven ES 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 SUSTAINABILITY EFFORTS

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 responsible manner. The Group is working together with one of the Institutes of Higher Learning in Singapore to develop an IoT kit for the monitoring and measuring of electricity and water consumption of cleaning devices and equipment. We are actively looking for opportunities to be involved in initiatives focused on preserving the environment and educating others about the importance of protecting our planet.

OUR PROSPECT

We envision to deliver end-to-end integrated services to our customers by vertically 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.

FINANCIAL PERFORMANCE

In FY2023, the Group's revenue increased by S\$1.5 million or 2.6% from S\$59.9 million in FY2022 to S\$61.4 million in FY2023. The increase was attributable to a higher revenue from public sector; S\$1.1 million from cleaning services rendered to education institution, and private sector; S\$0.4 million from conservancy services to private residential estates.

Other income decreased by S\$0.1 million from S\$0.4 million in FY2022 to S\$0.3 million in FY2023. This was mainly due to a one-time personnel protective supplies subsidy received from a client and gain on disposal of PPE in FY2022, and a lesser insurance claim obtained from work injury compensation insurance in FY2023.

Direct operating costs marginally increased by S\$0.7 million or 1.5% from S\$48.3million in FY2022 to S\$49.0 million in FY2023. Direct operating costs comprised of: (i) purchases and related costs which decreased by S\$1.5 million from S\$16.9 million in FY2022 to S\$15.4 million in FY2023; and (ii) employee benefits which increased by S\$2.2 million from S\$31.4 million in FY2022 to S\$33.6 million in FY2023. 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 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\$0.6 million from S\$2.2 million in FY2022 to S\$2.8 million in FY2023. This increase was mainly due to depreciation of right-of-use assets capitalised in PPE which has increased by S\$0.4 million from S\$1.2 million in FY2022 to S\$1.6 million in FY2023, as more accommodation leases were secured by the Group in FY2023.

Other expenses decreased by S\$0.6 million from S\$8.6 million in FY2022 to S\$8.0 million in FY2023. The decrease was mainly due to the absence of a one-time IPO listing expenses of S\$0.8 million recognised in FY2022 and offset against a decrease in foreign worker levy of S\$0.4 million as there were lesser foreign workers employed during the year.

Finance costs decreased by S\$0.1 million from S\$0.3 million in FY2022 to S\$0.2 million in FY2023 mainly due to a lower carried amount of term loan principal after a full settlement made to properties term loan in FY2023.

Income tax expense decreased by S\$0.1 million from S\$0.3 million in FY2022 to S\$0.2 million in FY2023, mainly due to an accelerated tax depreciation arising from the origination and reversal of temporary differences.



FINANCIAL POSITION

Total non-current assets increased by S\$0.8 million from S\$6.6 million as at 31 December 2022 to S\$7.4 million as at 31 December 2023 mainly due to S\$1.3 million of additional property plant and equipment acquired and S\$2.2 million capitalisation of right-of-use assets from new and renewed lease contracts during the financial year before charging out its depreciation with total amount of S\$2.8 million during the financial year and additional S\$0.1 million deferred tax asset recognised as of 31 December 2023.

Trade and other receivables decreased by S\$0.8 million from S\$17.9 million as at 31 December 2022 to S\$17.1 million as at 31 December 2023. The decrease was mainly due to fluctuation arising from timing of payments made by customers.

Trade and other payables remained relatively constant with total payables amounting to S\$9.3 million in FY2022 and FY2023.

The Group's total loans and borrowings decreased by S\$1.5 million from S\$5.9 million as at 31 December 2022 to S\$4.4 million as at 31 December 2023. This decrease was mainly due to a full settlement made to properties term loan and scheduled repayment for working capital loan of S\$2.0 million and repayment of lease liabilities with total amount of S\$1.7 million before the offset against S\$2.2 million new lease liabilities and lease modification recognised during the financial year.

Deferred tax liabilities remained relatively constant at S\$0.3 million in FY2022 and FY2023.

CASH FLOWS

The Group recorded a net cash provided by operating activities of S\$5.1 million in FY2023; S\$4.7 million cash flows from operating activities and S\$0.5 million net cash inflow in working capital before offset against S\$0.1 million tax amount paid.

Net cash used in investing activities of S\$1.1 million in FY2023 was mainly on additions to property, plant and equipment in FY2023.

Net cash used in financing activities of S\$3.8 million in FY2023 comprises of total repayment of lease liabilities, term loan borrowings and its interest of S\$3.9 million and offset against the net proceeds of S\$0.1 million interest received from cash deposit placements.



BOARD OF DIRECTORS



MR. TAN HOO KIAT

Executive Chairman and
Executive Director

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

Date of last election 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 30 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 Tan'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 serving as the Chairman of Bukit Batok East Citizens' Consultative Committee's ("**Bukit Batok East CCC**") Community Development and Welfare Fund and Treasurer of the Bukit Batok East CCC.

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 election as director: **28 April 2023**

Mr. Alvin Ong has more than 18 years of experience in the environmental services industry, and is responsible for directing and managing 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.

Mr. Alvin Ong has been 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 a Bachelor of Commerce in Marketing, Information Systems and Electronic Commerce from the University of Western, Australia.



MR. TAN SIANG LENG

Independent Director
Chairman of Audit Committee
Member of Remuneration Committee
Member of Nominating Committee

Date of first appointment as director: **02 December 2021**

Date of last election as director: **27 May 2022**

Mr. Tan has been a qualified chartered accountant with the Institute of Singapore Chartered Accountants since 2007, an accredited tax practitioner with Singapore Chartered Tax Professionals since 2011 and attained the credential as an Accredited Board Director presented by Singapore Institute of Directors in January 2024. Mr. Tan 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 at the Asian Development Bank since February 2020, is 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, for 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 first appointment as director: **02 December 2021**

Date of last election as director: **27 May 2022**

Mr. Ng 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. 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 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 is also an Independent Director of YKGI Limited, a company listed on the Catalist Board of the SGX-ST.



MR. CHUA SER MIANG

Independent Director
Chairman of Nominating Committee
Member of Audit Committee
Member of Remuneration Committee

Date of first appointment as director: **02 December 2021**

Date of last appointment as director: **28 April 2023**

Mr. Chua is currently a Director in Crowe Horwath Capital Pte Ltd, a corporate finance advisory firm providing financial advisory for equity and debt fundraising and financial advisory for corporate actions. He has over 20 years of experience in corporate finance where he was primarily 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 had previously held senior positions in other financial institutions including DMG & Partners Securities and Daiwa Securities SMBC Singapore. Mr. Chua started his career as a Senior Review Officer with the Monetary Authority of Singapore in 1993.

Mr. Chua holds a Master's degree in Global Finance & Banking from King's College London, and graduated with a Bachelor's degree in Business Administration (Honours) from the National University of Singapore. He is also a CFA charterholder. Mr. Chua presently serves as an independent director on the Boards of Aoxin Q&M Dental Group Limited and VCPlus Limited, both of which are companies listed on the Catalist Board of the SGX-ST.

■ KEY EXECUTIVES

Ong Han Poh

Group Financial Controller

Mr. Ong 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 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.

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.

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 and compliance reporting matters, and work with the external auditors to facilitate their work. She joined our Group in January 2021 as Financial, Planning and Analysis Manager and was promoted to Group Finance Manager in September 2021 and subsequently promoted to Assistant Group 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.

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.

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

COMPANY SECRETARY

Lim Yi Hui, Joceyln

CONTINUING SPONSOR

RHT Capital Pte. Ltd.

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

INDEPENDENT AUDITOR

CLA Global TS Public Accounting Corporation

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

DBS Bank Limited

REGISTERED OFFICE

1 Bukit Batok Crescent

#04-11 WCEGA Plaza

Singapore 658064

Tel : +65 6281 1843

Fax : +65 6281 1805

Website : www.LS2.sg



ABOUT THIS REPORT

LS 2 Holdings Limited (“**LS 2**” or the “**Company**” and its subsidiary corporations, 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 stakeholder 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 a more sustainable business. We have also included a range of programs and initiatives to help us achieve our objectives and targets.

Reporting Period, Scope, and Framework

The Report covers LS 2’s sustainability efforts, performance, and strategies from 1 January 2023 to 31 December 2023 (“**FY2023**” or “**Reporting Period**”). The Report has been prepared in compliance with the requirements of Rules 711A and 711B of the SGX Listing Rules of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst and with reference to Global Reporting Initiative (“**GRI**”) Standards 2021. We have chosen GRI as the sustainability reporting framework since it is internationally recognised, widely adopted and enables 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 internal auditors to conduct an internal review of 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 Sustainability Report is also available on our website <https://www.LS2.sg>.

BOARD STATEMENT

Dear Stakeholders,

The Board of Directors (the “**Board**”) of LS 2 is pleased to present our Sustainability Report for the financial year ended 31 December 2023.

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 training, focus groups, research, analysis, and discussions and seeking stakeholders’ inputs, the Board develops a 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 its potential risks and opportunities. The impacts of climate change are felt across businesses, and therefore it is important to consider how we are transitioning towards 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
 15 April 2024

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 the 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 the 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 REPORT

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 company. 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 and safety Talent retention and career progression 	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 	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 	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 	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 	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:



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.

From the materiality assessment exercise conducted in FY2023, we identified and prioritised material Sustainability Factors that are relevant to our business operations with our stakeholders as follows:

Materiality Matrix FY2023



SUSTAINABILITY REPORT

ECONOMIC

For the past 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 achieve 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 2023:

- Financial Highlights, page 5.
- Operations & Financial Review, pages 7-9.
- Financial Statements, pages 65-109.

Anti-corruption

We remain committed to upholding the highest standards of business ethics and compliance. In 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 the importance of upholding ethical standards when conducting business.

At LS 2, we take our commitment to sustainability seriously and recognize that corruption can be a major obstacle to achieving it. We are dedicated to assessing the potential for incidents of corruption that could derail our sustainability efforts. In FY2023, we provided anti-corruption training and resources on the importance of abiding by relevant laws and regulations to 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 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.

FY2023 Target	FY2023 Performance	Short, Medium and Long Term Target
We aim to maintain zero reported incidents of corruption and conduct Anti-Bribery and Corruption training in FY2023.	Target met. In FY2023, there were zero reported incidents of corruption reported.	We aim to maintain zero reported incidents of corruption and conduct Anti-Bribery and Corruption training.

ENVIRONMENT

At LS 2, we are committed to 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.

We 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. The Group is working together with one of the Institutes of Higher Learning in Singapore to develop 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.

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 of starting the journey of environmental sustainability and remain committed to continuing and improving this effort 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 and 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 stay 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 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 of Directors has signed a charter that outlines the purpose, roles, and responsibilities of the Environmental, Health and Safety ("EHS") Committee. The appointment ensures that the effectiveness and objectives of EHS measures are met, and the progress is 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 FY2023, 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 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.

FY2023 Target	FY2023 Performance	Short, Medium and Long Term Target
We strive to achieve zero fatal accident in the workplace in FY2023.	Target met. In FY2023, there were zero fatalities occurring in the workplace.	We strive to achieve zero fatal accident in the workplace.

SUSTAINABILITY REPORT

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.

In general, our approach to customers' data privacy is aligned with The Personal Data Protection Act ("PDPA") which has the power to investigate and take enforcement action against organisations that violate the Act. By complying with PDPA, LS 2 demonstrates our commitment to responsible data practices essential to building 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 providing our customers with the best experience possible and protecting their data.

FY2023 Target	FY2023 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 FY2023.	Target met. In FY2023, there were zero reported incidents of customer data privacy breaches.	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 internal and external training opportunities available.

All the Company's directors have completed comprehensive sustainability training in FY2023. 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.

In FY2023, our employees have successfully completed the following programmes and courses:

1. Perform Metal Scaffold Erection
2. Comply with Workplace Safety and Health Policies and Procedures
3. Perform Basic Cleaning of Hard Floor Surfaces
4. Provide Quality Services
5. Perform Cleaning of Public Residential Estates (Manual)
6. Clean Vertical Surfaces, Glass, and Ceiling
7. Implement Work Plans and Monitor Performance
8. Refresher Occupational First Aid Course
9. WSH Incident & Accident Investigation
10. Demonstrate and Apply Understanding of Cleaning Chemicals
11. Perform Cleaning of Public Residential Estates
12. BDO FRS Update
13. XBRL Filing

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

Employee training by gender	FY2023		FY2022	
	Male	Female	Male	Female
Total number of training hours	7407	5715	7031	4612
Average hours of training per employee	13.4	13.9	21.3	22.6

FY2023 Target	FY2023 Performance	Short, Medium and Long Term Target
We strive to achieve at least 16 average training hours per employee in FY2023.	Target not met. We have achieved an average of 13.6 training hours per employee in FY2023.	We strive to achieve at least 16 average training hours per employee.

Diversity and Equal Opportunity

LS 2 is committed to 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 orientation 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.

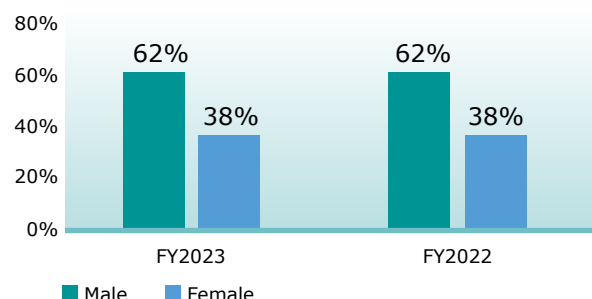
Board Diversity Policy

LS 2 has in place a Board Diversity Policy with a view to achieving a 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.

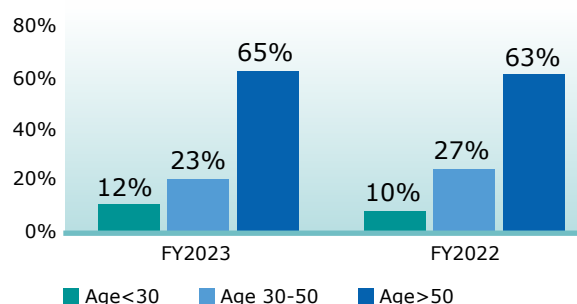
LS 2 is also committed to appointing individuals from diverse backgrounds, including but not limited to age, cultural background, educational background, ethnicity, expertise and experience, gender, geographical background, independence, knowledge, length of service, nationality, and skill.

Our focus on investing in our human resources has been signified by the SkillsFuture Employer Awards we received in 2021. As at ending FY2023, our total workforce comprised of 1,654 (FY2022: 1,503) individuals with the following distribution:

Employees by Gender

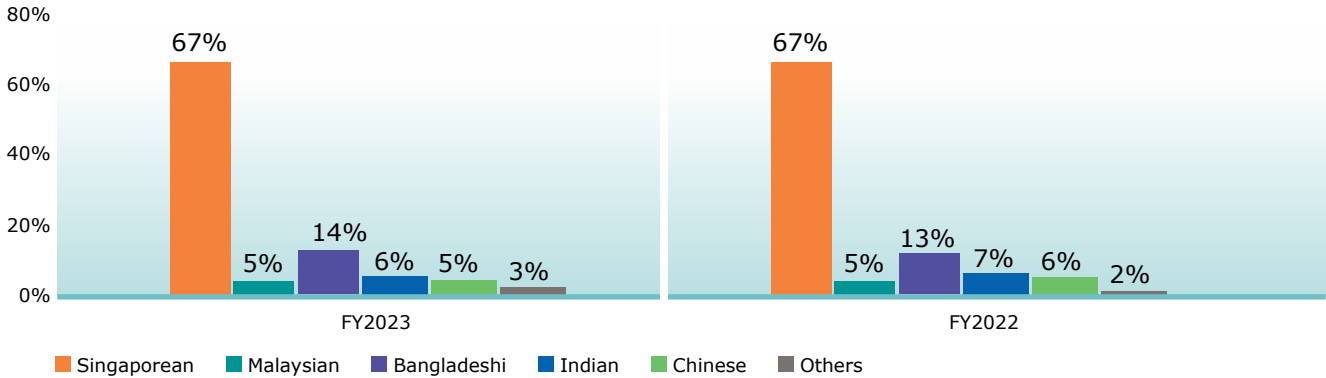


Employees by Age



SUSTAINABILITY REPORT

Employees by Nationalities*

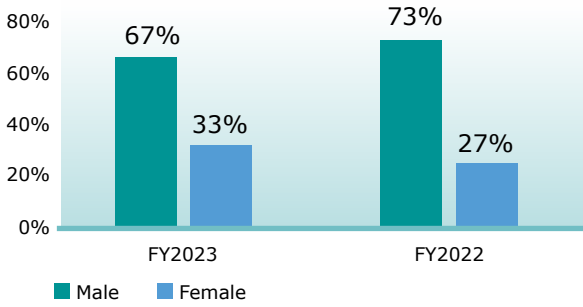


*Includes full time and part time employees

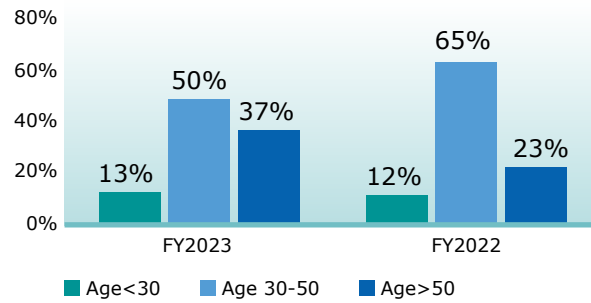
Management Diversity

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. This culture will cultivate better decision-making, innovation, higher employee engagement and ultimately boost our Group's overall performance.

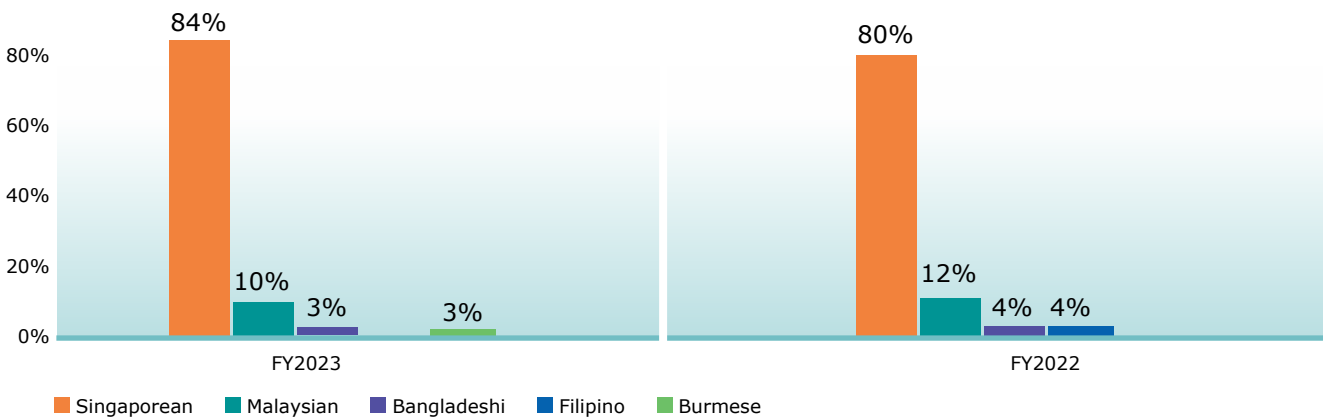
Management by Gender



Management by Age



Management by Nationalities



FY2023 Target	FY2023 Performance	Short, Medium and LongTerm Target
We will strive to maintain the level of diversity in FY2023.	Target met. We maintained the level of diversity in FY2023.	We will strive to maintain the level of diversity and enhance board diversity within the next 4 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, enabling the Group to be more efficient and productive.

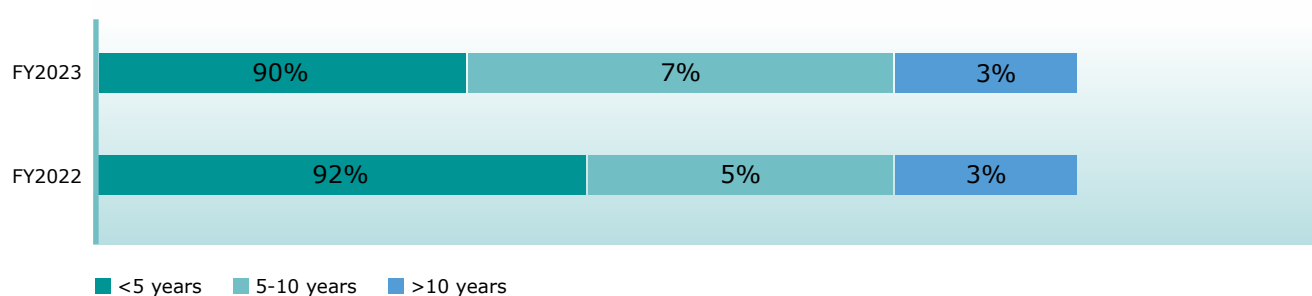
We have a qualified and competent management team that possesses extensive experience, technical expertise, and business relationships with industry players in the environmental services sector. Our group workforce includes both full-time and part-time employees.

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. In FY2023, we have started to disclose our employee new hires and turnover data for the first time as follows:

New hires and turnovers

	FY2023			
	Number of new hires	New hires rate	Number of turnover	Turnover rate
Gender				
Male	696	28.2%	500	20.3%
Female	458	18.6%	314	12.7%
Age				
Below 30	128	5.2%	79	3.2%
30 to 50	251	10.2%	194	7.9%
Above 50	775	31.4%	541	21.9%

Length of Service



FY2023 Target	FY2023 Performance	Short, Medium and Long Term Target
We strive to maintain a fair employment practice while recruiting our new workforce in FY2023.	Target met. We maintained a fair employment practice and hiring and there were no incidents of discrimination recorded in FY2023.	We strive to maintain a fair employment practice and achieve zero incidents of discrimination.

SUSTAINABILITY REPORT

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.



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.

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.

- 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

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, monitoring and measuring performance against sustainability targets, fostering an organizational culture of sustainability awareness, reporting our sustainability performance through sustainability reports and regularly consulting our stakeholders in the areas of sustainability.

Risk Management

The Board has appointed a Risk Management/Risk Assessment Team ("**RM/RA Team**") to ensure that the requirements of the Risk Management Code of Practice ("**RMCP**") and Workplace Safety and Health ("**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 the 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 Impact Analysis ("**BIA**") to identify potential risks that may have a significant impact on the business.

FY2023 Target	FY2023 Performance	Short, Medium and Long Term Target
We will strive to conduct an annual review of our RMCP and WSH practices in FY2023.	Target met. In FY2023, the RM/RA team has completed RMCP and WSH practices review.	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 of climate-related risks and explore climate-related opportunities that we can capitalise on in this changing environment.

Governance

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

The Board is ultimately responsible for oversight of the Group's climate-related issues across the operations and has delegated the CEO and Sustainability Working Group 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 the support from the RM/RA team.

■ SUSTAINABILITY REPORT

Strategy

At LS 2, we understand the importance of managing the climate-related risks that are identified in this Sustainability Report.

The Group will continue to engage with our stakeholders, and we are of the view that physical risks such as rising sea levels and global temperatures may impact the Company in the longer term. In the short to medium term, transition risks such as heightened sustainability reporting requirements and changing customer preference can affect the business reputation if we do not tackle those issues in a strategic manner. We have implemented several initiatives to ensure that these impacts are actively managed.

In addition, we have developed an action plan to reduce our carbon footprint that includes measures such as establishing QEHS Policy, water preservation, and responsibly managing our waste, among others. To mitigate the medium-term risks, we have a Risk Management and Business Continuity Policy, Competence, Training and Awareness programmes, research and development of new technologies that help us reduce emissions and improve energy efficiency, publish annual sustainability reports, and promote sustainable practices.

We are continually striving to improve our sustainability performance to be more resilient in mitigating climate-related risks that pose threats to the business.

Risk Management

In order to ensure and maintain a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, the Group has in place an Enterprise Risk Management ("ERM") framework to identify, prioritise, assess, manage and monitor key risks faced by the Group.

In terms of managing our climate-related risks, we will formulate measures to better adapt to climate change and we are working towards integrating potential climate-related risks into our ERM framework to ensure relevant risks and opportunities can be identified, strategically assessed, and managed through our risk management process.

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 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.

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 2023 to 31 December 2023 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	Page 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 7
	2-7 Employees	Pages 21 to 33
	2-8 Workers who are not employees	Pages 21 to 33
	2-9 Governance structure and composition	Pages 15, 32 to 33
	2-10 Nomination and selection of the highest governance body	Pages 34 to 37
	2-11 Chair of the highest governance body	Pages 10, 29 to 30
	2-12 Role of the highest governance body in overseeing the management of impacts	Pages 32 to 33
	2-13 Delegation of responsibility for managing impacts	Page 34
	2-14 Role of the highest governance body in sustainability reporting	Page 15
	2-15 Conflicts of interest	Page 30
	2-16 Communication of critical concerns	Pages 16 to 18
	2-17 Collective knowledge of the highest governance body	Page 30
	2-18 Evaluation of the performance of the highest governance body	Pages 36 to 37
	2-19 Remuneration policies	Pages 37 to 39
	2-20 Process to determine remuneration	Pages 37 to 39
	2-21 Annual total compensation ratio	Pages 39 to 41
	2-22 Statement on sustainable development strategy	Page 15
	2-23 Policy commitments	Page 19
	2-24 Embedding policy commitments	Page 19
	2-25 Processes to remediate negative impacts	Page 18
	2-26 Mechanisms for seeking advice and raising concerns	Page 16, 18
	2-27 Compliance with laws and regulations	Page 25
	2-28 Membership associations	Page 24
	2-29 Approach to stakeholder engagement	Page 16
	2-30 Collective bargaining agreements	None

SUSTAINABILITY REPORT

GRI STANDARDS	DESCRIPTION	PAGE REFERENCE
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 401: Employment 2016	401-1 New employee hires and employee turnover	Page 23
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 19
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 19
	403-5 Worker training on occupational health and safety	Page 20
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 19
	403-9 Work-related injuries	Page 19
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Page 21
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 7
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Pages 21 to 22
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 20

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 2023 (“**FY2023**”) 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.

■ CORPORATE 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 FY2023.

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; and
- 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 FY2023 is disclosed below: -

Name of Director	Board Meeting		AC Meeting		NC Meeting		RC Meeting	
	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 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.

■ CORPORATE 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 or her representative attends 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.

On 11 January 2023, new Listing Rule 406(3)(d)(iv) of the SGX-ST Catalist Rules were introduced to provide that a director who has been a director of a Listed Issuer for an aggregate period of more than nine years (whether before or after listing) will not be considered independent, such director may continue to be considered independent until the conclusion of the next AGM of the Listed Issuer. This rule takes effect for the Listed Issuer's AGM for the financial year ("FY") ending on or after 31 December 2023. The Company does not have independent directors who had served the Company for an aggregate period of more than nine years (whether before or after listing).

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 FY2023, the NEDs met twice in the absence of Management.

■ CORPORATE GOVERNANCE

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.

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.

At each Annual General Meeting (“AGM”) of the Company, the Constitution of the Company requires one-third of the directors to retire from office by rotation, and in accordance with the SGX-ST Catalist Rules, all Directors will be required to submit themselves for re-nomination and re-election on a rotational basis and at least once every three (3) years.

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 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, 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.

■ CORPORATE GOVERNANCE

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 51 to 55 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.

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 FY2023.

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 FY2023, 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 FY2023.

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;

■ CORPORATE GOVERNANCE

- 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);
- 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 commensurate with the responsibilities and risks involved in their roles and that their remuneration packages 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 FY2023.

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 Share 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

CORPORATE GOVERNANCE

Considering the competitive pressures in the industry and the talent market, the Board had, on review decided to disclose the remuneration of the Directors of the Company and the top Key Management Personnel of the Company with a breakdown of the components in percentage for FY2023 as set out below:

Name	Fees ⁽¹⁾	Salary ⁽²⁾	Bonus ⁽²⁾	Others ⁽³⁾	Total	ESOS value ⁽⁵⁾
Directors						
S\$700,001 - S\$1,000,000						
Mr. Tan Hoo Kiat	-	57.7%	35.2%	7.1%	100%	-
S\$500,001 - S\$700,000						
Mr. Ong Khong Weng, Alvin	-	57.2%	39.1%	3.7%	100%	-
Below S\$250,000						
Mr. Tan Siang Leng	100%	-	-	-	-	-
Mr. Ng Hong Whee	100%	-	-	-	-	-
Mr. Chua Ser Miang	100%	-	-	-	-	-
Key Management Personnel						
Below S\$250,000						
Mr. Ong Han Poh	-	87.5%	12.2%	0.3%	100%	S\$4,498
Ms. Tan Wei Ying ⁽⁴⁾	-	85.3%	9.5%	5.2%	100%	S\$4,498
Ms. Lee Sun Sun, Susan	-	88.6%	10.5%	0.9%	100%	S\$1,000
Ms. Tan Wei Li ⁽⁴⁾	-	88.8%	9.7%	1.5%	100%	S\$4,498
Ms. Seah Rui Zi, Ziilia	-	89.6%	9.9%	0.5%	100%	S\$2,499

Notes

- (1) These fees were approved by shareholders at the last AGM held on 28 Apr 2023.
- (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 Li 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. However, the Board will ensure that the Company discloses the exact amounts and breakdown of remuneration paid to each individual director and the CEO by the Company and subsidiary corporations for its annual report in respect of the financial year ending 31 December 2024 onwards.

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 period was set out on page 101 of this Annual Report

Information on the Company's Employee Share Option Scheme 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 99 of the Annual Report.

There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel in FY2023.

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 FY2023:

Remuneration Band & Names of Executives
S\$100,001 – S\$200,000
Ms. Tan Wei Ying
Below S\$100,001
Ms. Tan Wei Li
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 FY2023.

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.

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.

■ CORPORATE GOVERNANCE

In line with the continuous disclosure obligations of the Company and in accordance with the Catalyst 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 FY2023 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 FY2023.

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 or 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.

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.

CORPORATE GOVERNANCE

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 FY2023.</p>
Recoverability of Trade Receivables	<p>Trade receivables amounted to S\$15.5 million as at 31 December 2023. 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 FY2023.</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.

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\$230,190* ¹	-

*¹ Total transaction amount was not more than 3% of the Group's latest audited net tangible assets.

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 or she 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 FY2023. 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	95,500	92.2
Non-audit fees		
- Tax services	8,050	7.8
Total fees	103,550	100.0

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 30 April 2024. 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.

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 FY2023. The risk assessment exercise shall cover pertinent risks in strategic, operational, financial, regulatory compliance and information technology areas.

■ CORPORATE GOVERNANCE

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 controls (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 FY2023, 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.

Under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("the Order"), the Company conducted its' FY2022 AGM via electronic means. As per the Regulator's Column dated 23 May 2022, general meetings which are conducted virtually on or after 1 October 2022 and annual general meetings for FY ending 30 June 2022 onwards, will need to provide both (i) real-time electronic voting and (ii) real-time electronic communication. Shareholders are entitled to attend the general meetings and are afforded the opportunity to participate effectively in and vote at general meetings. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including the voting procedures, that govern the general meetings of shareholders. On 1 July 2023, the Order has ceased pursuant to the announcement made by the Ministry of Law on 15 December 2022.

Following the legislative amendments and taking into account the SGX guidance, the Company's forthcoming AGM will be held wholly in physical format on 30 April 2024.

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.

■ CORPORATE GOVERNANCE

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.

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 FY2023 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.

Provisions 12.2 and 12.3 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 FY2023 have been set out on page 14 the Company’s Sustainability Report.

Provision 13.3 of the Code: Corporate Website

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

■ CORPORATE 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 FY2023.

3. USE OF IPO PROCEEDS

As at the date of this Report, 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	(2,728)	272
Working capital	1,356	-	1,356
Total	4,356	(2,728)	1,628

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 Siang Leng	Mr. Ng Hong Whee
Date of appointment	2 December 2021	2 December 2021
Date of last re-appointment	27 May 2022	27 May 2022
Age	47	57
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 Siang Leng who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Tan Siang Leng as an Independent Director of the Company.	Based on the recommendation of the NC, the Board (save for Mr. Ng Hong Whee who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Ng Hong Whee as an Independent Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of Audit Committee and Member of the Nominating Committee and Remuneration Committee.	Independent Director, Chairman of Remuneration Committee and Member of the Audit Committee and Nominating Committee.
Working experience and occupation(s) in the past 10 years	<p>2020 - present Asian Development Bank, Senior Finance Officer</p> <p>2016 - 2020 APM Property Management Pte Ltd, Deputy Director</p> <p>2014 - 2015 APM Property Management Pte Ltd, Finance Department Head</p> <p>2010-2014 International City Holdings Pte Ltd, Vice President of Corporate Finance</p>	<p>2011 - 2015 Sincap Group Limited, Executive Chairman and Chief Executive Director.</p>
Shareholding interest in the listed issuer and its subsidiary corporations	No	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.	No	No

■ CORPORATE GOVERNANCE

	Mr. Tan Siang Leng	Mr. Ng Hong Whee
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	Present Directorships: <u>Listed company</u> <ul style="list-style-type: none"> LS 2 Holdings Limited 	Present Directorships: <u>Listed company</u> <ul style="list-style-type: none"> LS 2 Holdings Limited YKGI Limited <u>Non-listed companies</u> <ul style="list-style-type: none"> NHW Pte Ltd WCP Global Pte Ltd
Past (for the last 5 years)	<u>Non-listed company</u> <ul style="list-style-type: none"> 2 Dots Pte Ltd The Clarity Experience Pte Ltd 	<u>Listed company</u> <ul style="list-style-type: none"> Spackman Entertainment Group Limited <u>Non-listed companies</u> <ul style="list-style-type: none"> WGP Holdings 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
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

	Mr. Tan Siang Leng	Mr. Ng Hong Whee
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
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

■ CORPORATE GOVERNANCE

	Mr. Tan Siang Leng	Mr. Ng Hong Whee
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
j Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: <ul style="list-style-type: none"> (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (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 	No	Yes ⁽¹⁾

	Mr. Tan Siang Leng	Mr. Ng Hong Whee
<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>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?</p>	No	No

- (1) Mr. Ng Hong Whee was an independent director of Spackman Entertainment Group Limited ("**Spackman**") which has received a notice of compliance from the Singapore Exchange Regulation Pte. Ltd. ("**SGX RegCo**") dated 3 September 2020 ("**NOC**"). The NOC was concerned with certain transactions that Spackman had entered into with certain shareholders of Spackman Media Group Limited ("**SMGL**") pursuant to which Spackman increased its shareholding interest in SMGL to 43.88% ("**Past Transactions**"), and a proposed disposal of such interests to Spackman Equities Group ("**Proposed Disposal**").

The concerns arose from, amongst others, past and current common directors in these companies, and that the consideration for the Proposed Disposal was substantially lower than what Spackman had paid in the Past Transactions. Accordingly, the NOC directed that Spackman's audit and risk management committee ("**ARMC**") perform a holistic review of the Past Transactions and provide the SGX RegCo with details of past due diligence performed on the Past Transactions.

On 16 June 2022, SMGL updated shareholders that the Independent Reviewer ("**IR**") has completed the Review and submitted its report of its findings ("**IR Report**") to SMGL and a copy of the IR Report has been submitted to SGX RegCo. From the report, (i) IR was unable to conclude if the acquisition price of SMGL share was reasonable due to the lack of a proper valuation conducted on SMGL, (ii) none of the Vendors in the Past Acquisitions fell within the definition of "interested person" under the applicable Catalist Rules, and (iii) the Past Acquisitions were disclosable transactions and SMGL complied with its disclosure obligations under the applicable Catalist Rules.

Mr. Ng Hong Whee is not one of the common directors (past and current) in the companies involved and is not personally involved in any of the Past Transactions or the Proposed Disposal. He is also not related to any of the vendors of the Past Transactions. Further, as a member of the ARMC, Mr. Ng Hong Whee has complied with the directions set out in the NOC by working with Spackman to appoint an independent reviewer to undertake a review of the Past Transactions and ensure Spackman's compliance with the NOC.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of LS 2 Holdings Limited and its subsidiary corporations (the "Group") for the financial year ended 31 December 2023 and the statement of financial position of the Company as at 31 December 2023.

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 65 to 109 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 2023 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 director's 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 31.12.2023	As at 1.1.2023
The Company		
(No. of ordinary shares)		
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 2024 were the same at 31 December 2023.

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 2023. There were no Awards granted during the financial year ended 31 December 2023.

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 2023

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:

- The exercise price of each option is fixed at \$0.20.
- 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.
- 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.

- 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 2023	Share options granted during the financial year ended 31 December 2023	Aggregate share options cancelled/ lapsed since commencement to 31 December 2023	Aggregate share options exercised since commencement to 31 December 2023	Aggregate share options outstanding as at 31 December 2023
Key executives and employees of the Group	5,500,000	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 2023.

No options have been granted to Directors of the Company.

DIRECTORS' STATEMENT ■

For the financial year ended 31 December 2023

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 2023 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

28 March 2024

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 2023, 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 a summary of material accounting policies, as set out on pages 65 to 109.

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 2023 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 for 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 2023. 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.

Revenue recognition – Rendering of services

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

The Group derives revenue from providing services for contract cleaning, pest control and waste management 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 commensurates with the pattern of transfer of provision of services to the customers. During the financial year ended 31 December 2023, the Group recognised revenue from rendering of services of \$61,433,328.

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 existence of management override of controls and large volume of transactions also increase the inherent risk of material misstatement in the amount of revenue reported.

INDEPENDENT AUDITOR'S REPORT ■

To the Members of LS 2 Holdings Limited

Key Audit Matters (cont'd)

Revenue recognition – Rendering of services (cont'd)

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 are in accordance with SFRS(I) 15 *Revenue from Contracts with Customers* and have been consistently applied within the Group;
- Reviewed significant sale 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, and cut-off test to ascertain that revenue has been properly taken up in the correct financial year;
- Reviewed credit notes issued during the year and subsequent to the end of the financial year and ascertained that revenue is 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 in relation to revenue for evidence of fraud.

Recoverability of trade receivables

Refer to Note 2.9(b), Note 3 and Note 12 to financial statements

As at 31 December 2023, the carrying amount of the Group's trade receivables from non-related parties is \$15,485,303, which is the most significant asset of the Group. These trade receivables represented approximately 47.8% of the Group's total assets as at 31 December 2023.

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 uses a provision matrix to measure the lifetime ECL allowance and trade receivables are grouped based on shared credit risk characteristics, and days past due for the purpose of the ECL assessment. In calculating the expected credit loss 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 the receivables.

We focused on this area due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.

INDEPENDENT AUDITOR'S REPORT

To the Members of LS 2 Holdings Limited

Key Audit Matters (cont'd)

Recoverability of trade receivables (cont'd)

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 the estimation of credit losses and consequently the allowances required by comparing 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 to subsequent receipts and any other evidence to support the recoverability of trade receivables; and
- Reviewed and considered the adequacy of disclosures made in the financial statements in respect of the credit risk of trade receivables.

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.

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.

INDEPENDENT AUDITOR'S REPORT ■

To the Members of LS 2 Holdings Limited

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.

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.

■ INDEPENDENT AUDITOR'S REPORT

To the Members of LS 2 Holdings Limited

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
28 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME ■

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Revenue	4	61,433,328	59,905,417
Other income	5	253,433	393,519
Expenses:			
- Direct operating costs			
- Purchases and related costs		(15,417,964)	(16,896,619)
- Employee benefits	6	(33,563,634)	(31,373,912)
		(48,981,598)	(48,270,531)
- Depreciation of property, plant and equipment	14	(2,777,840)	(2,206,628)
- Other expenses	7	(7,990,131)	(8,590,439)
- Finance expense	8	(189,428)	(278,125)
Total expenses		(59,938,997)	(59,345,723)
Profit before income tax		1,747,764	953,213
Income tax expense	9	(222,919)	(317,121)
Total comprehensive income, representing net profit for the financial year		1,524,845	636,092
Total comprehensive income, representing net profit/(loss) attributable to:			
- Equity holder of the Company		1,564,564	669,391
- Non-controlling interests		(39,719)	(33,299)
		1,524,845	636,092
Earnings per share ("EPS") for net profit attributable to equity holders of the Company (Cents per share)			
Basic EPS	10	0.85	0.37
Diluted EPS	10	0.84	0.37

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023	2022	2023	2022
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and bank balances	11	7,856,584	7,572,892	3,188,059	4,227,445
Trade and other receivables	12	17,115,735	17,936,524	830,163	150,315
Inventories		60,235	-	-	-
		25,032,554	25,509,416	4,018,222	4,377,760
Non-current assets					
Investments in subsidiary corporations	13	-	-	313,138	165,624
Property, plant and equipment	14	7,234,693	6,583,696	3,886	5,439
Deferred income tax assets	19	153,237	54,373	77,515	36,129
		7,387,930	6,638,069	394,539	207,192
Total assets		32,420,484	32,147,485	4,412,761	4,584,952
LIABILITIES					
Current liabilities					
Trade and other payables	17	9,357,449	9,350,304	211,152	260,489
Borrowings	18	2,234,910	2,018,056	-	-
Current income tax liabilities		318,490	153,932	-	-
		11,910,849	11,522,292	211,152	260,489
Non-current liabilities					
Borrowings	18	2,174,197	3,919,405	-	-
Deferred income tax liabilities	19	309,469	262,178	-	-
		2,483,666	4,181,583	-	-
Total liabilities		14,394,515	15,703,875	211,152	260,489
Net assets		18,025,969	16,443,610	4,201,609	4,324,463
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	5,363,897	5,363,897	5,363,897	5,363,897
Retained profits/ (accumulated losses)		9,606,595	8,042,031	(1,189,802)	(1,039,434)
Merger reserve	21	3,000,001	3,000,001	-	-
Share option reserve	22	27,514	-	27,514	-
		17,998,007	16,405,929	4,201,609	4,324,463
Non-controlling interests		27,962	37,681	-	-
Total equity		18,025,969	16,443,610	4,201,609	4,324,463

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ■

For the financial year ended 31 December 2023

	Note	← Attributable to equity holders of the Company →					Non-controlling interests	Total equity
		Share capital	Retained profits*	Merger reserve	Share option reserve	Total		
		\$	\$	\$	\$	\$		
Group								
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	22	-	-	-	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>
2022								
Beginning of financial year		1	7,372,640	3,000,001	-	10,372,642	-	10,372,642
Issuance of new shares	20	5,550,000	-	-	-	5,550,000	-	5,550,000
Share issue expenses	20	(186,104)	-	-	-	(186,104)	-	(186,104)
Total comprehensive income - Net profit/(loss) for the financial year		-	669,391	-	-	669,391	(33,299)	636,092
Capital contribution to subsidiary corporation from non-controlling interests		-	-	-	-	-	70,980	70,980
End of financial year		<u>5,363,897</u>	<u>8,042,031</u>	<u>3,000,001</u>	<u>-</u>	<u>16,405,929</u>	<u>37,681</u>	<u>16,443,610</u>

* Retained profits of the Group are fully distributable.

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

■ CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Profit before income tax		1,747,764	953,213
Adjustments for:			
- Depreciation of property, plant and equipment	14	2,777,840	2,206,628
- Property, plant and equipment written-off	7	9,096	3,166
- Gain on disposal of property, plant and equipment	5	-	(51,819)
- Loss on disposal of property, plant and equipment	7	51,415	-
- Gain on derecognition of leased assets	5	-	(383)
- Employee share option scheme - value of employee service	6	27,514	-
- Interest income	5	(72,448)	(11,656)
- Interest expense	8	189,428	278,125
		4,730,609	3,377,274
Changes in working capital:			
- Change of inventories		(60,235)	-
- Trade and other receivables		600,850	4,406,438
- Trade and other payables		7,145	1,112,318
Cash generated from operations		5,278,369	8,896,030
Income tax paid		(109,934)	(176,559)
Interest paid		-	(117)
Net cash provided by operating activities		5,168,435	8,719,354
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		27,544	58,828
Additions to property, plant and equipment ⁽¹⁾		(1,108,102)	(2,162,662)
Net cash used in investing activities		(1,080,558)	(2,103,834)

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

CONSOLIDATED STATEMENT OF CASH FLOWS ■

For the financial year ended 31 December 2023

	Note	2023 \$	2022 \$
Cash flows from financing activities			
Proceeds from issuance of shares	20	–	5,550,000
Share issue expenses	20	–	(186,104)
Capital contribution to subsidiary corporation from non-controlling interests		30,000	70,980
Principal repayment of lease liabilities		(1,746,048)	(1,479,427)
Proceeds from borrowings		1,650,000	3,003,174
Repayments of borrowings		(3,621,156)	(3,595,916)
Repayment of trade receivables factoring		–	(5,234,299)
Interest paid		(189,428)	(278,007)
Interest received		72,447	11,656
Net cash used in financing activities		(3,804,185)	(2,137,943)
Net increase in cash and cash equivalents		283,692	4,477,577
Cash and cash equivalents			
Beginning of the financial year		7,572,892	3,095,315
End of the financial year	11	7,856,584	7,572,892

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

	2023 \$	2022 \$
Total additions as per Note 14	2,910,069	3,242,087
(Less): Acquired under lease liabilities	(1,582,027)	(1,181,071)
(Less)/Add: Movement in down-payment to supplier of property, plant and equipment	(8,492)	163,786
(Less): Movement in receivables grants	(211,448)	(62,140)
Net cash outflows for additions to property, plant and equipment	1,108,102	2,162,662

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

■ CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

Reconciliation of liabilities arising from financing activities

	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

	1 January 2022	Proceeds from borrowings	Principal and interest payments	Non-cash changes		31 December 2022	
				Interest expense	Additions		Effect of lease termination
	\$	\$	\$	\$	\$	\$	
Bank borrowings	4,876,398	3,003,174	(3,768,766)	172,850	-	-	4,283,656
Trade receivables factoring	5,234,299	-	(5,278,886)	44,587	-	-	-
Lease liabilities	1,977,877	-	(1,539,997)	60,570	1,181,072	(25,717)	1,653,805

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

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

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 13.

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

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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.

(a) Rendering of services

Revenue from contract cleaning services, pest control services and waste management services 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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.2 Revenue recognition (cont'd)

(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 grant

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 2023

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 legal 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 2023

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" 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.

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.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

(a) *Measurement (cont'd)*

(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	5 years
Motor vehicles	5 years
Office equipment	5 years
Renovation	5 years
Tools and machinery	5 years
Other equipment	2 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.

2.6 Borrowing costs

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

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.7 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses 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

Property, plant and equipment and right-of-use assets 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 depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.9 Financial assets (cont'd)

(a) Classification and measurement (cont'd)

At subsequent measurement

- Debt instrument

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 asset.

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.

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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

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.

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.

- 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".

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.13 Leases (cont'd)

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

- 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 it 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.

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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.13 Leases (cont'd)

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

- 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.

2.14 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:

- 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 substantively enacted by the reporting date; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.15 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.

(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.

2.16 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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

2. Material accounting policies (cont'd)

2.17 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.

2.18 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.

2.19 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.

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 account 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 2023 and 2022 is disclosed in Note 12 to the financial statements.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables were recognised by the Group for the financial years ended 31 December 2023 and 2022 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.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

3. Critical accounting estimates, assumptions and judgements (cont'd)

Lease term of contracts with renewal options (cont'd)

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.

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
	\$	\$	\$
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
2022			
<u>Cleaning services</u>			
- Public sector	-	43,369,452	43,369,452
- Private sector	-	15,810,820	15,810,820
	-	59,180,272	59,180,272
<u>Pest control services</u>			
- Public sector	-	625,648	625,648
- Private sector	-	99,497	99,497
	-	725,145	725,145
Total	-	59,905,417	59,905,417

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

5. Other income

	Group	
	2023	2022
	\$	\$
Government grants:		
- Absentee Payroll Funding ⁽¹⁾	47,311	107,624
- Enterprise Development Grant ⁽²⁾	45,203	-
- Productivity Solutions Grant ⁽³⁾	14,000	-
- Employment and Employability Institute ⁽⁴⁾	1,500	-
Gain on disposal of property, plant and equipment	-	51,819
Gain on derecognition of leased assets	-	383
Insurance claims	7,140	86,763
Interest income – Bank deposits	72,448	11,656
Rental income	48,841	30,757
Others	16,990	104,517
	253,433	393,519

- (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.

6. Employee benefits

	Group	
	2023	2022
	\$	\$
<u>Employee benefits – Other than executive directors and key management officers:</u>		
Salaries and wages	26,503,562	25,971,731
Other short-term benefits	4,769,925	3,340,596
Employer’s contribution to defined contribution plans including The Central Provident Fund	2,262,633	2,061,585
Share option expense (Note 22)	27,514	-
	33,563,634	31,373,912

Executive directors and key management officers’ remuneration is separately included under other expenses (Note 7) and disclosed in Note 23(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

6. Employee benefits (cont'd)

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

	Group	
	2023	2022
	\$	\$
Progressive Wage Credit Scheme ⁽¹⁾	876,253	–
Special Employment Credit ⁽²⁾	840,027	832,094
Wage Credit Scheme ⁽³⁾	–	478,606
Jobs Growth Incentive ⁽⁴⁾	–	163,599
Senior Workers Early Adopter Grants and Part-Time Re-employment Grant ⁽⁵⁾	–	375,000
Quarantine Order Allowance ⁽⁶⁾	–	86,400
Other grants	77,449	88,818
	<u>1,793,729</u>	<u>2,024,517</u>

- (1) The Progressive Wage Credit Scheme ("PWCS") was introduced in Budget 2022 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) Wage Credit Scheme ("WCS") was introduced as a Budget Initiative in 2013 to help businesses which may face rising wage costs in a tight labour market. It was enhanced in 2015 to give business more time to adjust to rising wages.
- (4) The Jobs Growth Incentive ("JGI") supports employers to expand local hiring from September 2020 to September 2023 (inclusive), the duration of JGI support will depend on when the local hire was hired and the characteristics of the local hire.
- (5) Senior Workers Early Adopter Grants and Part-Time Re-employment Grant was launch in 2020 to support progressive employers that are willing and able to implement a higher internal retirement age and re-employment age and support employers that commit to providing part-time re-employment opportunities to senior workers.
- (6) Quarantine Order Allowance (QOA) supports employers to mitigate the financial impact for workers who have been served, or whose workers have been served, a Quarantine Order, Leave of Absence (LOA) or Stay-Home Notice (SHN).

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

7. Other expenses

	Group	
	2023	2022
	\$	\$
Audit fees paid/payable to auditor of the Company	95,500	88,000
Foreign worker levies	3,198,784	3,642,692
Insurance	438,984	470,481
License fees	5,743	18,027
Property, plant and equipment written-off	9,096	3,166
Professional fees	92,995	175,772
Lease expense – short term leases and low-value assets (Note 15(d))	57,567	76,946
Repair and maintenance	66,569	273,346
Software charges	226,052	166,191
Staff welfare	363,422	239,770
Travelling and transportation	235,156	259,109
Utilities	340,011	200,146
Staff recruitment	52,869	65,417
Commission to real estate agents	68,000	32,487
Loss in disposal of property, plant & equipment	51,415	–
Executive directors and key management officers' remuneration (Note 23(b))	2,204,407	1,663,568
Initial Public Offer (IPO) listing expenses	–	775,635
Independent directors' fee	80,000	80,000
Sponsorship fee	60,000	51,000
Listing and compliance costs	47,632	75,558
Others	295,929	233,128
	7,990,131	8,590,439

8. Finance expense

	Group	
	2023	2022
	\$	\$
Interest expenses:		
- Term loan	101,802	172,850
- Lease liabilities (Note 15(c))	83,043	60,570
- Trade receivables factoring	4,583	44,587
- Others	–	118
	189,428	278,125

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

9. Income taxes

	Group	
	2023	2022
	\$	\$
Tax expense/(credit) attributable to profit is made up of:		
- Current income tax – Singapore	351,440	170,242
- Deferred income tax (Note 19)	(67,341)	153,081
	284,099	323,323
(Over)/under provision in prior financial years:		
- Current income tax – Singapore	(76,948)	(2,040)
- Deferred income tax (Note 19)	15,768	(4,162)
	(61,180)	(6,202)
	222,919	317,121

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	
	2023	2022
	\$	\$
Profit before income tax	1,747,764	953,213
Tax calculated at tax rate of 17% (2022: 17%)	297,120	162,046
Effects of:		
- income not subject to tax	–	(1,562)
- expenses not deductible for tax purposes	26,532	178,452
- tax exemption	(34,850)	(19,016)
- tax incentives	(4,703)	–
- over provision of tax in prior financial years	(61,180)	(6,202)
- others	–	3,403
	222,919	317,121

10. 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.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

10. Earnings per share (cont'd)

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:

	2023	2022
Basic earnings per share		
Net profit attributable to equity holders of the Company (\$)	1,564,564	669,391
Weighted average number of ordinary shares outstanding for basic earnings per share	185,000,000	181,046,575
Basic earnings per share (cents per share)	0.85	0.37
Diluted earnings per share		
Net profit attributable to equity holders of the Company (\$)	1,564,564	669,391
Weighted average number of ordinary shares outstanding for basic earnings per share	185,000,000	181,046,575
Adjustment for (\$)		
- Share options	1,375,000	-
	186,375,000	181,046,575
Dilutive earnings per share (cents per share)	0.84	0.37

11. Cash and bank balances

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Cash at bank and cash on hand	5,856,584	4,672,892	3,188,059	4,227,445
Short-term bank deposits	2,000,000	2,900,000	-	-
	7,856,584	7,572,892	3,188,059	4,227,445

As at 31 December 2023, the bank deposits were placed with financial institutions with maturity period of 1 month with the average fixed interest rate of 3.0% (2022: 2.85%).

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

12. Trade and other receivables

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade receivables				
- Non-related parties	15,485,303	16,430,347	-	-
- Subsidiary corporations	-	-	163,292	-
Non-trade receivables				
- Non-related parties	171,709	126,926	-	-
- Subsidiary corporations	-	-	664,996	128,347
	171,709	126,926	664,996	128,347
Less: Loss allowance - Non-related parties (Note 24(b)(iii))	(95,940)	(95,940)	-	-
Non-trade receivables - Net	75,769	30,986	828,288	128,347
Deposits	356,547	256,252	-	-
Goods and services tax receivables	860	880	-	-
Government grant receivables	491,399	612,457	-	9,315
Prepayments	705,857	605,602	1,875	12,653
	17,115,735	17,936,524	830,163	150,315

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

Government grant receivables

Included in the government grant receivables are:

- (a) Government grant of \$491,399 as at 31 December 2023 (2022: \$376,154) 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) As at 31 December 2022, the Group expected to receive \$236,303 from the Productivity Solutions Grant that were used to support equipment investment to enhance business processes and support the growth and transformation by strengthening the business foundations which were received during the financial year ended 31 December 2023.

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

13. Investments in subsidiary corporations

	Company	
	2023	2022
	\$	\$
<u>Equity investments at cost</u>		
Beginning of financial year	165,624	104
Additions	120,000	165,520
Capital contribution – Employee share option scheme (Note 22)	27,514	–
End of financial year	313,138	165,624

The Group has the following subsidiary corporations as at 31 December 2023 and 2022:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group	
			2023	2022	2023	2022
			%	%	%	%
<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 2023, the carrying amount of non-controlling interests of \$27,962 (2022: \$37,681) related to Urban Cobots Pte. Ltd. which is immaterial, accordingly no disclosure of the summarised financial information is made.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

14. Property, plant and equipment

	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
Effect of 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
Effect of 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
2022								
Cost								
Beginning of financial year	4,040,717	82,050	1,961,004	862,190	201,534	1,939,036	333,596	9,420,127
Additions	1,035,430	3,290	-	53,811	17,797	1,986,117	145,642	3,242,087
Effect of lease termination	(255,443)	-	-	-	-	-	(74,994)	(330,437)
Disposal/write-off	-	-	(133,045)	(1,381)	(2,427)	(65,313)	-	(202,166)
End of financial year	4,820,704	85,340	1,827,959	914,620	216,904	3,859,840	404,244	12,129,611
Accumulated depreciation								
Beginning of financial year	600,096	47,685	1,376,557	359,756	59,848	1,278,469	113,970	3,836,381
Depreciation charge	1,062,732	16,154	255,951	163,224	42,679	529,024	136,864	2,206,628
Effect of lease termination	(255,443)	-	-	-	-	-	(49,660)	(305,103)
Disposal/write-off	-	-	(133,045)	(1,381)	(42)	(57,523)	-	(191,991)
End of financial year	1,407,385	63,839	1,499,463	521,599	102,485	1,749,970	201,174	5,545,915
Net book value								
End of financial year	3,413,319	21,501	328,496	393,021	114,419	2,109,870	203,070	6,583,696

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

	Company	
	2023	2022
	\$	\$
Office equipment		
Cost		
Beginning of financial year	7,752	5,423
Additions	–	2,329
End of financial year	<u>7,752</u>	<u>7,752</u>
Accumulated depreciation		
Beginning of financial year	2,313	994
Depreciation charge	1,553	1,319
End of financial year	<u>3,866</u>	<u>2,313</u>
Net book value		
End of financial year	<u><u>3,886</u></u>	<u><u>5,439</u></u>

- (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 15.
- (b) Included within the additions during the financial year ended 31 December 2023 were leasehold buildings, motor vehicles, office equipment and other equipment acquired under lease arrangements amounting to \$1,582,027 (2022: \$1,181,071) (Note 15(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 \$606,823, classified under 'Property, plant and equipment'. The corresponding remeasurement to lease liabilities is recorded under 'Borrowings'.
- (d) Property, plant and equipment of the Group with aggregate carrying amounts of \$1,952,200 as at 31 December 2023 are pledged as collateral for lease liabilities and banker's guarantee of the Group of \$166,426 and \$Nil respectively (Note 18(a)).

Whereas as at 31 December 2022, property, plant and equipment of the Group with aggregate carrying amounts of \$2,075,053 are pledged as collateral for lease liabilities and term loan of the Group of \$307,325 and \$1,283,655 respectively (Note 18(a)).

15. 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 2023

15. 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	
	2023	2022
	\$	\$
Leasehold buildings	1,733,743	937,152
Motor vehicles	113,149	191,953
Office equipment	69,631	146,820
Tools and machinery	42,666	93,866
Other equipment	78,757	203,071
	2,037,946	1,572,862

(b) Depreciation charge during the financial year

	Group	
	2023	2022
	\$	\$
Leasehold buildings	1,392,259	1,009,632
Motor vehicles	78,803	176,473
Office equipment	77,190	78,721
Tools and machinery	51,200	51,200
Other equipment	124,314	136,864
	1,723,766	1,452,890

(c) Interest expense

	Group	
	2023	2022
	\$	\$
Interest expense on lease liabilities (Note 8)	83,043	60,570

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

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

Tools and machinery, office equipment and other equipment (cont'd)

(d) Lease expense not capitalised in lease liabilities

	Group	
	2023	2022
	\$	\$
Lease expense – short term leases and low-value assets (Note 7)	57,567	76,946

(e) Total cash outflow for all leases in the financial year ended 31 December 2023 was \$1,886,658 (2022: \$1,616,943).

(f) Additions of ROU assets in the financial year ended 31 December 2023 were \$1,582,027 (2022: \$1,181,071) (Note 14(b)).

16. Commitments

The Group had leased out its owned property, plant and equipment to third party for monthly lease payments. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease. These leases are classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	Group	
	2023	2022
	\$	\$
Not later than one year	–	13,500

17. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Trade payables - Non-related parties	2,664,499	5,028,210	–	–
Non-trade payables - Non-related parties	150,136	28,731	24,649	24,410
Accrued expenses	5,454,982	3,551,977	166,227	217,797
Goods and services tax payables	1,014,832	725,386	20,276	18,282
Retention payable	73,000	16,000	–	–
	9,357,449	9,350,304	211,152	260,489

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

18. Borrowings

	Group	
	2023	2022
	\$	\$
<i>Current</i>		
Term loan (secured)	750,000	874,958
Lease liabilities	1,484,910	1,143,098
	2,234,910	2,018,056
<i>Non-current</i>		
Term loan (secured)	1,562,500	3,408,698
Lease liabilities	611,697	510,707
	2,174,197	3,919,405
Total borrowings	4,409,107	5,937,461

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the reporting date are as follows:

	Group	
	2023	2022
	\$	\$
Less than 6 months	–	68,159
6 to 12 months	–	68,159
2 to 5 years	–	545,270
Over 5 years	–	602,067
	–	1,283,655

(a) Security granted

(i) Lease liabilities

Secured lease liabilities amounting to \$166,426 (2022: \$307,325) are secured over motor vehicles of the Group (Note 14(d)) and personal guarantee from a director of subsidiary corporation, LS 2 Services Pte Ltd.

(ii) Term loan

- Properties term loan (2022: \$1,283,655) was fully repaid during the financial year, leasehold buildings of the Group (Note 14(d)) and a corporate guarantee by the Company previously pledged as securities has been discharged upon full repayment of the properties term loan.
- Temporary bridge loan of \$2,312,500 (2022: \$3,000,000) 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 and a corporate guarantee of the Company. Banker's guarantee has not been drawn down and no outstanding balance owing to the bank as at reporting date (Note 14(d)).

■ NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

18. Borrowings (cont'd)

(b) Fair value of non-current borrowings

	Group	
	2023	2022
	\$	\$
Term loan (secured)	1,562,500	3,759,670

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	
	2023	2022
	\$	\$
Term loan (secured)	3.25%	3.25% - 4.70%

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

19. 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 2023 and 2022.

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Representing:				
<i>Non-current</i>				
Deferred income tax assets	153,237	54,373	77,515	36,129
Deferred income tax liabilities	309,469	262,178	-	-

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

19. 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 assets	Total
	\$	\$	\$	\$
Group				
2023				
Beginning of financial year	43,926	63,100	–	54,373
Tax credited to profit or loss (Note 9)	105,624	22,192	328,131	426,995
End of financial year	<u>149,550</u>	<u>85,292</u>	<u>328,131</u>	<u>481,368</u>
2022				
Beginning of financial year	–	–	–	–
Tax credited to profit or loss (Note 9)	43,926	63,100	–	107,026
End of financial year	<u>43,926</u>	<u>63,100</u>	<u>–</u>	<u>107,026</u>
Company				
2023				
Beginning of financial year	30,911	5,218	–	36,129
Tax credited to profit or loss (Note 9)	41,306	80	–	41,386
End of financial year	<u>72,217</u>	<u>5,298</u>	<u>–</u>	<u>77,515</u>
2022				
Beginning of financial year	–	–	–	–
Tax credited to profit or loss (Note 9)	30,911	5,218	–	36,129
End of financial year	<u>30,911</u>	<u>5,218</u>	<u>–</u>	<u>36,129</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

19. Deferred income taxes (cont'd)

Deferred income tax liabilities

	Accelerated tax depreciation \$	Leased liabilities \$	Total \$
Group			
2023			
Beginning of financial year	314,831	-	262,178
Tax charged to profit or loss (Note 9)	84,411	319,962	375,422
End of financial year	<u>399,242</u>	<u>319,962</u>	<u>637,600</u>
2022			
Beginning of financial year	58,886	-	58,886
Tax charged to profit or loss (Note 9)	255,945	-	255,945
End of financial year	<u>314,831</u>	<u>-</u>	<u>314,831</u>

20. Share capital

	Group		Company	
	No. of ordinary shares	Amount \$	No. of ordinary shares	Amount \$
2023				
Beginning and end of financial year	<u>185,000,000</u>	<u>5,363,897</u>	<u>185,000,000</u>	<u>5,363,897</u>
2022				
Beginning of financial year	157,250,000	1	157,250,000	1
Issuance of new shares ⁽¹⁾	27,750,000	5,550,000	27,750,000	5,550,000
Share issuance expenses ⁽²⁾	-	(186,104)	-	(186,104)
End of financial year	<u>185,000,000</u>	<u>5,363,897</u>	<u>185,000,000</u>	<u>5,363,897</u>

(1) On 15 February 2022, the Company distributed the Placement Shares Application Form in respect of 27,750,000 Placement Shares at \$0.20 for each share by way of placement, payable in full on application and all 27,750,000 Placement Shares have been subscribed on 21 February 2022 and application monies received for these Placement Shares amounted to \$5,550,000.

(2) Pursuant to the IPO on 23 February 2022, the Group incurred net IPO expenses after deducting Grant for Equity Market Singapore (GEMS) amounted to \$945,974 of which \$186,104 has been capitalised against share capital while the remaining amounts of \$775,635 (Note 7) were charged as other expenses in the consolidated statement of comprehensive income.

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 2023

20. Share capital (cont'd)

Share options

On 27 May 2022, the Company obtained the shareholders' approval on the adoption of the LS 2 Employee Share Option Scheme ("LS 2 ESOS"/ "Scheme") at the annual general meeting.

LS 2 ESOS is administered by the Remuneration Committee. Options are exercisable at the agreed exercise price.

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 2023							
2023 Option	-	5,500,000	-	-	5,500,000	\$0.20	2 October 2024 to 1 October 2029

No unexercised options are exercisable at the end of the financial year ended 31 December 2023.

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 2023

21. Merger reserve

	Group	
	2023	2022
	\$	\$
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.

22. Share option reserve

	Group		Company	
	2023	2022	2023	2022
	\$	\$	\$	\$
Beginning of financial year	-	-	-	-
Employee share option scheme – Value of employee services (Note 6)	27,514	-	-	-
Employee share option scheme – Capital contribution to subsidiary corporations (Note 13)	-	-	27,514	-
End of financial year	27,514	-	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.

23. 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	
	2023	2022
	\$	\$
(a) Purchase of services		
Training session ⁽¹⁾	230,190	90,962

- (1) The Group's subsidiary corporation, LS 2 Services 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 2023

23. 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	
	2023	2022
	\$	\$
Salaries and bonuses	2,087,419	1,558,883
Employer's contribution to The Central Provident Fund	116,988	104,685
	2,204,407	1,663,568
Comprised of amounts paid to:		
Executive directors	1,587,633	1,056,480
Other key management personnel	616,774	607,088
	2,204,407	1,663,568

The salaries and bonuses disclosed above include \$420,800 (2022: \$Nil) of bonuses payable which were unpaid as at year end and are included in accrued expenses.

24. 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 2023

24. 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 2023 and 2022 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 obligation, 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 2023, the Group has concentrated credit risk on 3 debtors and (2022: 3 debtors) respectively that individually represents 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	
	2023	2022
	\$	\$
Public sector	11,647,880	12,659,683
Private sector	3,837,423	3,770,664
	15,485,303	16,430,347

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

24. 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 expected credit losses 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 categories a receivable under private sector to be doubtful when a debtor fails to make contractual payments greater than 60 days and assesses the expected credit losses 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 2023 and 2022 and no bad debts were written-off during the financial years ended 31 December 2023 and 2022.

The Group's credit risk exposure in relation to trade receivables from customers as at 31 December 2023 and 2022 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	
	\$	\$	\$	\$	\$	\$
2023	9,057,895	2,583,681	2,108,934	237,860	1,496,933	15,485,303
2022	6,512,335	4,405,804	2,158,450	379,838	2,973,920	16,430,347

(ii) Cash and bank balances

As at 31 December 2023, the Group and the Company held cash and bank balances of \$7,856,584 and \$3,188,059 (2022: \$7,572,892 and \$4,227,445) with banks with high credit ratings respectively and are considered to have low credit risk. The cash balances are measured on 12-months expected credit losses and subject to immaterial credit loss.

(iii) Non-trade receivables

As at 31 December 2023 the Group has net non-trade receivables from non-related parties amounting to \$75,769 (2022: \$30,986). 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 (2022: \$95,940) of the loss allowance as at 31 December 2023.

The Company held non-trade receivables from its subsidiary corporations amounting to \$664,996 (2022: \$128,347). 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 2023

24. 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 11.

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	Within 2 to 5 years	More than 5 years
	\$	\$	\$
Group			
2023			
Trade and other payables	8,342,617	-	-
Borrowings	2,357,456	2,237,666	-
2022			
Trade and other payables	8,624,918	-	-
Borrowings	2,189,286	3,571,944	713,287
Company			
2023			
Trade and other payables	190,876	-	-
2022			
Trade and other payables	242,207	-	-

(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 2023, a subsidiary corporation of the Company is required to maintain (i) leverage ratio of not more than 2.25 times (2022: 2.25 times); (ii) debt service coverage ratio of not less than 1.25 times (2022: 1.25 times); and (iii) net worth of not less than \$5,000,000 (2022: \$5,000,000) at all times.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

24. 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 18(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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Financial assets, at amortised cost	23,774,203	24,290,477	4,016,347	4,355,792
Financial liabilities, at amortised cost	12,751,724	14,562,379	190,876	242,207

25. Segment information

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

The Board of Directors considers the business from a business segment perspective. From a business segment perspective, management separately considers the "Cleaning services", "Pest control services" and "Machinery" as the Group's reportable operating segments and other non-reportable business activities included in "Others" segment. No segment reporting by geographical location for the respective financial years ended 31 December 2023 and 2022 is required 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) *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 2023

25. 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 \$	Others \$	Total \$
2023					
Revenue	60,652,418	756,392	24,518	-	61,433,328
Other income	223,773	-	-	29,660	253,433
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)
Other expenses	(5,691,476)	(34,136)	(93,322)	(2,171,197)	(7,990,131)
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					1,524,845
Segment assets	24,828,900	324,768	160,828	7,105,988	32,420,484
Addition to:					
Property, plant and equipment	2,168,027	21,350	-	720,692	2,910,069
Segment liabilities	10,545,236	-	4,860	3,844,419	14,394,515

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

25. Segment information (cont'd)

(a) Revenue by segment (cont'd)

	Cleaning services \$	Pest control services \$	Machinery \$	Others \$	Total \$
2022					
Revenue	59,180,272	725,145	-	-	59,905,417
Other income	242,034	-	-	151,485	393,519
Purchases and related costs	(16,411,306)	(485,313)	-	-	(16,896,619)
Employee benefits	(30,697,184)	(73,920)	-	(602,808)	(31,373,912)
Depreciation of property, plant and equipment	(1,989,817)	(20,641)	(13,037)	(183,133)	(2,206,628)
Other expenses	(5,830,183)	(27,436)	(87,261)	(2,645,559)	(8,590,439)
Finance costs	(58,875)	(1,551)	-	(217,699)	(278,125)
Segment profit/ (loss) before income tax	4,434,941	116,284	(100,298)	(3,497,714)	953,213
Income tax expense					(317,121)
Net profit					636,092
Segment assets	23,687,193	392,539	161,636	7,906,117	32,147,485
Addition to:					
Property, plant and equipment	3,097,893	-	113,521	30,673	3,242,087
Segment liabilities	10,257,112	-	16,046	5,430,717	15,703,875

(b) Revenue from major services

Revenue from external customers is derived mainly from rendering of services as disclosed in Note 4. Revenue of \$12,474,710 (2022: \$14,409,920) 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 2023

26. 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 2024 and which the Group has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2024)

Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures:

Supplier finance arrangements (effective for annual periods beginning on or after 1 January 2024)

The amendments clarify the characteristics of supplier finance arrangements ("SFA") and introduce new disclosures of such arrangements. The objective of the new disclosures is to provide information about supplier finance arrangements that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

There is a transitional relief of not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances.

The amendments will be effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted.

The Group does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS ■

For the financial year ended 31 December 2023

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

Amendments to SFRS(I) 16 Leases:

Lease liability in a Sale and Leaseback (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 16 explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The Group does not expect any significant impact arising from applying these amendments.

27. 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 28 March 2024.

■ STATISTICS OF SHAREHOLDINGS

As at 4 April 2024

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	-	-	-	-
100-1,000	15	7.14%	6,400	#
1,001-10,000	37	17.62%	311,400	0.17%
10,001-1,000,000	153	72.86%	16,104,300	8.71%
1,000,001 and above	5	2.38%	168,577,900	91.12%
	210	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 2024

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.	6,608,900	3.57%
4	DBS NOMINEES (PRIVATE) LIMITED	3,646,800	1.97%
5	UOB KAY HIAN PRIVATE LIMITED	1,072,200	0.58%
6	CHIA SIANG YONG	933,000	0.50%
7	ONG HAN POH	750,100	0.41%
8	PHILLIP SECURITIES PTE LTD	703,000	0.38%
9	TANG HIANG KHOON	669,500	0.36%
10	TIGER BROKERS (SINGAPORE) PTE. LTD.	585,500	0.32%
11	FOK CHEE WAI	395,100	0.21%
12	TAY THIAM HUAT	340,000	0.18%
13	DENG YOUPING	339,900	0.18%
14	YEO SIONG CHAN	322,300	0.17%
15	CHIN GUEK HONG	300,000	0.16%
16	NG CHIAU MENG	300,000	0.16%
17	QUEK JIA LE	300,000	0.16%
18	OCBC SECURITIES PRIVATE LIMITED	299,600	0.16%
19	KOH GEK KIEW	260,000	0.14%
20	LIM CHIN HOCK	258,000	0.14%
		<u>175,333,900</u>	<u>94.75%</u>

PERCENTAGE OF SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 4 April 2024, 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 137 Cecil Street, Level 5 Cecil Building Singapore 069537 on **Tuesday, 30 April 2024 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 2023 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 Siang Leng **(Resolution 2)**
 - (b) Mr. Ng Hong Whee **(Resolution 3)**

Mr. Tan Siang Leng will, upon re-election as an Independent Non-Executive Director, remain as Chairman of the Audit Committee and member of Nominating Committee and Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr. Ng Hong Whee will, upon re-election as an Independent Non-Executive Director, remain as Chairman of the Remuneration Committee and member of the Nominating Committee and Audit Committee, and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.
3. To approve the payment of Directors’ fees of up to S\$100,000 for the financial year ending 31 December 2024, 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 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

- (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,

NOTICE OF ANNUAL GENERAL MEETING ■

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 Singapore Exchange Securities Trading Limited (“**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
 - (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

■ NOTICE OF ANNUAL GENERAL MEETING

- (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)]

9. **Proposed Participation by Mr. Ong Khong Weng, Alvin, a controlling shareholder of the Company, in the LS 2 Performance Share Plan (“PSP”)**

To consider and, if thought fit, to pass with or without amendment, to following resolution as an ordinary resolution.

That:

Contingent on the passing of Ordinary Resolution 7, approval be and is hereby given for the participation of Mr. Ong Khong Weng, Alvin, a controlling Shareholder, in the PSP.

NOTICE OF ANNUAL GENERAL MEETING ■

Note to Resolution 9

Pursuant to Catalist Rule 858, shareholders who are eligible to participate in the PSP must abstain from voting on any resolution relating to the PSP. Pursuant to Catalist Rule 852, any participation in the PSP by Mr. Ong Khong Weng, Alvin, a controlling Shareholder or his associates must be separately approved by independent shareholders at a general meeting of the Company. Accordingly, Mr. Ong Khong Weng, Alvin and his associates, shall abstain from voting on this Resolution 9, and shall not accept nominations as proxies unless specific instructions have been given in the proxy instruments by the independent shareholders appointing them on how they wish their votes to be cast.

(Resolution 9)

10. **Proposed Participation by Mr. Ong Khong Weng, Alvin, a controlling shareholder of the Company, in the LS 2 Employee Share Option Scheme ("ESOS")**

To consider and, if thought fit, to pass with or without amendment, to following resolution as an ordinary resolution.

That:

Contingent on the passing of Ordinary Resolution 8, approval be and is hereby given for the participation of Mr. Ong Khong Weng Alvin, a controlling Shareholder, in the ESOS.

Note to Resolution 10

Pursuant to Catalist Rule 858, shareholders who are eligible to participate in the ESOS must abstain from voting on any resolution relating to the ESOS. Pursuant to Catalist Rule 852, any participation in the ESOS by Mr. Ong Khong Weng, Alvin, a controlling Shareholder or his associates must be separately approved by independent shareholders at a general meeting of the Company. Accordingly, Mr. Ong Khong Weng, Alvin and his associates, shall abstain from voting on this Resolution 10, and shall not accept nominations as proxies unless specific instructions have been given in the proxy instruments by the independent shareholders appointing them on how they wish their votes to be cast.

(Resolution 10)

11. **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 Catalist Rules,

on the terms set out in the Appendix to the Annual Report dated 15 April 2024, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

■ NOTICE OF ANNUAL GENERAL MEETING

(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
- (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 11)**

[See Explanatory Note (iv)]

By Order of the Board

Joceyln Lim
Company Secretary

Singapore, 15 April 2024

NOTICE OF ANNUAL GENERAL MEETING ■

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 11 in item 11 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 15 April 2024, 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.

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.

■ NOTICE OF ANNUAL GENERAL MEETING

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 23 April 2024) 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 23 April 2024 so that relevant and substantial queries may be addressed prior to or during the AGM proceedings. Any relevant and subsequent queries (after 23 April 2024) 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;
- (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**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). This Notice of AGM has not been examined or approved by the SGX-ST and the SGX-ST 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.

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 137 Cecil Street, Level 5 Cecil Building Singapore 069537 on **Tuesday, 30 April 2024 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 2023			
2	Re-election of Mr. Tan Siang Leng as a Director			
3	Re-election of Mr. Ng Hong Whee as a Director			
4	Approval of Directors' fees of up to S\$100,000 for the financial year ending 31 December 2024, 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 Participation by Mr. Ong Khong Weng, Alvin, a controlling shareholder of the Company, in the LS 2 Performance Share Plan			
10	Proposed Participation by Mr. Ong Khong Weng, Alvin, a controlling shareholder of the Company, in the LS 2 Employee Share Option Scheme			
11	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 2024

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 23 April 2024) 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.

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 15 April 2024.

PERSONAL DATA PRIVACY:

By submitting a Proxy Form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 April 2024.

GENERAL:

The Company shall be entitled to reject the instrument appointing proxy(ies) or the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.



**1 Bukit Batok Crescent
WCEGA Plaza #04-11
Singapore 658064
+65 6281 1843
ir@LS2.sg**