

LS 2 HOLDINGS LIMITED

ANNUAL REPORT 2022

SOLUTIONS. INNOVATION. ROBOTICS.



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
14	Corporate Information
15	Sustainability Report
29	Corporate Governance
54	Financial Contents
106	Statistics of Shareholdings
108	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 Lay Shi Wei - Registered Professional, 36 Robinson Road, #10-06, City House Singapore 068877, sponsor@rhtgoc.com.

CORPORATE PROFILE

LS 2 Holdings Limited (亮星集团有限公司) (“**LS 2 Holdings**” or the “**Company**”, and together with its subsidiaries, 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 20 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 1,500, 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, Clean Mark Gold, FM01, ISO 9001:2015, ISO 45001:2018, BizSAFE STAR, and SkillsFuture Employer Awards, among others.

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.



CHAIRMAN'S STATEMENT



Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”) of LS 2 Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), I would like to present to you our Annual Report for the financial year ended 31 December 2022 (“**FY2022**”).

FINANCIAL YEAR IN REVIEW

The Group has achieved an increase in revenue by S\$6.1 million or 11.3% from S\$53.8 million in FY2021 to S\$59.9 million in FY2022, primarily due to an increase in demand and expectations for environmental services in Singapore, which is driven by economic sophistication, urbanisation, and population growth. There are high public expectations on public hygiene given Singapore’s international reputation. The COVID-19 pandemic has also resulted in an enhanced role of environmental services, for instance, it is mandatory for the Environmental Sanitation Regime to be implemented for food service facilities.



The Group endeavours to build a digital platform, technologies, and a team to strategically sustain its business growth by transforming a traditional operating model to a new ecosystem that is able to integrate Internet of Things (“IoT”) in its business processes and strategies.



LOOKING AHEAD

The Environmental Services Industry Transformation Map (“**ES ITM**”) 2025, led by the National Environment Agency (“**NEA**”) in partnership with its tripartite partners and key industry players, focuses on accelerating efforts to strengthen innovation, improve productivity, and create quality jobs. The ES ITM 2025 will focus on deepening existing industry transformation efforts to build technology-enabled companies as well as explore new growth areas and new jobs and skills. Having a skilled and talented workforce forms the foundation of a strong and resilient Environmental Services industry.

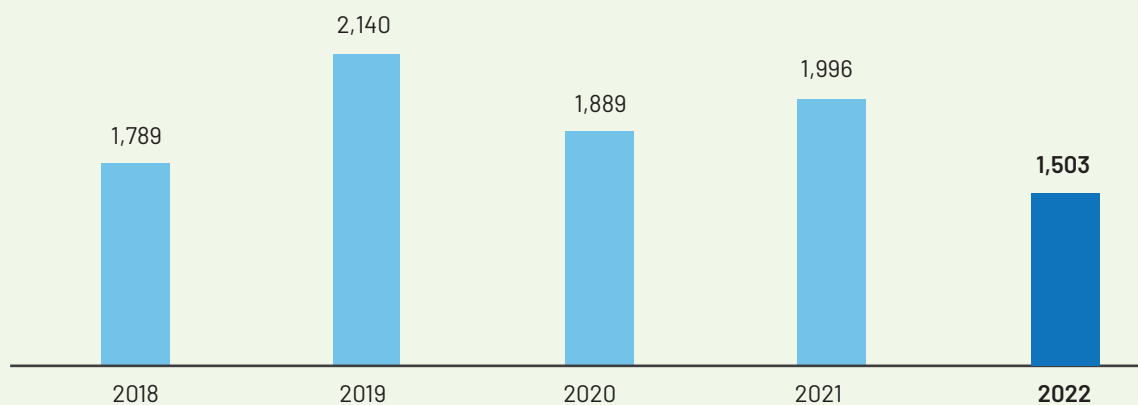
The Group is committed to implementing initiatives in technology adoption and automation of processes, such as through the deployment of robots and machines, as well as developing relevant solutions to enable more informed data-driven decision making. The Group is confident that with its unwavering commitment to the implementation of digitalisation initiatives together with the strength of its business model, a strong proven track record and its reputation in the Environmental Services industry, it will be able to scale up as one of the Singapore-based companies equipped with global capabilities to co-create effective and sustainable environmental solutions.

ACKNOWLEDGEMENT

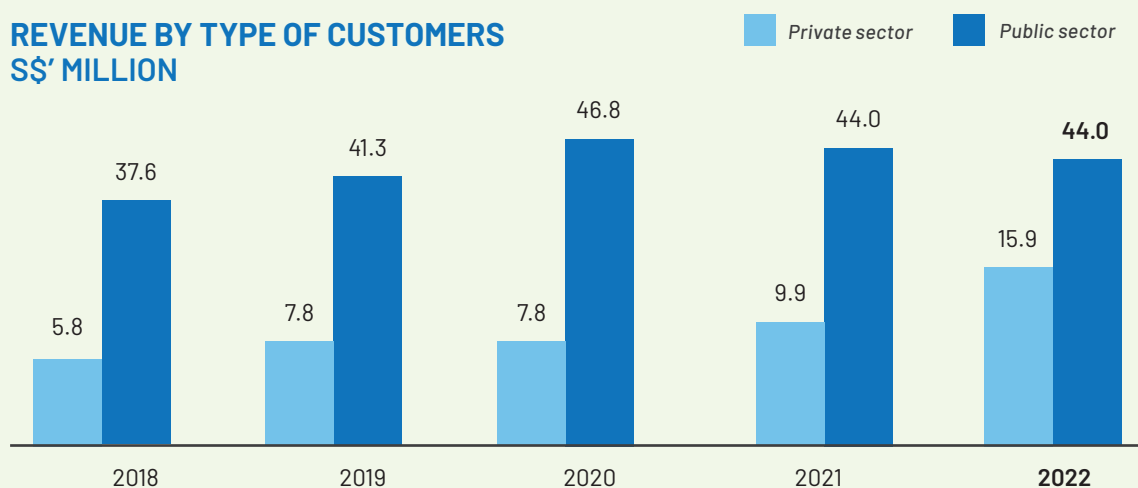
On behalf of the Board, I would like to express our sincere gratitude to our valued shareholders, customers and business partners for their continued support and trust in the Group. I would also like to express our heartfelt appreciation to our management team and employees for their hard work, dedication, and tenacity. We are committed to delivering sustainable value to our stakeholders and creating a brighter future for all.

BUSINESS HIGHLIGHTS

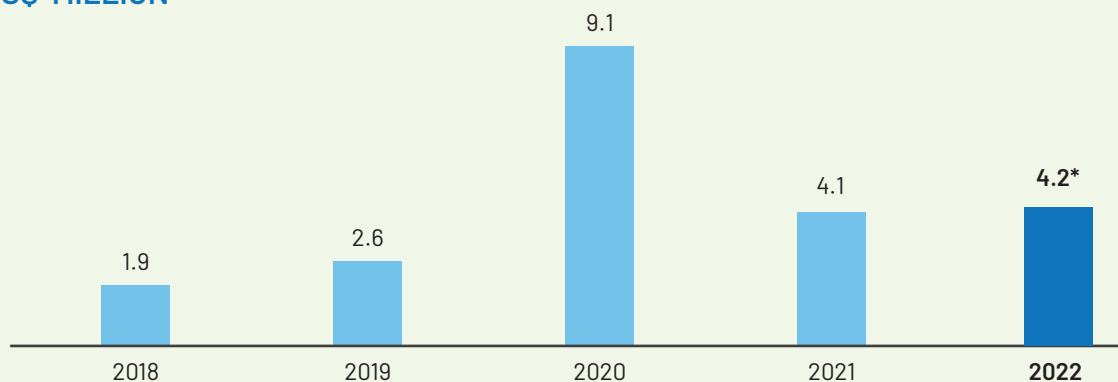
NO. OF EMPLOYEES



REVENUE BY TYPE OF CUSTOMERS S\$' MILLION



EBITDA S\$' MILLION



* adjusted EBITDA (excluding IPO listing expenses)

FINANCIAL HIGHLIGHTS

REVENUE



S\$ **59.9** m

GROUP TOTAL NET ASSETS VALUE



S\$ **16.4** m

EBITDA^{*1}



S\$ **4.2** m

NET ASSETS VALUE PER SHARE^{*1}



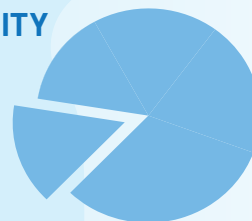
8.87 cents

EARNINGS PER SHARE^{*2}



0.37 cents

PROFIT TO EQUITY OWNER



S\$ **0.7** m

^{*1} EBITDA excluding IPO listing expenses of S\$775,635

^{*2} computation based on post-placement share capital of 185,000,000 shares

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.

Over **20 YEARS**
of relevant experience

Portfolio of over
200 CLIENTS

About **1,500**
well-trained and
knowledgeable staff



OPERATION REVIEW

LS 2 Holdings Limited (“**LS 2 Holdings**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) has established itself as a home-grown integrated environmental services 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 20 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 launched in 2017.

OUR PEOPLE

The Group has about 1,500 people deployed across the island, we ensure that our services are delivered to customers effectively and efficiently. As a unionised company under Building Construction And Timber Industries Employees’ Union (“**BATU**”), the Group presents career progression for our people, and this provides our people with clarity on how they can achieve wage progression. The Group encourages our people to upgrade their skills through training so that they can progress to higher value-added jobs, work more effectively and earn a higher income.

OUR INDUSTRY EXPERIENCE

Our experience in supporting multiple industries’ cleaning operations is unparalleled. The Group has an operating history of 29 years and serving over 200 businesses across multiple industries. The Group leverages its experience to deliver industry best practices to respective industries. The Group has extensive networks with our strategic partners to deliver an end-to-end, integrated service to customers. Over the years, the Group has also vertically integrated our business to provide the full suite of environmental services such as waste management and pest management.

OUR INTELLIGENT SOLUTIONS & INNOVATION

The Group is invested in bringing intelligent solutions and innovation to cleaning operations. With digitalisation and automation on the rise, the cleaning industry is evolving rapidly. The Group is positioned to deliver cutting-edge cleaning technology that supports the development of solutions to enable data-driven environmental services operations and delivery to improve productivity, operational efficiency, and alleviate manpower challenges in the industry. Technology is an important enabler in redesigning workflow processes and accelerating the industry’s digital transformation efforts, such as increasing the adoption of digital solutions and identifying and growing digital integration in the environmental services to transform the industry landscape.

OUR PROSPECT

The Group aims to be the forerunner in cleaning innovation and serve as a role model for companies in the environmental services industry to revolutionise mechanical and digital solutions. We seek to drive efficiency through a collaborative effort with strategic business partners who have the relevant expertise, to conduct research on and to develop in-house digital capabilities, and develop a core team to drive the Group’s digital transformation plans that support business expansion vertically and/or horizontally.

FINANCIAL REVIEW

INCOME STATEMENT

The Group's revenue increased by S\$6.1 million or 11.3% from S\$53.8 million in FY2021 to S\$59.9 million in FY2022. The increase was attributable to a higher revenue from the private sector of S\$4.2 million from facilities cleaning services rendered to shopping malls, office and industrial buildings, and conservancy services rendered to private education institutions and private accommodation estate which amounted to S\$1.3 million and S\$0.6 million respectively.

Other income decreased by S\$0.2 million from S\$0.6 million in FY2021 to S\$0.4 million in FY2022. This was mainly due to lesser insurance claims obtained from work injury compensation insurance and lower income recognised from short-term leases of property, plant, and equipment.

Direct operating costs increased by S\$5.1 million or 11.4% from S\$44.8 million in FY2021 to S\$49.9 million in FY2022. Direct operating costs comprise of: (i) purchases and related costs which increased by S\$6.9 million from S\$10.0 million in FY2021 to S\$16.9 million in FY2022; and (ii) employee benefits which decreased by S\$1.8 million from S\$34.8 million in FY2021 to S\$33.0 million in FY2022. The increase in purchases and related costs and the decrease in employee benefits is due to changes in the contract mix of the Group's order book, where a greater proportion of contracts secured are outcome-based contracts, which requires a higher amount of purchases and related costs rather than a higher number of employees, which resulted in a decrease in the employee benefits incurred through the financial year.

Depreciation expenses relating to property, plant and equipment ("**PPE**") increased by S\$0.6 million from S\$1.6 million in FY2021 to S\$2.2 million in FY2022. 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\$0.8 million in FY2021 to S\$1.2 million in FY2022, as more accommodation leases were secured by the Group in FY2022.

Other expenses increased by S\$1.5 million from S\$5.4 million in FY2021 to S\$6.9 million in FY2022. The increase was mainly due to following: one-time IPO listing expenses of S\$0.8 million, a higher foreign worker levies of S\$0.4 million as more foreign workers were employed and a change of S pass levy from 1 September 2022, an increased in staff insurance cost by S\$0.1 million due to a higher premium rate charged by the insurer and S\$0.2 million of corporate expenses following the listing of the Company in February 2022.

Finance costs remained relatively constant in FY2021 and FY2022, and the Group's Income tax expense in FY2022 was S\$0.3 million compared to S\$0.1 million in FY2021, mainly due to accelerated tax depreciation arising from the origination and reversal of temporary differences.

FINANCIAL POSITION

Total non-current assets increased by S\$1.0 million from S\$5.6 million as at 31 December 2021 to S\$6.6 million as at 31 December 2022 mainly due to S\$2.0 million of additional property plant and equipment acquired and S\$1.2 million capitalisation of right-of-use assets during the financial year before charging out its depreciation with total amount of S\$2.2 million during the financial year.

Trade and other receivables decreased by S\$4.3 million from S\$22.2 million as at 31 December 2021 to S\$17.9 million as at 31 December 2022. The decrease was mainly due to payment received from public sector clients for their overdue invoices during the financial year.

Trade and other payables increased by S\$1.1 million from S\$8.2 million as at 31 December 2021 to S\$9.3 million as at 31 December 2022. This increase was mainly due to the fluctuation arising from timing of payments made to creditors.

The Group's total loans and borrowings decreased by S\$6.2 million from S\$12.1 million as at 31 December 2021 to S\$5.9 million as at 31 December 2022. This decrease was mainly due to a full settlement of factoring loan of S\$5.3 million, repayment on properties term loan of S\$0.6 million and repayment of lease liabilities with total amount of S\$1.5 million before the offset against S\$1.2 million new lease liabilities recognised during the financial year.

Deferred tax liabilities increased by S\$0.2 million from S\$0.1 million in FY2021 to S\$0.3 million in FY2022 mainly due to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

CASHFLOW STATEMENT

The Group recorded net cash provided by operating activities of S\$8.7 million in FY2022 mainly due to (a) S\$9.7 million higher working capital generated from trade and other receivables in FY2022 as the Group received payments from its trade receivables, (b) S\$0.7 million higher working capital from trade and other payables in FY2022 before offset against (c) adjusted net profit before income tax posted in FY2022 of S\$3.4 million in FY2022.

Net cash used in investing activities was S\$2.1 million in FY2022 mainly due to additions to property, plant and equipment in FY2022.

Net cash used in financing activities was S\$2.1 million in FY2022 comprising of net proceeds of S\$5.4 million raised from issuance of new ordinary shares under placement, before offset against total net repayment of lease liabilities, term loan borrowings and its interest of S\$7.5 million during FY2022.



BOARD OF DIRECTORS



MR. TAN HOO KIAT
Executive Chairman
and Executive Director

Date of first appointment as director: 18 June 2021
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 20 years of experience in the environmental services industry. He took the helm of the Group in May 2000 upon his acquisition of LS 2 Services. Prior to acquiring LS 2 Services, he was the founder of Weicom Services, a service maintenance business, from May 1991 to April 2000.

In recognition of Mr. Roger Tan 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 Vice-Chairman of the Bukit Batok East CCC since 1 January 2020.

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 first appointment as director: 28 September 2021
Date of last election as director : 27 May 2022

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

BOARD OF DIRECTORS



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 and an accredited tax practitioner with Singapore Chartered Tax Professionals since 2011. He worked at PricewaterhouseCoopers Singapore from December 2003 to September 2009, first as an associate, before being promoted to senior associate and assistant manager and then audit assurance manager.

Mr. Tan is currently a senior finance officer at the Asian Development Bank since February 2020, responsible for finance and administration matters. He had previously worked at APM Property Management Pte Ltd, a wholly-owned subsidiary of ARA Asset Management Limited, a real estate and asset and property management firm, where he was head of the finance department from February 2014 to May 2015 and deputy director from

December 2016 to January 2020, responsible for 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 is currently an Independent Director of YKGI Limited, a company listed on SGX-Catalist. He was served as Non-Executive and Non-Independent Director of Imperium Crown Limited

(formerly known as Communication Design International Limited) from May 2014 to October 2015, a company listed on the Catalist Board of the SGX-ST.

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. 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 : 27 May 2022

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 Han Poh joined the Group in August 2021 and is responsible for the overall financial accounting, reporting as well as corporate finance matters relating to the Group.

Prior to joining the 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, and from February 2006 to April 2010, he was assistant finance manager at MMI Industries Sdn. Bhd. Prior to joining MMI Industries Sdn. Bhd., Mr Ong was administrative and finance manager at MCL Systems Sdn. Bhd. from March 1999 to December 2005.

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 is also an associate of the Institute of Singapore Chartered Accountants and a Chartered Management Accountant of the Chartered Institute of Management Accountants.

TAN WEI YING

Chief Operating Officer

Ms. Tan Wei Ying is responsible for, among others, implementing customer and business development strategies and managing client relationships. Ms. Tan 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 2017. In addition to her tertiary qualification, she is also a certified professional with the Institute for Human Resource Professionals and holds a Level 4 Diploma in Leadership and Management from The City and Guilds of London Institute, and a Diploma in Environmental Services and Professional Diploma in Leadership and People Management from Workforce Skills Qualifications ("WSQ"). Ms Tan completed the EMAS Leap Programme administered by the Environmental Management Association of Singapore in 2019 and was awarded a Certificate in Cleaning and Disinfection for Non-Healthcare Facilities by Republic Polytechnic in 2020.

SUSAN LEE

Operations Director

Ms. Susan Lee is responsible for overseeing the operations of the Group's projects. Prior to joining the Group, she was a senior manager at UEMS Solutions Pte Ltd where she was responsible for cost management and control and budget forecasts, among others. Ms Lee joined Ramky Cleantech Services Pte. Ltd. in October 2009 as head of training and development and was subsequently head of business development from April 2011, and head of operations from November 2015, a position she held until May 2019. From January 2005 to September 2009, Ms Lee was a sales manager at Sembcorp Environment Pte. Ltd. Between August 2004 and December 2004, she was a corporate sales specialist at Canon Singapore Pte Ltd. She was a mortgage specialist with DBS Bank Limited from August 2003 to July 2004 and an assistant sales manager with Citibank Global Consumer Banking from October 2001 to July 2003. From January 2000 to September 2001, she worked at Centrepoint 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.

KEY EXECUTIVES

TAN WEI LI

Group Finance Manager

Ms. Tan Wei Li is responsible for, among others, preparation of management reports and performing analyses of revenue performance and growth. She assists in the preparation of annual budgets and compliance reporting matters, as well as working with external auditors to facilitate their work. Ms. Tan joined the Group in January 2021 as financial planning and analysis manager and was promoted to Group Finance Manager in September 2021.

Prior to joining the Group, Ms. Tan was an audit assistant and, subsequently, an audit senior associate at Ernst & Young LLP from September 2018 to December 2020 where she performed statutory audits for clients in the consumer products and retail industry including listed companies operating in the Asia-Pacific region.

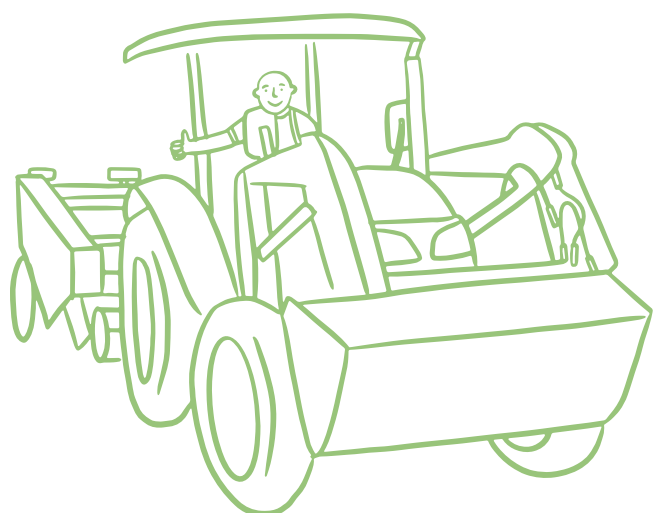
Ms. Tan graduated with a Bachelor of Accountancy from the Singapore Management University in 2018.

ZIILIA SEAH

Sales and Marketing Manager

Ms. Ziilia Seah joined the Group in November 2018 and is responsible for account and contract management, internal stakeholder management and business development. Prior to joining the 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.

She 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.



CORPORATE INFORMATION

COMPANY REGISTRATION NO. 202016972G

BOARD OF DIRECTORS

Executive

Tan Hoo Kiat

Executive Chairman and Executive Director

Ong Khong Weng, Alvin

Chief Executive Officer and Executive Director

Non-Executive

Tan Siang Leng

Lead Independent Director

Ng Hong Whee

Independent Director

Chua Ser Miang

Independent Director

AUDIT COMMITTEE

Tan Siang Leng Chairman

Ng Hong Whee

Chua Ser Miang

NOMINATING COMMITTEE

Chua Ser Miang Chairman

Tan Siang Leng

Ng Hong Whee

REMUNERATION COMMITTEE

Ng Hong Whee Chairman

Tan Siang Leng

Chua Ser Miang

REGISTERED OFFICE

1 Bukit Batok Crescent
#04-11 WCEGA Plaza
Singapore 658064
Tel : +65 6281 1843
Fax : +65 6281 1805
Website : www.LS2.sg

COMPANY SECRETARY

Lim Yi Hui, Joceyln

CONTINUING SPONSOR

RHT Capital Pte. Ltd.
36 Robinson Road
#10-06 City House
Singapore 068877
Registered Professional: Lay Shi Wei

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

INDEPENDENT AUDITOR

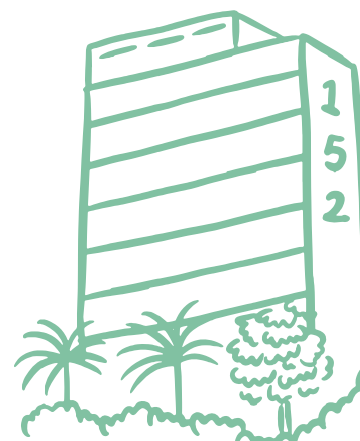
CLA Global TS Public Accounting Corporation
(Formerly Nexia TS Public Accounting Corporation)
80 Robinson Road
#25-00
Singapore 068898

DIRECTOR-IN-CHARGE

Meriana Ang Mei Ling
Date of appointment 28 February 2022

BANKERS

Oversea-Chinese Banking Corporation Limited
Maybank Singapore Limited
DBS Bank Limited



SUSTAINABILITY REPORT

ABOUT THIS REPORT

LS 2 Holdings Limited (“**LS 2**” or the “**Company**”) and its subsidiaries (the “**Group**”) is proud to present our inaugural sustainability report which sets out our approach to managing material Economic, Environmental, Social, and Governance (“**EESG**”) factors. The information shared in this report is reviewed by the Board of Directors and is intended to record our sustainability efforts and inform our decisions and actions to stakeholders.

For each EESG area, we have established specific management approach and targets that will guide our progress towards becoming a more sustainable business. We have also included a range of programs and initiatives to help us meet our objectives and targets.

Reporting Period, Scope, and Framework

Our sustainability report has been prepared in compliance with Rule 711B of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist and with reference to Global Reporting Initiative (“**GRI**”) Standards 2021. Our climate-related disclosures are guided by the recommendations of the Task Force on Climate-related Financial Disclosures (“**TCFD**”).

We have subjected our sustainability reporting process to an internal review. 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>.

SUSTAINABILITY REPORT

BOARD STATEMENT

Dear Shareholders,

The Board of Directors (the “**Board**”) of LS 2 is pleased to present our inaugural sustainability report for the financial year ended 31 December 2022 (“**FY2022**”).

The Board of Directors 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 appointing governing committees that can properly identify and manage sustainability risks and opportunities for the Group.

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

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

We are starting to assess our resilience and assess climate-related impacts according to TCFD recommendations to understand and 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 to managing climate-related risks and opportunities in this journey.

Sincerely,

Board of Directors

LS 2 Holdings Limited
10 April 2023

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 lead to 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 EESG topics 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.

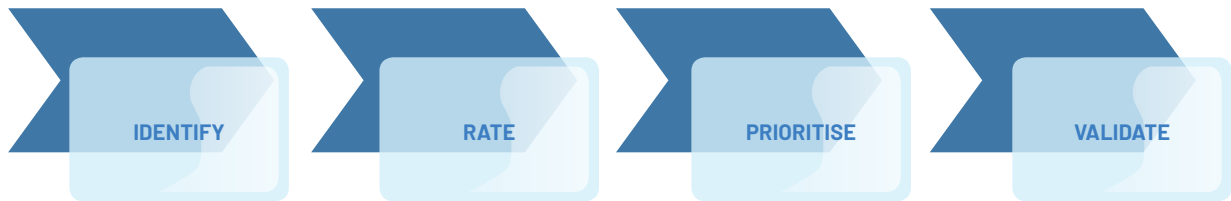
The following table summarises our key stakeholders and their concerns in discussions, together with their corresponding engagement methods and frequency.

Stakeholders	What You've Told Us	How We Listen	Engagement Frequency
Key Management and Employees	<ul style="list-style-type: none"> Occupational Health & safety Worker's welfare 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

SUSTAINABILITY REPORT

Materiality Assessment

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



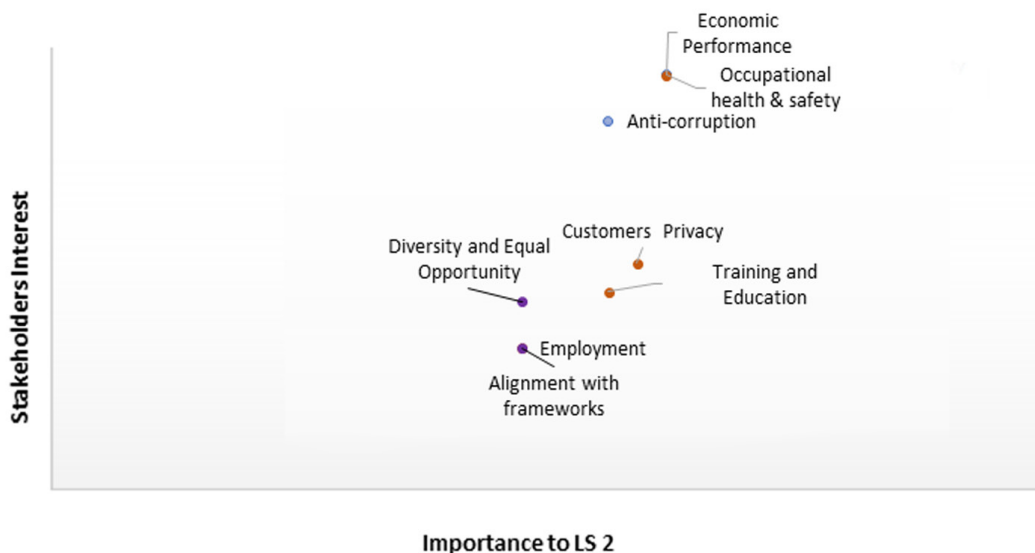
1. Identify: Identifying sustainability issues relevant to LS 2 and stakeholders.
2. Rate: Rating the importance of each sustainability issue with a set of criteria from the lens of stakeholders and LS 2.
3. Prioritise: Prioritising sustainability issues based on their importance and relevance, considering the impact to LS 2, its stakeholders and its operations.
4. Validate: Validating the prioritised issues by engaging with experts, benchmarking to industry peers and best practices.

From this exercise, we identified material topics and factors that are relevant to our business operations as follows:

We believe that effective management of sustainability material topics is an important part of our overall business strategy. We are committed to identifying the most important sustainability topics, assessing the risks and opportunities associated with these topics 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 these commitments in these important areas for the first year of our report.

FIGURE 1 - LS 2 MATERIALITY MATRIX FY2022



ECONOMIC

For the past decades, sustainability has become increasingly important to business and organisations across the globe. At its core, 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 closely linked. 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 2022:

- Financial Highlights, page 5.
- Operations & Financial Review, pages 7-9.
- Financial Statements, pages 57-103.

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. To that end, we will provide relevant training and resources on the importance of abiding by relevant laws and regulations. This training will include a course on the Singapore Prevention of Corruption Act 1960 or 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.

- In FY2022, there were 0 reported incidents of corruption reported.
- We aim to maintain 0 reported incidents of corruption and conduct Anti-Bribery and Corruption training in FY2023.

ENVIRONMENT

At LS 2, we are committed to ensuring that our operations are managed in a way that is environmentally responsible. 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.

At our operations, we have developed monitoring systems for Energy & Water Conservation, Paper Reduction, Chemical Management and Waste Management. We use the systems to measure our progress towards a variety of environmental goals that we have at the time of reporting. The monitoring system enables us to identify potential risks and mitigate them before they become serious issues.

SUSTAINABILITY REPORT

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

LS 2 is committed to reducing negative harms 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 45001:2018 helps us assess and minimise risks by providing us a structured approach to continuously improving our Occupational Health and Safety performance and preventing work-related injury and ill-health.

In FY2022, we conducted Workplace Safety and Health general meetings as part of our EHS Management Programme. This meeting is held monthly, whereby we review our current Quality, Environmental, Health and Safety ("QEHS") policies and procedures and the potential changes that might be needed in order to ensure the safety of our staff and customers. Additionally, we reviewed all workplace incidents and prepare 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.

- In FY2022, there were 0 fatalities occurring in the workplace.
- We strive to achieve 0 fatal accident in the workplace in FY2023.

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.

SUSTAINABILITY REPORT

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 build trust with our customers. This is also a testament that LS 2 meets its regulatory requirements and strive to avoid potential legal and financial consequences.

We are committed to providing our customers with the best experience possible and protecting their data.

- In FY2022, there were no reported incidents of customer data privacy breaches.
- We strive to maintain adherence to the relevant laws and regulations and ensure 0 customers' data privacy breaches in FY2023.

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 a comprehensive sustainability training in FY2022. 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 FY2022, our employees have successfully completed the following programmes:

1. Equipment and Chemicals professional use and basic maintenance routine
2. Site Safety Induction Training for LS 2 new Cleaning Staff & Contractors
3. Orientation Training
4. Environmental Cleaning
5. Advanced certifications in Environmental Services
6. WSQ Perform Metal Scaffold Erection
7. Work at Heights for workers
8. WSQ Manage Work at Height (MWAH)
9. WSQ Operate Scissor Lift Course
10. Joint ITE-NEA Certificate in Pest Control
11. WSQ Implement Incident Management Processes Course
12. WSQ Respond to Fire Incident in Workplace (RFIW)
13. Occupational First Aider Course
14. ISO 90001:2015, ISO 14001:2015 and ISO 45001:2018 QEHS Integrated Management System Internal Auditor Training Course

Employee Training FY2022	Male	Female
Total Number of Training Hours	7031	4612
Average hours of training per employee	21.3	22.6

- We strive to achieve at least 16 average training hours per employee in FY2023.

SUSTAINABILITY REPORT

In FY2022, we established a working relationship on the provision of training and consultancy services in digitalisation and industrial transformation for the Environmental Services industry with TEMASEK Polytechnic. We will continue to strive towards our common societal goal as education is key to sustainable development.

Diversity and Equal Opportunity

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

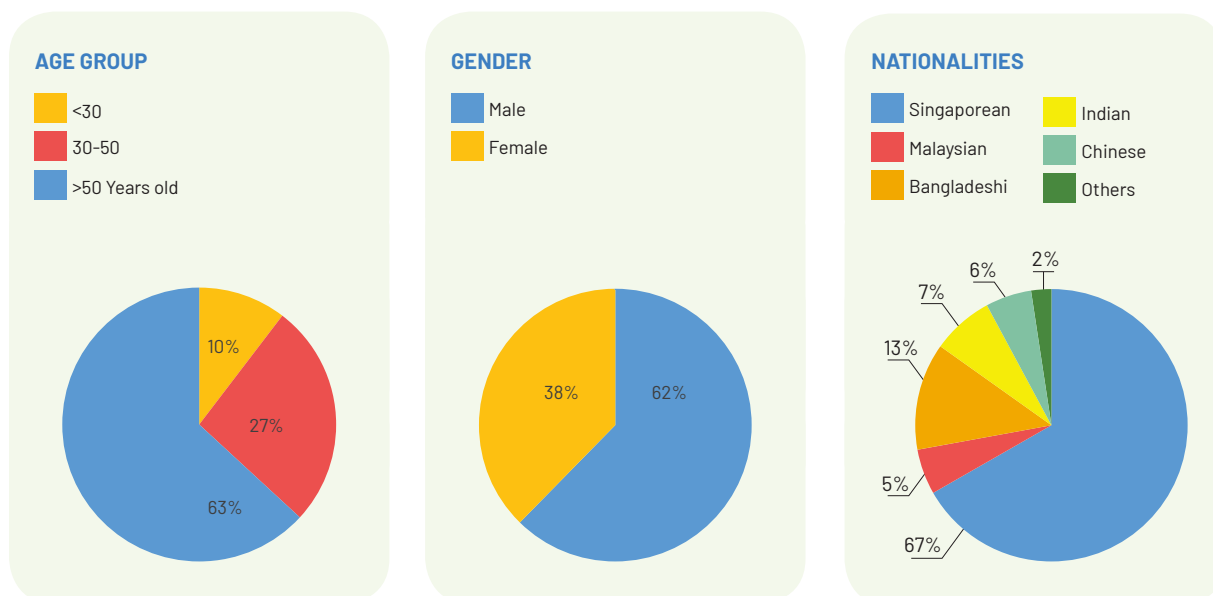
This year has been an important one for LS 2 as we continue to focus on building a more diverse and inclusive culture. We want to ensure that all employees feel respected and valued regardless of race, gender, religious beliefs, sexual orientations and/or any other personal characteristics. We commend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

Board Diversity Policy

LS 2 announced its Board Diversity Policy in FY2022. With a view to achieving sustainable and balanced development, LS 2 sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

To that end, LS 2 is 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 end in FY2022, our total workforce comprised of 1503 individuals with the following distribution:

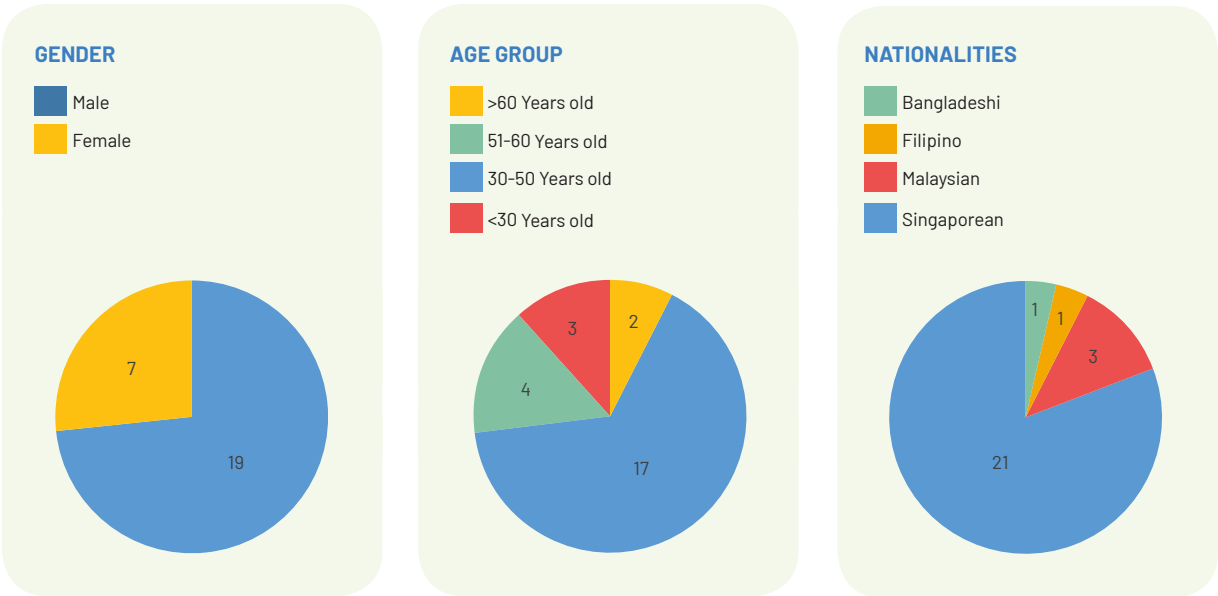


■ We will strive to maintain the level of diversity in FY2023.

SUSTAINABILITY REPORT

Management Diversity

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



Employment

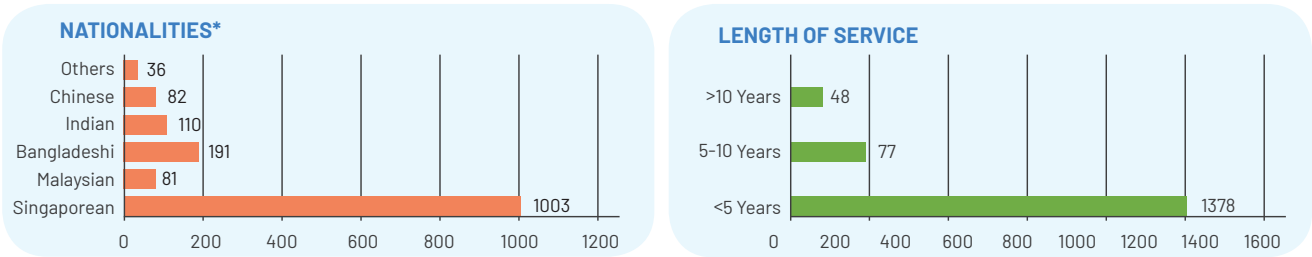
Our competitive strength lie in the well-trained large workforce and operationally ready workers. We ensure that our employees and workers are upskilled to enhance their technological know-how, enabling the Group to be more efficient and productive.

We have a qualified and competent management team that possess extensive experience, technical expertise, and business relationships with industry players in the environmental services sector.

We are also proud of our commitment to sustainability through fair employment practice of individuals from the local communities. We believe that by hiring and supporting individuals from the areas we operate, we are helping to build stronger communities, and contributing to the long-term success of our business.

- In FY2022, we engaged a total of 1503 employees through a fair employment practice and hiring without discrimination. Our group workforce includes both full time and part time employees.
- We strive to maintain a fair employment practice and hiring without discrimination while recruiting our new workforce in FY2023.

FY2022



*Includes full time and part time employees

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, providing safe and conducive working conditions. We receive the following awards, accreditations and certifications over the years as a testament that we continuously improve our processes and services.

- 2003 – FM02 L6 BCA
- 2008 – ISO 9001:2015
- 2009 – BizSAFE Level 3
- 2012 – ISO 45001:2018, BizSAFE STAR
- 2013 – Clean Mark Silver Award
- 2014 – Cleaning Business License
- 2016 – Clean Mark Gold Award
- 2017 – ISO 14001:2015
- 2018 – FM03 L1 & FM04 L1 BCA
- 2019 – ISO 22301:2012
- 2021 – Plaque of Commendation Award (NTUC Central Committee), SkillsFuture Employer Awards
- 2022 – FM01 M3

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

GOVERNANCE

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

Risk Management

The Board has appointed Risk Management / Risk Assessment Team (“**RM/RA Team**”) to ensure that the requirements of Risk Management Code of Practice (“**RMCP**”) and 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 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; and
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.

- In FY2022, 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 in FY2023.

Climate-related Risks and Opportunities

As the global climate continues to change, it is increasingly important to also 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, that could result from changes in customer demand.

As it is essential for us to understand the risks and opportunities posed by climate change, LS 2 will increase our understanding on what decisions we have to make to manage our operations in a changing environment.

LS 2 consulted stakeholders in FY2022. While there were varying results concerning climate-related risks, the Group is of the view that rising sea levels and global temperatures may occur in the long-term, while heightened policy and legal requirements, rapid pace of technology, changing market behavior and increased attention to business reputation may happen in the medium-term.

Strategy

At LS 2, we understand the importance of managing the long-term climate-related impacts that are identified in this sustainability report. We have implemented several initiatives to ensure that these impacts are actively managed.

We have developed an action plan to reduce our carbon footprint that includes measures such as establishing QEHS Policy, water preservation, responsibly managing our waste, among others. To mitigate the medium-term risks, we have 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, publishing annual sustainability report, and promote sustainable practices.

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

Metrics and Targets

We recognise that we are in a long-term journey, and we are committed to be transparent as we manage our sustainability material factors. Our sustainability efforts will ensure that we are taking the steps for meeting our sustainability commitments. We believe that by setting our sustainability 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 and improving our data collection processes. In the meantime, we enable and focus our efforts on sustainability material factors policies, performance and targets.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

GRI Standards	Description	Page Reference
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 1
	2-2 Entities included in the organization's sustainability reporting	Page 15
	2-3 Reporting period, frequency and contact point	Page 15
	2-4 Restatements of information	Not Applicable
	2-5 External assurance	Will Consider In Future
	2-6 Activities, value chain and other business relationships	Page 1
	2-7 Employees	Page 23
	2-8 Workers who are not employees	Page 23
	2-9 Governance structure and composition	Page 32
	2-10 Nomination and selection of the highest governance body	Page 34
	2-11 Chair of the highest governance body	Page 34
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 29
	2-13 Delegation of responsibility for managing impacts	Page 31
	2-14 Role of the highest governance body in sustainability reporting	Page 29
	2-15 Conflicts of interest	Page 50
	2-16 Communication of critical concerns	Page 17
	2-17 Collective knowledge of the highest governance body	Page 16
	2-18 Evaluation of the performance of the highest governance body	page 36
	2-19 Remuneration policies	Page 37
	2-20 Process to determine remuneration	Page 37
	2-21 Annual total compensation ratio	Page 39
	2-22 Statement on sustainable development strategy	Page 16
	2-23 Policy commitments	Page 24
2-24 Embedding policy commitments	Page 24	
2-25 Processes to remediate negative impacts	Page 19	
2-26 Mechanisms for seeking advice and raising concerns	Page 19	
2-27 Compliance with laws and regulations	Page 24	
2-28 Membership associations	Page 24	
2-29 Approach to stakeholder engagement	Page 17	
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 18
	3-2 List of material topics	Page 18
	3-3 Management of material topics	Page 18
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Page 19
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Page 19
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Page 23
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 23
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Page 20
	403-2 Hazard identification, risk assessment, and incident investigation	Page 20
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 20
	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 20
	403-9 Work-related injuries	Page 20
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 21
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 21
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Page 22
GRI 418: Customer Privacy 2016	Disclosure 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 20

CORPORATE GOVERNANCE & FINANCIAL CONTENTS

29	Corporate Governance
54	Directors' Statement
58	Independent Auditor's Report
63	Consolidated Statement of Comprehensive Income
64	Statements of Financial Position
65	Consolidated Statement of Changes in Equity
66	Consolidated Statement of Cash Flows
69	Notes to the Financial Statements
106	Statistics of Shareholdings
108	Notice of Annual General Meeting
	Proxy Form



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 subsidiaries (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 2022 (“**FY2022**”) 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 confirms 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 Catalist (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:

- overseeing 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 their 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 Economic, Environment, Social and Governance (“**EESG**”) factors in the Company’s business and operations. The Board will work alongside the Management to advance sustainability efforts within the Company.

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.

CORPORATE GOVERNANCE

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).

In FY2022, all Directors have completed sustainability training as prescribed under Rule 720(6) of the Catalist Rules.

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

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

- the appointment of directors, the company secretary and the sponsor;
- any major transactions such as, *inter alia*, capital funding, acquisitions and disposals of assets;
- release of the Group's financial results announcements, annual report and convening of shareholders' meeting, circulars to shareholders and related announcements through SGXNet.
- alterations to the share capital of the Company;
- approving interested person transactions exceeding a certain threshold;
- any material regulatory matters and litigation cases;
- compliance matters associated with the Catalist Rules, Securities and Futures Act or other relevant laws and regulations.

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

Provision 1.4 of the Code: Board Committees

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

Provision 1.5 of the Code: Board and Board Committees Meeting

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

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

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

The attendance record of each director at meetings of the Board and Board Committees during FY2022 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*	2	2*	2	2*
Ong Khong Weng, Alvin	2	2	2	2*	2	2*	2	2*
Tan Siang Leng	2	2	2	2	2	2	2	2
Ng Hong Whee	2	2	2	2	2	2	2	2
Chua Ser Miang	2	2	2	2	2	2	2	2

* By way of invitation.

The Company’s Constitution allows for meetings to be held through telephone and/or video conference. 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.

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.

CORPORATE GOVERNANCE

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. Tan Siang Leng, Mr. Chua Ser Miang 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.

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, however NC will make a recommendation to the Board as and when there is a suitable candidate who will be able to complement and enhance the skills and experience 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 FY2022, the NEDs met twice in the absence of Management.

Chairman and Chief Executive Officer

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

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

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

Provision 3.3 of the Code: Lead Independent Director

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

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.

CORPORATE GOVERNANCE

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 term 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 shall 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 AGM, at least one-third of the Directors for the time being or if their number is not three or a multiple of three, the number nearest to one-third but not less than one-third shall retire by rotation and that all Directors shall retire at least once every three (3) years and such retiring Director shall be eligible for re-election.

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 49 to 53 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.

CORPORATE GOVERNANCE

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 in the Board evaluation process in FY2022.

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 FY2022, 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 FY2022.

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

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

CORPORATE GOVERNANCE

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 compensation are commensurate with the responsibilities and risks involved in their roles and that their remuneration packages are comparable within the industry. They are also responsible for the administration of the PSP and ESOS 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 executives 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 FY2022.

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 serves 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 who services are vital to the Group's well-being and success. As at the date of this annual report, no options or awards have been granted under the Schemes since its commencement.

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

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 FY2022 as set out below:

Name	Fees ⁽¹⁾	Salary ⁽²⁾	Bonus ⁽²⁾	Others ⁽³⁾	Total
Directors					
S\$500,001 – S\$750,000					
Mr. Tan Hoo Kiat	–	83.2%	6.7%	10.1%	100%
S\$250,001 – S\$500,000					
Mr. Ong Khong Weng, Alvin	–	87.6%	6.9%	5.5%	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	–	92.3%	7.7%	–	100%
Ms. Tan Wei Ying ⁽⁵⁾	–	83.8%	7.6%	8.6%	100%
Mr. Mah Kok Hing, Joseph ⁽⁴⁾	–	97.3%	2.7%	–	100%
Ms. Lee Sun Sun, Susan	–	92.4%	7.6%	–	100%
Ms. Tan Wei Li ⁽⁵⁾	–	90.0%	8.2%	1.8%	100%
Ms. Seah Rui Zi, Ziilia	–	91.6%	8.4%	–	100%

Notes

- ⁽¹⁾ These fees were approved by shareholders at the last AGM held on 27 May 2022.
- ⁽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⁾ Mr. Mah Kok Hing, Joseph ceased his employment on 5 June 2022.
- ⁽⁵⁾ 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.

CORPORATE GOVERNANCE

The Board discloses the remuneration for Directors and Key Executives 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 Executives, 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 its subsidiaries 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 Executives of the Group during the period was set out on page 98 of this Annual Report.

There were no termination, retirement and post-employment benefits granted to Directors and Key Management Personnel in FY2022.

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 FY2022:

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

Ms. Tan Wei Ying and Ms. Tan Wei Li, are daughters 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 and Ms. Tan Wei Li, 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 FY2022.

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 it is responsible for the overall risk management and internal control framework, but recognise that no cost-effective 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.

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

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

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

The Board has received assurance from (a) the executive directors and the group financial controller that the financial records have been properly maintained and the financial statements for FY2022 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.

CORPORATE GOVERNANCE

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 FY2022.

The written terms of reference of the AC has 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 Group'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 Group's internal controls, including financial, operational, compliance and information technology controls;
- h) to review the effectiveness of the Group'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 Group 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.

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	The AC considered the approach and audit procedures applied to the recognition of revenue in the accounting period in which the services are rendered. 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 FY2022.
Recoverability of Trade Receivables	Trade receivables amounted to S\$16.4 million as at 31 December 2022. 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. 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 FY2022.

Interested Person Transactions ("IPTs")

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.

The Company has not obtained a general mandate from shareholders for IPTs. Save from the Restructuring Exercise and IPTs disclosed in the Offer Document of the Company, there is no additional IPTs of S\$100,000 and above, and the AC is satisfied that there were no material contracts of the Company and its subsidiaries 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.

CORPORATE GOVERNANCE

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 FY2022. 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	88,000	90.2
Non-audit fees		
Audit GEMS grant submission	5,000	5.1
Tax services	4,600	4.7
Total fees	97,600	100.0

The financial statements of the Company and its subsidiary are audited by Messrs. CLA Global TS Public Accounting Corporation. The AC and the Board are of the view that the audit firms are 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 28 April 2023. 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 set by locally or internationally recognised professional bodies including 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 FY2022. The risk assessment exercise shall cover pertinent risks in strategic, operational, financial, regulatory compliance and information technology areas.

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

The IA reports directly to the AC on all internal audit matters. The AC reviews and approves the internal audit plan submitted by the IA. The IA reports to the AC any significant weaknesses and risks identified during internal audits conducted on an on-going basis. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls, and to highlight the areas where control weaknesses exist, if any. The Company continues to work with the internal auditors to identify other scope of work which will help to further enhance the robustness of the controls of the Company. The effectiveness of the Group's system of internal controls are in place to address the key 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 a robust and effective internal control system. The system of internal controls is sufficiently adequate and effective to address the information technology controls and risk management systems, as well as the financial, operational, compliance and information technology risks 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 FY2022, 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.

Under the the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company will be conducting the AGM for FY2022 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.

CORPORATE GOVERNANCE

Provision 11.2 of the Code: Resolutions

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

Provision 11.3 of the Code: Attendance at General Meetings

All Directors, including the respective Chairman of the AC, NC and RC are in attendance at the general meeting to allow shareholders the opportunity to express their views and ask Directors questions regarding the Company. In addition, external auditors are also invited to attend AGMs to assist the Directors in answering any queries relating to the conduct of the audit and the contents of the auditor's 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 FY2022 as the available fund will be retained for working capital use.

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

Provision 12.1 of the Code: Communication with shareholders

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

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

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

Provision 12.2 of the Code: Investor Relations Policy

Provision 12.3 of the Code: Investor Engagement

The Company has an Investor Relations (“IR”) policy outlining the principles and practices adopted in 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

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. In addition, the Company is present its augural sustainability report which reported its sustainability performance in accordance with the SGX Sustainability Report Guide, with reference to the Global Reporting Initiative (GRI) reporting framework and has aligned its climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD) in managing material economic, environmental, social and governance (“EESG”). Please refer to the Company's Sustainability Report for FY2022 set out on pages 15 to 27 of this Annual Report for further details.

Stakeholders may contact the Company through ‘**Contact**’ in the Company's corporate website.

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 FY2022.

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	1,400	1,600
Working capital	1,356	–	1,356
Total	4,356	1,400	2,956

4. Material Contracts

There were no material contracts of the Company or its subsidiaries 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. Alvin Ong	Mr. Chua Ser Miang
Date of appointment	28 September 2021	2 December 2021
Date of last re-appointment	27 May 2022	27 May 2022
Age	46	54
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. Alvin Ong who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Alvin Ong as the Chief Executive Officer and Executive Director of the Company.	Based on the recommendation of the NC, the Board (save for Mr. Chua Ser Miang who abstained from deliberating his own re-election) propose to the Company's shareholders to approve the re-election of Mr. Chua Ser Miang as an Independent Director of the Company.
Whether the appointment is executive, and if so, the area of responsibility	Executive, responsible for directing and controlling the operations of the Group and executing expansion plans for growth and development, including sourcing for investment opportunities to promote the growth of the Group's business	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer and Executive Director	Independent Director, Chairman of Nominating Committee and Member of the Audit Committee and Remuneration Committee
Working experience and occupation(s) in the past 10 years	<p>2021 – present LS 2 Holdings Limited, Chief Executive Officer and Executive Director</p> <p>2003 – 2006 CSP Maintenance Pte Ltd, General Manager</p> <p>2007 – 2021 Integrated Training Consultants Pte. Ltd, Managing Director</p>	<p>2020 – present Crowe Horwath Capital Pte Ltd, Director of corporate finance advisory</p> <p>2013 – 2020 Eastwin Capital Pte Ltd, Director of corporate finance advisory</p> <p>2013 – 2014 Stamford Management Pte Ltd, Principal Consultant</p> <p>2006 – 2012 DMG & Partners Securities Pte Ltd, Director of corporate finance department.</p>
Shareholding interest in the listed issuer and its subsidiaries	37,000,000 (Direct Interest)	No
Any relationship (including immediate family relationships) with any existing director, existing executive director, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No

CORPORATE GOVERNANCE

	Mr. Alvin Ong	Mr. Chua Ser Miang
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the Company	Yes	Yes
Principal commitments including directorships	<p>Present Directorships:</p> <p><u>Listed company</u></p> <ul style="list-style-type: none"> ● LS 2 Holdings Limited <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> ● LS 2 Services Pte Ltd ● LS 2 Management Pte. Ltd. ● LS 2 Facilities Pte. Ltd. ● Urban Cobots Pte. Ltd. ● Clean Envirotech Pte. Ltd. 	<p>Present Directorships:</p> <p><u>Listed companies</u></p> <ul style="list-style-type: none"> ● LS 2 Holdings Limited ● Aoxin Q & M Dental Group Limited ● VCPlus Limited <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> ● Acumen Diagnostics Pte. Ltd. ● Acumen Research Laboratories Pte. Ltd.
Past (for the last 5 years)	<p><u>Non-listed company</u></p> <ul style="list-style-type: none"> ● Integrated Training Consultants Pte. Ltd. 	<p><u>Listed company</u></p> <ul style="list-style-type: none"> ● Yamada Green Resources Limited <p><u>Non-listed companies</u></p> <ul style="list-style-type: none"> ● China Knowledge Data Technology Pte. Ltd ● Deskera Holdings Ltd. ● Eastwin Capital Pte. Ltd.
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

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

CORPORATE GOVERNANCE

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

	Mr. Alvin Ong	Mr. Chua Ser Miang
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	<p>Yes, in relation to (j)(i).</p> <p>Mr. Chua Ser Miang was an independent director of Yamada Green Resources Ltd (“Yamada Green”) from September 2013 to March 2021. In September 2018, the audit committee of Yamada Green engaged Foo Kon Tan LLP to conduct an investigation into the disposal of bamboo plantations by the company without the Board’s prior knowledge and approval. The key findings were announced on 28 January 2019. On 30 September 2022, SGX reprimanded the former Executive Director of Yamada Green for breaches of certain listing rules arising from the disposal of the bamboo plantations. As an independent director, Mr. Chua was not involved in the management or the operations of the company, and he was not a subject of the abovementioned investigations.</p> <p>No, in relation to (j)(ii), (iii) and (iv).</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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

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 2022 and the statement of financial position of the Company as at 31 December 2022.

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 63 to 105 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 2022 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 31.12.2022	As at 1.1.2022
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 2023 were the same at 31 December 2022.

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 2022. There were no Awards granted during the financial year ended 31 December 2022.

Share options

The LS 2 Employee Share Option Scheme (the “LS 2 ESOS”) was approved by the Company’s shareholders at an Extraordinary General Meeting held on 27 May 2022.

The LS 2 ESOS will provide eligible participants (“ESOS 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 ESOS is primarily a share incentive scheme. It recognises the fact that the services of ESOS Participants are important to the success and continued well-being of the Group. Implementation of the LS 2 ESOS will enable the Company to give recognition to the contributions made by such ESOS Participants. Under the LS 2 ESOS, the award of options (the “Options”) are granted to the Group employees including Group Executive Directors and Group Non-Executive Directors who in the opinion of the 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 ESOS at the absolute discretion of the RC if their participation and the terms of each grant of Option 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 Option 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 ESOS of a controlling shareholder or an associate of a controlling shareholder who is, at the relevant time, already a ESOS Participant.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

Share options (cont'd)

The RC may, subject to the rules of the LS 2 ESOS, offer to grant Option to such grantees as it may select in its absolute discretion at any time during the period when the LS 2 ESOS is in force, except that no Option shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be).

The aggregate number of Shares over which the RC may grant Options on any date, when added to the number of shares issued and issuable or transferred and to be transferred in respect of all Options granted under the LS 2 ESOS and the number of shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, including the LS 2 PSP, shall not exceed 15% of the total number of issued shares (excluding shares held by the Company as treasury shares) on the day immediately preceding the offer date of the Options.

The aggregate number of LS 2 ESOS Shares which may be issued or transferred to ESOS Participants who are controlling shareholders and their associates shall not exceed 25% of the shares available under the LS 2 ESOS.

The number of Shares which may be issued or transferred pursuant to Options under the LS 2 ESOS to each Participant who is a controlling shareholder or his associate shall not exceed 10% of the shares available under the LS 2 ESOS.

Subject to the rules of the LS 2 ESOS in relation to adjustments, the exercise price for each share in respect of which an Option is exercisable shall be determined by the RC at its absolute discretion, and shall be fixed by the RC at the market price; or a price which is set at a discount to the market price, the quantum of such discount to be determined by the RC in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20% of the market price in respect of that Option, or such other percentage as may be prescribed by the Catalyst Rules.

In making any determination on whether to give a discount and the quantum of such discount as set out above, the RC shall take into consideration such criteria as the RC may, at its absolute discretion, deem appropriate, including but not limited to: (a) the performance of the Group, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth; (b) the years of service and individual performance of the eligible Participant; (c) the contribution of the eligible Participant to the success and development of the Company and/or the Group; and (d) the prevailing market conditions.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant at any time, after the first anniversary of the offer date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant offer date or such earlier date as may be determined by the RC, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

Options granted with the exercise price set at a discount to market price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the offer date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant offer date and fifth anniversary from the relevant offer date (in the case of a Participant who is a non-executive Director), or such earlier date as may be determined by the RC, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

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 2022 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 (formerly Nexia 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 (formerly Nexia 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

Singapore
3 APRIL 2023

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 2022, 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 significant accounting policies, as set out on pages 63 to 105.

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 2022 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 2022. 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 services such as contract cleaning, pest control and waste management which is recognised in the accounting period in which the services are rendered. For recurring service contracts, revenue are 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 2022, the Group recognised revenue from rendering of services of \$59,905,417.

We focus on this area as a key audit matter as there is 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 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 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 2022, the carrying amount of the Group's trade receivables from non-related parties is \$16,430,347, which is the most significant asset of the Group. These trade receivables represented approximately 51.1% of the Group's total assets as at 31 December 2022.

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 Meriana Ang Mei Ling.

**CLA Global TS Public Accounting Corporation
(formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants**

Singapore
3 APRIL 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue	4	59,905,417	53,829,715
Other income	5	393,519	586,607
Other loss – Loss allowance on non-trade receivables receivables from non-related parties	26(b)(iii)	–	(95,940)
Expenses:			
- Direct operating costs			
- Purchases and related costs		(16,896,619)	(10,028,126)
- Employee benefits	6	(33,037,480)	(34,793,431)
		(49,934,099)	(44,821,557)
- Depreciation of property, plant and equipment	14	(2,206,628)	(1,557,649)
- Depreciation of investment properties	17	–	(32,834)
- Other expenses	7	(6,926,871)	(5,382,354)
- Finance expense	8	(278,125)	(316,042)
Total expenses		(59,345,723)	(52,110,436)
Profit before income tax		953,213	2,209,946
Income tax expense	9	(317,121)	(73,817)
Total comprehensive income, representing net profit for the financial year		636,092	2,136,129
Total comprehensive income, representing net profit / (loss) attributable to:			
- Equity holder of the Company		669,391	2,136,129
- Non-controlling interests		(33,299)	–
		636,092	2,136,129
Earnings per share (“EPS”) for net profit attributable to equity holders of the Company (Cents per share)			
Basic and diluted EPS	10	0.37	1.36

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Group		Company	
		2022	2021	2022	2021
		\$	\$	\$	\$
ASSETS					
Current assets					
Cash and bank balances	11	7,572,892	3,095,315	4,227,445	7,194
Trade and other receivables	12	17,936,524	22,241,316	150,315	667,680
		25,509,416	25,336,631	4,377,760	674,874
Non-current assets					
Investments in subsidiary corporations	13	–	–	165,624	104
Property, plant and equipment	14	6,583,696	5,583,746	5,439	4,429
Deferred tax assets	21	54,373	–	36,129	–
		6,638,069	5,583,746	207,192	4,533
Total assets		32,147,485	30,920,377	4,584,952	679,407
LIABILITIES					
Current liabilities					
Trade and other payables	19	9,350,304	8,237,986	260,489	703,059
Borrowings	20	2,018,056	6,448,850	–	–
Current income tax liabilities		153,932	162,289	–	–
		11,522,292	14,849,125	260,489	703,059
Non-current liabilities					
Borrowings	20	3,919,405	5,639,724	–	–
Deferred income tax liabilities	21	262,178	58,886	–	–
		4,181,583	5,698,610	–	–
Total liabilities		15,703,875	20,547,735	260,489	703,059
Net assets / (liabilities)		16,443,610	10,372,642	4,324,463	(23,652)
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	22	5,363,897	1	5,363,897	1
Retained profits / (Accumulated losses)		8,042,031	7,372,640	(1,039,434)	(23,653)
Merger reserve	24	3,000,001	3,000,001	–	–
		16,405,929	10,372,642	4,324,463	(23,652)
Non-controlling interests		37,681	–	–	–
Total equity		16,443,610	10,372,642	4,324,463	(23,652)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

← Attributable to equity holders of the Company →

	Note	Share capital \$	Retained profits* \$	Merger reserve \$	Total \$	Non- controlling interests \$	Total equity \$
Group							
2022							
Beginning of financial year		1	7,372,640	3,000,001	10,372,642	–	10,372,642
Issuance of new shares	22	5,550,000	–	–	5,550,000	–	5,550,000
Share issue expenses	22	(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 from non-controlling interests		–	–	–	–	70,980	70,980
End of financial year		5,363,897	8,042,031	3,000,001	16,405,929	37,681	16,443,610
2021							
Beginning of financial year		3,000,002	10,736,511	–	13,736,513	–	13,736,513
Restructuring exercise		(3,000,001)	–	3,000,001	–	–	–
Dividends paid	23	–	(5,500,000)	–	(5,500,000)	–	(5,500,000)
Total comprehensive income – Net profit for the financial year		–	2,136,129	–	2,136,129	–	2,136,129
End of financial year		1	7,372,640	3,000,001	10,372,642	–	10,372,642

* 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 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Profit before income tax		953,213	2,209,946
Adjustments for:			
- Loss allowance on non-trade receivables from non-related parties	26(b)(iii)	-	95,940
- Depreciation of property, plant and equipment	14	2,206,628	1,557,649
- Depreciation of investment properties	17	-	32,834
- Property, plant and equipment written-off	7	3,166	196
- Gain on disposal of property, plant and equipment	5	(51,819)	(11,289)
- Gain on derecognition of leased assets	5	(383)	-
- Gain on disposal of investment properties	5	-	(3,283)
- Gain on disposal of financial assets, at fair value through profit or loss ("FVPL")	5	-	(16,032)
- Interest income	5	(11,656)	(1,533)
- Interest expense	8	278,125	316,042
		3,377,274	4,180,470
Changes in working capital:			
- Trade and other receivables		4,406,438	(5,253,737)
- Trade and other payables		1,112,318	417,987
Cash generated from / (used in) operations		8,896,030	(655,280)
Income tax paid		(176,559)	(197,417)
Interest paid		(117)	(507)
Net cash provided by / (used in) operating activities		8,719,354	(853,204)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		58,828	24,283
Proceeds from disposal of investment properties		-	916,061
Proceeds from disposal of financial assets, at FVPL		-	783,788
Additions to property, plant and equipment ⁽¹⁾		(2,162,662)	(910,724)
Net cash (used in) / provided by investing activities		(2,103,834)	813,408

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 \$	2021 \$
Cash flows from financing activities			
Dividends paid	23	–	(5,500,000)
Proceeds from issuance of shares	22	5,550,000	–
Share issue expenses	22	(186,104)	–
Capital contribution from non-controlling interests		70,980	–
Principal repayment of lease liabilities		(1,479,427)	(994,786)
Proceeds from borrowings		3,003,174	3,000,000
Repayments of borrowings		(3,595,916)	(921,864)
Repayment of trade receivables factoring		(5,234,299)	–
Proceeds from trade receivables factoring		–	890,968
Payments to a director		–	(324,902)
Interest paid		(278,007)	(315,517)
Interest received		11,656	1,533
Net cash used in financing activities		(2,137,943)	(4,164,568)
Net increase / (decrease) in cash and cash equivalents		4,477,577	(4,204,364)
Cash and cash equivalents			
Beginning of the financial year		3,095,315	7,299,679
End of the financial year	11	7,572,892	3,095,315

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

	2022 \$	2021 \$
Total additions as per Note 14	3,242,087	2,190,995
Less: Acquired under lease liabilities	(1,181,071)	(1,752,929)
Add: Movement in down-payment to supplier of property, plant and equipment	163,786	199,071
Add: Movement in receivables grants	(62,140)	273,587
Net cash outflows for additions to property, plant and equipment	2,162,662	910,724

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

Reconciliation of liabilities arising from financing activities

	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

	1 January 2021	Proceeds from borrowings	Principal and interest payments	Non-cash changes		31 December 2021
				Interest expense	Additions	
	\$	\$	\$	\$	\$	\$
Bank borrowings	2,798,262	3,000,000	(986,828)	64,964	-	4,876,398
Trade receivables factoring	4,343,331	890,968	(152,169)	152,169	-	5,234,299
Lease liabilities	1,219,715	-	(1,093,188)	98,384	1,752,966	1,977,877
Non-trade payable to a director	324,902	-	(324,902)	-	-	-

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with 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. Significant 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 (“\$”) 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.

Interpretations and amendments to published standards effective in 2022

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

Effective for annual periods beginning on or after 1 January 2022:

Amendments to:

- Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)

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

2.2 Revenue recognition

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

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

(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 2022

2. Significant accounting policies (cont'd)

2.2 Revenue recognition (cont'd)

(b) 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2. Significant accounting policies (cont'd)

2.4 Group accounting (cont'd)

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

(ii) *Acquisitions (cont'd)*

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 as the Restructuring Exercise as described in Note 1.2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of the subsidiary corporations for the financial years presented rather than from the completion of the Restructuring Exercise. Accordingly, the results of the Group include the results of the subsidiary corporations for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidary relationships were not established.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant 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)*

- 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (cont'd)

2.5 Property, plant and equipment (cont'd)

(b) Depreciation

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

	Useful lives
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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (cont'd)

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.

2 Significant 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 of cash and cash equivalents, trade and other receivables, and unlisted debt securities.

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 2022

2 Significant 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".

2 Significant 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 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 a contract 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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (cont'd)

2.13 Leases (cont'd)

(b) *When the Group is the lessor:*

The Group leases office spaces and investment properties 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 2022

2 Significant 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 Significant accounting policies (cont'd)

2.20 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

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 receivable as at 31 December 2022 and 2021 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 2022 and 2021 as the default rate is assessed to be nil and there is no customer in financial difficulties during both financial years.

4. Revenue

Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of services over time. Revenue is attributed to different type of customers.

	Group	
	2022	2021
	\$	\$
Public sector	43,995,100	43,960,456
Private sector	15,910,317	9,869,259
	59,905,417	53,829,715

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5. Other income

	Group	
	2022	2021
	\$	\$
Government grants:		
- Absentee Payroll Funding ⁽¹⁾	107,624	120,984
- Enterprise Development Grant ⁽²⁾	-	8,110
- SkillsFuture Enterprise Credit ⁽³⁾	-	10,000
	107,624	139,094
Rental income from investment properties ⁽⁴⁾	-	52,350
Gain on disposal of financial assets, at FVPL	-	16,032
Gain on disposal of property, plant and equipment	51,819	11,289
Gain on disposal of investment properties	-	3,283
Gain on derecognition of leased assets	383	-
Insurance claims	86,763	160,295
Interest income	11,656	1,533
Short term leases of property, plant and equipment	30,757	114,988
Others	104,517	87,743
	393,519	586,607

⁽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 SkillsFuture Enterprise Credit (“SFEC”) encourages employers to invest in enterprise transformation and capabilities of their employees.

⁽⁴⁾ The Group had disposed the investment properties during the financial year ended 31 December 2021.

6. Employee benefits

	Group	
	2022	2021
	\$	\$
Salaries and wages	27,293,196	27,978,645
Other short-term benefits	3,578,034	4,244,992
Employer’s contribution to defined contribution plans including The Central Provident Fund	2,166,250	2,569,794
	33,037,480	34,793,431

Key management’s remuneration is disclosed in Note 25(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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	
	2022	2021
	\$	\$
Jobs Support Scheme ⁽¹⁾	–	1,838,116
Special Employment Credit ⁽²⁾	832,094	1,120,682
Wage Credit Scheme ⁽³⁾	478,606	554,768
Jobs Growth Incentive ⁽⁴⁾	163,599	1,174,225
Senior Workers Early Adopter Grants and Part-Time Re-employment Grant ⁽⁵⁾	375,000	–
Quarantine Order Allowance ⁽⁶⁾	86,400	–
Other grants	88,908	43,226
	2,024,607	4,731,017

⁽¹⁾ The Jobs Support Scheme (“**JSS**”) is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

⁽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 2022 (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 2022

7. Other expenses

	Group	
	2022	2021
	\$	\$
Foreign worker levies	3,642,692	3,220,226
Insurance	470,481	366,877
License fees	120,612	143,510
Property, plant and equipment written-off	3,166	196
Professional fees	263,772	149,006
Lease expense – short term leases and low-value assets (Note 15(d))	76,946	84,313
Repair and maintenance	273,346	391,534
Software charges	63,606	93,969
Staff welfare	239,770	177,624
Travelling and transportation	259,109	212,742
Utilities	200,146	177,989
Staff recruitment	65,417	89,780
Commission to real estate agents	32,487	46,150
Initial Public Offer (IPO) listing expenses	775,635	–
Independent directors' fee	80,000	–
Sponsorship fee	51,000	–
Listing and compliance costs	75,558	–
Others	233,128	228,438
	6,926,871	5,382,354

8. Finance expense

	Group	
	2022	2021
	\$	\$
Interest expenses:		
- Term loan	172,850	64,964
- Lease liabilities (Note 15(c))	60,570	98,402
- Trade receivables factoring	44,587	152,169
- Others	118	507
	278,125	316,042

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9. Income taxes

	Group	
	2022	2021
	\$	\$
Tax expense/ (credit) attributable to profit is made up of:		
- Current income tax – Singapore	170,242	122,505
- Deferred income tax (Note 21)	153,081	(68,440)
	323,323	54,065
(Over)/ under provision in prior financial years:		
- Current income tax – Singapore	(2,040)	9,971
- Deferred income tax (Note 21)	(4,162)	9,781
	(6,202)	19,752
	317,121	73,817

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	
	2022	2021
	\$	\$
Profit before income tax	953,213	2,209,946
Tax calculated at tax rate of 17% (2021: 17%)	162,046	375,691
Effects of:		
- income not subject to tax	(1,562)	(318,290)
- expenses not deductible for tax purposes	178,452	32,577
- tax exemption	(19,016)	(17,425)
- tax incentives	–	(5,066)
- (over)/under provision of tax in prior financial years	(6,202)	19,752
- others	3,403	(13,422)
	317,121	73,817

10. Earnings per share

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.

	2022	2021
Net profit attributable to equity holders of the Company (\$)	669,391	2,136,129
Weighted average number of ordinary shares outstanding for basic earnings per share	181,046,575	157,250,000
Basic earnings per share (cents)	0.37	1.36

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11. Cash and bank balances

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash at bank and cash on hand	4,672,892	3,095,315	4,227,445	7,194
Short-term bank deposits	2,900,000	-	-	-
	7,572,892	3,095,315	4,227,445	7,194

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

12. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade receivables				
- Non-related parties	16,430,347	19,376,590	-	-
Non-trade receivables:				
- Non-related parties	126,926	242,325	-	-
- Subsidiary corporations	-	-	128,347	-
	126,926	242,325	128,347	-
Less: Loss allowance - Non-related parties (Note 26(b)(iii))	(95,940)	(95,940)	-	-
Non-trade receivables - Net	30,986	146,385	128,347	-
Deposits	256,252	207,537	-	-
Goods and services tax receivables	880	43,680	-	43,680
Government grant receivables	612,457	1,514,286	9,315	-
Prepayments	605,602	328,838	12,653	-
Deferred IPO expenses	-	624,000	-	624,000
	17,936,524	22,241,316	150,315	667,680

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12. Trade and other receivables (cont'd)

The Group has factored certain trade receivables in exchange for cash and is prevented from selling or pledging these receivables under the factoring arrangement. However, the Group has retained the late payment and credit risk. The Group therefore continues to recognise the factored receivables in their entirety in the consolidated statement of financial position. The amount repayable under the factoring agreement is presented as borrowings (Note 20). The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost. As at 31 December 2022, there are no trade receivables subject to factoring arrangement (2021: \$9,410,807).

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 \$376,154 as at 31 December 2022 (2021: \$596,872) 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 year.
- (b) Productivity Solutions Grant of \$236,303 as at 31 December 2022 (2021: \$299,188), that are used to support equipment investment to enhance business processes and support the growth and transformation by strengthening the business foundations.
- (c) As at 31 December 2021, the Group expected to receive \$618,226 from the Job Growth Incentive that were used to support employers to expand local hiring during the financial year which were received during the financial year ended 31 December 2022.

13. Investments in subsidiary corporations

	Company	
	2022	2021
	\$	\$
<u>Equity investments at cost</u>		
Beginning of financial year	104	–
Additions	165,520	104
End of financial year	165,624	104

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

13. Investment in subsidiary corporations (cont'd)

The Group has the following subsidiary corporations as at 31 December 2022 and 2021:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares directly held by the Company		Proportion of ordinary shares held by the Group	
			2022	2021	2022	2021
<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)(b)}	Facilities management for buildings and offices	Singapore	100%	100%	100%	100%
Urban Cobots Pte. Ltd. ^{(a)(c)}	Design, manufacture and repair of machinery and equipment in relation to the cleaning industry	Singapore	70%	–	70%	–
Clean Envirotech Pte. Ltd. ^(d)	Services in digitalisation and system integration solutions to environmental services industry.	Singapore	100%	–	100%	–

(a) Audited by CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation).

(b) The subsidiary corporation was incorporated on 8 July 2021 and its first financial period covers from 8 July 2021 to 31 December 2022.

(c) The subsidiary corporation was incorporated on 22 March 2022 and its first financial period covers from 22 March 2022 to 31 December 2022.

(d) The subsidiary corporation was incorporated on 1 December 2022 and its first financial period covers from 1 December 2022 to 31 December 2023.

As at 31 December 2022, the carrying amount of non-controlling interests of \$37,681 related to Urban Cobots Pte. Ltd. which is immaterial, accordingly no disclosure of the summarised financial information are made.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14. Property, plant and equipment

	Leasehold buildings \$	Furniture and fittings \$	Motor vehicles \$	Office equipment \$	Renovation \$	Tools and machinery \$	Other equipment \$	Total \$
Group								
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

- (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 2022 were leasehold buildings, motor vehicles, office equipment and other equipment acquired under lease arrangements amounting to \$1,181,071 (2021: \$1,752,966) (Note 15(f)).
- (c) Property, plant and equipment of the Group with aggregate carrying amounts of \$2,075,053 as at 31 December 2022 (2021: \$3,042,759) are pledged as collateral for lease liabilities and term loan of the Group of \$307,325 and \$1,283,655 respectively (2021: \$554,467 and \$1,876,398) (Note 20(a)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools and machinery	Other equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Group								
2021								
Cost								
Beginning of financial year	3,461,978	77,505	1,972,641	533,730	98,953	1,823,785	183,235	8,151,827
Additions	1,267,312	4,545	106,561	333,389	102,581	116,311	260,295	2,190,994
Effect of lease termination	(688,573)	-	-	-	-	-	(109,934)	(798,507)
Disposal/write-off	-	-	(118,198)	(4,929)	-	(1,060)	-	(124,187)
End of financial year	4,040,717	82,050	1,961,004	862,190	201,534	1,939,036	333,596	9,420,127
Accumulated depreciation								
Beginning of financial year	612,296	32,097	1,183,160	228,564	32,450	981,841	117,828	3,188,236
Depreciation charge	676,373	15,588	299,969	134,819	27,398	297,426	106,076	1,557,649
Effect of lease termination	(688,573)	-	-	-	-	-	(109,934)	(798,507)
Disposal/write-off	-	-	(106,572)	(3,627)	-	(798)	-	(110,997)
End of financial year	600,096	47,685	1,376,557	359,756	59,848	1,278,469	113,970	3,836,381
Net book value								
End of financial year	3,440,621	34,365	584,447	502,434	141,686	660,567	219,626	5,583,746

Company

	2022	2021
	\$	\$
Office equipment		
Cost		
Beginning of financial year	5,423	-
Additions	2,329	5,423
End of financial year	7,752	5,423
Accumulated depreciation		
Beginning of financial year	994	-
Depreciation charge	1,319	994
End of financial year	2,313	994
Net book value		
End of financial year	5,439	4,429

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 noncancellable. 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 option. Most of the extension options are exercisable by the Group and not by the lessor

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	
	2022	2021
	\$	\$
Leasehold buildings	937,152	911,354
Motor vehicles	191,953	368,426
Office equipment	146,820	225,542
Tools & machinery	93,866	145,067
Other equipment	203,071	219,626
	1,572,862	1,870,015

(b) Depreciation charge during the financial year

	Group	
	2022	2021
	\$	\$
Leasehold buildings	1,009,632	623,273
Motor vehicles	176,473	214,119
Office equipment	78,721	65,203
Tools & machinery	51,200	51,200
Other equipment	136,864	106,076
	1,452,890	1,059,871

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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

- (c) Interest expense

	Group	
	2022	2021
	\$	\$
Interest expense on lease liabilities (Note 8)	60,570	98,402

- (d) Lease expense not capitalised in lease liabilities

	Group	
	2022	2021
	\$	\$
Lease expense – short term leases and low-value assets (Note 7)	76,946	84,313

- (e) Total cash outflow for all leases in the financial year ended 31 December 2022 was \$1,616,943 (2021 \$1,177,501).

- (f) Additions of ROU assets in the financial year ended 31 December 2022 were \$1,181,072 (2021: \$1,752,966) (Note 14(b)).

16. Commitments

The Group has 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	
	2022	2021
	\$	\$
Not later than one year	13,500	13,500

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17. Investment properties

	Group	
	2022	2021
	\$	\$
<u>Cost</u>		
Beginning of financial year	-	1,182,013
Disposals	-	(1,182,013)
End of financial year	-	-
<u>Accumulated depreciation</u>		
Beginning of financial year	-	236,401
Charge for the financial year	-	32,834
Disposals	-	(269,235)
End of financial year	-	-
<u>Carrying amount</u>		
End of financial year	-	-
Fair value of investment properties	-	-

The following amounts are recognised in profit and loss:

	Group	
	2022	2021
	\$	\$
Rental income (Note 5)	-	52,350
Direct operating expenses arising from:		
- Investment properties that generate rental income	-	(28,214)

The Group had disposed the below investment properties during the financial year:

Location	Description/existing use	Tenure
1 Sunview Road #02-14 Eco-Tech @ Sunview Singapore 627615	A leasehold unit of approximately 242 square metres	30 years lease from 25 January 2013
1 Sunview Road #02-15 Eco-Tech @ Sunview Singapore 627615	A leasehold unit of approximately 242 square metres	30 years lease from 25 January 2013

During the financial year ended 31 December 2021, pursuant to two separate sale and purchase agreements dated 12 October 2021 respectively, the Group's subsidiary corporation, LS 2 Services Pte Ltd sold the above two investment properties to THK Capital Pte. Ltd. for a total consideration of \$916,061. The consideration for the disposal was based on carrying amount of the investment properties as at 30 June 2021 which were higher than the latest fair values of the investment properties determined by an external independent and qualified valuer using the sales comparison approach undertaken on 28 May 2021.

The consideration was fully settled in cash by THK Capital Pte. Ltd. on the completion of such disposal on 23 November 2021. The Group recognised a gain on disposal of investment properties of \$3,283 during the financial year ended 31 December 2021 (Note 5).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18. Financial assets, at FVPL

	Group	
	2022	2021
	\$	\$
Beginning of financial year	-	767,756
Disposal	-	(767,756)
End of financial year	-	-

During the financial year ended 31 December 2021, pursuant to a Directors' resolution passed on 12 October 2021, the Group's subsidiary corporation, LS 2 Services Pte Ltd, agreed to transfer two life insurance policies to Mr. Tan Hoo Kiat for a total consideration of \$783,788.

The consideration for the transfer was based on the surrender values of the Keyman Policies as at 30 September 2021, which are objective figures provided by the respective insurers to the Company. A cumulative gain on disposal of \$16,032 was recognised in the profit or loss for the financial year (Note 5). The consideration was fully settled in cash by Mr. Tan Hoo Kiat on the completion of such transfer on 30 December 2021.

19. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade payables - Non-related parties	5,028,210	2,719,244	-	-
Non-trade payables				
- Subsidiary corporation	-	-	-	682,680
- Non-related parties	28,731	25,131	24,410	-
	28,731	25,131	24,410	682,680
Accrued expenses	3,551,977	4,459,932	217,797	20,379
Goods and services tax payables	725,386	893,012	18,282	-
Retention payable	16,000	140,667	-	-
	9,350,304	8,237,986	260,489	703,059

Non-trade payables to subsidiary corporation are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. Borrowings

	Group	
	2022	2021
	\$	\$
<i>Current</i>		
Trade receivables factoring	–	5,234,299
Term loan (secured)	874,958	139,102
Lease liabilities	1,143,098	1,075,449
	2,018,056	6,448,850
<i>Non-current</i>		
Term loan (secured)	3,408,698	4,737,296
Lease liabilities	510,707	902,428
	3,919,405	5,639,724
Total borrowings	5,937,461	12,088,574

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	
	2022	2021
	\$	\$
6 months or less	68,159	67,895
6 to 12 months	68,159	71,207
2 to 5 years	545,270	756,563
Over 5 years	602,067	980,733
	1,283,655	1,876,398

(a) Security granted

(i) Lease liabilities

Secured lease liabilities amounting to \$307,325 (2021: \$554,467) are secured over motor vehicles of the Group (Note 14(c)) and personal guarantee from a director of subsidiary corporation, LS 2 Services Pte Ltd.

(ii) Term loan

- Properties term loan amounting to \$1,283,655 (2021: \$1,876,398) are secured over leasehold buildings of the Group (Note 14(c)) and a corporate guarantee from the Company.
- Temporary bridge loan of \$3,000,000 (2021: \$3,000,000) is secured by a corporate guarantee from the Company.

(iii) Trade receivables factoring

As at 31 December 2021, trade receivables factoring amounted to \$5,234,299 were secured over certain trade receivables (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20. Borrowings (cont'd)

(b) Fair value of non-current borrowings

	Group	
	2022	2021
	\$	\$
Term loan (secured)	3,759,670	5,250,627

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	
	2022	2021
Term loan (secured)	3.25% - 4.70%	2.25% - 4.88%

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

21. Deferred income taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current 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 2022 and 2021.

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Representing:				
<i>Non-current</i>				
Deferred tax assets	54,373	-	36,129	-
Deferred tax liabilities	262,178	58,886	-	-

The movements in the deferred tax account are as follows:

Deferred income tax assets

	Unutilised tax losses	Others	Total
	\$	\$	\$
Group			
2022			
Beginning of financial year	-	-	-
Tax credited to profit or loss (Note 9)	43,926	10,447	54,373
End of financial year	43,926	10,447	54,373
Company			
2022			
Beginning of financial year	-	-	-
Tax credited to profit or loss	30,911	5,218	36,129
End of financial year	30,911	5,218	36,129

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21. Deferred income taxes (cont'd)

The movements in the deferred tax account are as follows: (cont'd)

Deferred income tax liabilities

	Accelerated tax depreciation	
	2022	2021
	\$	\$
Group		
2022		
Beginning of financial year	58,886	117,545
Tax charged/(credited) to profit or loss (Note 9)	203,292	(58,659)
End of financial year	<u>262,178</u>	<u>58,886</u>

22. Share capital

	Group		Company	
	No. of ordinary shares	Amount \$	No. of ordinary shares	Amount \$
2022				
Beginning of financial year	157,250,000	1	157,250,000	1
Issuance of new shares ⁽²⁾	27,750,000	5,550,000	27,750,000	5,550,000
Share issuance expenses ⁽³⁾	-	(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>
2021				
Beginning of financial year	3,000,002	3,000,002	1	1
Sub-division of shares pursuant to the restructuring exercise ⁽¹⁾	157,249,999	-	157,249,999	-
- Restructuring exercise	(3,000,001)	(3,000,001)	-	-
End of financial year	<u>157,250,000</u>	<u>1</u>	<u>157,250,000</u>	<u>1</u>

⁽¹⁾ On 10 September 2021, the Share Split was effected and each of the Company's shares were sub-divided into 157,250,000 shares. Pursuant to the Share Split, the issued and paid-up share capital of the Company remained at \$1, comprising 157,250,000 Shares.

⁽²⁾ 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.

⁽³⁾ 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 2022

23. Dividends

	Group	
	2022	2021
	\$	\$
<u>Ordinary dividends</u>		
First interim dividend of \$0.33 per share paid in respect of the financial year ended 31 December 2021	-	1,000,000
Second interim dividend of \$1.50 per share paid in respect of the financial year ended 31 December 2021	-	4,500,000
	-	5,500,000

The above dividends were declared and paid by the subsidiary corporation, LS 2 Services Pte Ltd during the financial year ended 31 December 2021.

24. Merger reserve

	Group	
	2022	2021
	\$	\$
Beginning of financial year	3,000,001	-
Net difference between consideration paid and the share capital of the subsidiary corporations under common control	-	3,000,001
End of financial year	3,000,001	3,000,001

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

25. 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	
	2022	2021
	\$	\$
(a) Purchase of services		
- Project management fees ⁽¹⁾	-	82,857
- Training session ⁽²⁾	90,962	19,402
(b) Sale of investment properties (Note 17)	-	916,061
(c) Sale of financial assets, at FVPL (Note 18)	-	783,788

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

25. Related party transactions (cont'd)

- (1) News Environmental Pte. Ltd. ("NEWS"), an associate company of Mr. Roger Tan had provided project management services to the Group. The Group's subsidiary corporation, LS 2 Services Pte Ltd enter into back-to-back agreements with project management firms for the management of projects. Pursuant to the terms of the agreements with project management firms that the Group engages (including but not limited to NEWS), the Group agrees to pay the project management firms an agreed amount ("Total Contract Sum") which comprises the amounts payable to our workers and vendors in connection with the project ("Project Costs") plus a fixed agreed amount ("Management Fees"). Notwithstanding this, the Project Costs are recoverable from the project management firm and the amount the Group actually pays to the project management firm comprises only the Management Fees. NEWS ceased to be a related party to the Group on 11 March 2021 following disposal of his entire shareholding interests in NEWS by Mr. Tan Hoo Kiat.
- (2) 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.
- (d) The remuneration of the Group's executive directors and other members of key management during the respective financial years are as follows:

	Group	
	2022	2021
	\$	\$
Salaries and bonuses	1,528,423	834,679
Employer's contribution to The Central Provident Fund	104,685	64,419
	1,633,108	899,098
Comprised of amounts paid to:		
- Executive directors	1,026,020	546,705
- Other key management personnel	607,088	352,393
	1,633,108	899,098

26. 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 2022

26. 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 2022 and 2021 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 balance sheet.

The Group assesses concentration of credit risk by monitoring the individual profile of its trade receivables on an ongoing basis. At 31 December 2022, the Group has concentrated credit risk on 3 debtors and (2021: 1 debtor) 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	
	2022	2021
	\$	\$
Public sector	12,659,683	16,782,445
Private sector	3,770,664	2,594,145
	16,430,347	19,376,590

(i) Impairment 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(i) Impairment of trade receivables (cont'd)

Trade receivables from public sector are generally of good reputations and payment records, therefore are assessed to have low credit risk and no credit loss allowances are required. The Group categorises a receivable under private sector to be doubtful when a debtor fails to make contractual payments greater than 60 days and assesses the 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 2022 and 2021 and no bad debts were written-off during the financial years ended 31 December 2022 and 2021.

The Group's credit risk exposure in relation to trade receivables from customers as at 31 December 2022 and 2021 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	
	\$	\$	\$	\$	\$	\$
2022	6,512,335	4,405,804	2,158,450	379,838	2,973,920	16,430,347
2021	5,946,260	4,660,260	2,612,408	2,405,619	3,752,043	19,376,590

(ii) Cash and bank balances

As at 31 December 2022, the Group and the Company held cash and bank balances of \$7,572,892 and \$4,227,445 (2021: \$3,095,315 and \$7,194) 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 2022 the Group has net non-trade receivables from non-related parties amounting to \$30,986 (2021: \$146,385). For non-trade receivables, the Group has applied 12-month ECL to measure the loss allowance. The counterparties generally have a low risk of default and do not have any past-due amounts, accordingly no credit loss allowances are required during the financial year. As at 31 December 2021, a loss allowance amounting to \$95,940 was recognised in profit or loss during the financial year.

The Company held non-trade receivables from its subsidiary corporations amounting to \$128,347 (2021: Nil). 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.

(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 balance sheet date, assets held by the Group for managing liquidity risk included the cash at bank as disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

The table below analyses non-derivative financial liabilities of the Group and the Company based on remaining period from the balance sheet 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			
2022			
Trade and other payables	8,624,918	-	-
Borrowings	2,189,286	3,571,944	713,287
2021			
Trade and other payables	7,344,974	-	-
Borrowings	6,679,940	5,050,577	1,135,988
Company			
2022			
Trade and other payables	242,207	-	-
2021			
Trade and other payables	703,059	-	-

(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 2022, a subsidiary corporation of the Company is required to maintain (i) leverage ratio of not more than 2.25 times (2021: 2.25 times); (ii) debt service coverage ratio of not less than 1.25 times (2021: 1.25 times); and (iii) net worth of not less than \$5,000,000 (2021: \$5,000,000) at all times.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2022 and 2021.

(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 20(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

26. Financial risk management (cont'd)

(f) Financial instruments by category

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

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Financial assets, at amortised cost	24,290,477	22,825,827	4,355,792	7,194
Financial liabilities, at amortised cost	14,562,379	19,433,548	242,207	703,059

27. 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" 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 2022 and 2021 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) Machinery

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

(iii) Others

Others relate to ad-hoc services, investment activities and provision of treasury and administrative services.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

27. Segment information (cont'd)

(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 \$	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	(31,270,005)	(34,266)	(1,733,209)	(33,037,480)
Depreciation of property, plant and equipment	(1,989,817)	(13,037)	(203,774)	(2,206,628)
Other expenses	(5,257,361)	(52,995)	(1,616,515)	(6,926,871)
Finance costs	(58,875)	–	(219,250)	(278,125)
Segment profit/(loss) before income tax	4,434,942	(100,298)	(3,381,431)	953,213
Income tax expense				(317,121)
Net profit				636,092
Segment assets	23,687,193	161,636	8,298,656	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
2021				
Revenue	53,184,858	–	644,857	53,829,715
Other income	431,354	–	155,253	586,607
Other loss	–	–	(95,940)	(95,940)
Purchases and related costs	(9,466,891)	–	(561,235)	(10,028,126)
Employee benefits	(33,766,094)	–	(1,027,337)	(34,793,431)
Depreciation of property, plant and equipment	(1,301,356)	–	(256,293)	(1,557,649)
Depreciation of investment properties	–	–	(32,834)	(32,834)
Other expenses	(4,906,721)	–	(475,633)	(5,382,354)
Finance expense	(178,152)	–	(137,890)	(316,042)
Segment profit/(loss) before income tax	3,996,998	–	(1,787,052)	2,209,946
Income tax expense				(73,817)
Net profit				2,136,129
Segment assets	21,494,929	–	9,425,448	30,920,377
Addition to:				
- Property, plant and equipment	1,587,594	–	603,400	2,190,994
Segment liabilities	15,145,576	–	5,402,159	20,547,735

b) Revenue from major services

Revenue from external customers is derived mainly from rendering of services as disclosed in Note 4. Revenue of \$14,409,920 (2021: \$20,339,312) was derived from single external customer. This revenue was attributable to provision various cleaning services under cleaning services segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

28. 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 2023 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 2023)

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). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

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

Amendments to SFRS(I) 1-12 Income Taxes:

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

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 2022

29. Events occurring after reporting date

On 3 March 2023, the Company had subscribed for additional 49,999 new ordinary shares at \$1 per share in the share capital of its wholly-owned subsidiary corporation, LS2 Facilities Pte. Ltd., for a total consideration of \$49,999 (the "Subscription"). Following the Subscription, the total issued and paid-up share capital of the aforementioned subsidiary corporation has increased from \$1 to \$50,000.

The above event is not expected to have a material effect to the Group for the financial year ending 31 December 2023.

30. 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 3 April 2023.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

Issued and fully paid up capital	:	\$5,550,001
Number of Shares (excluding treasury shares and 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 Shareholding	No. of shareholders* ¹	%	No. of Shares	%
1 - 99	–	–	–	–
100 - 1,000	9	5.5%	5,200	#
1,001 - 10,000	47	28.8%	357,000	0.19%
10,001 - 1,000,000	101	62.0%	5,885,600	3.19%
1,000,001 AND ABOVE	6	3.7%	178,752,200	96.62%
TOTAL	163	100.0%	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	%
1.	Tan Hoo Kiat	120,250,000	65%	–	–
2.	Ong Khong Weng, Alvin	37,000,000	20%	–	–

STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

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.	IFAST FINANCIAL PTE LTD	10,539,300	5.70%
4.	HSBC (SINGAPORE) NOMINEES PTE LTD	4,068,400	2.20%
5.	CHIA SIANG YONG	3,490,200	1.89%
6.	DBS NOMINEES PTE LTD	3,404,300	1.84%
7.	TIGER BROKERS (SINGAPORE) PTE. LTD.	396,100	0.21%
8.	MAYBANK SECURITIES PTE. LTD.	342,800	0.19%
9.	PHILLIP SECURITIES PTE LTD	268,700	0.15%
10.	LIM AND TAN SECURITIES PTE LTD	250,100	0.14%
11.	DENG YOUPING	225,000	0.12%
12.	SENG SI HUI	200,000	0.11%
13.	TAY THIAM HUAT	200,000	0.11%
14.	TAN BENG HUAT	160,000	0.09%
15.	PEH BENG YONG	150,000	0.08%
16.	LING HEA INN	140,000	0.08%
17.	KGI SECURITIES (SINGAPORE) PTE. LTD	127,300	0.07%
18.	UOB KAY HIAN PTE LTD	123,700	0.07%
19.	KOH CHOO TONG	100,000	0.05%
20.	KOH HONG KWAN	100,000	0.05%
		181,535,900	98.13%

PERCENTAGE OF SHAREHOLDINGS HELD BY PUBLIC

Based on the information available to the Company as at 31 March 2023, 15% of the total issued ordinary shares of the Company are held by public and therefore, Rule 723 of Catalyst 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 via electronic means on Friday, 28 April 2023 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 2022 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. Ong Khong Weng, Alvin **(Resolution 2)**
 - (b) Mr. Chua Ser Miang **(Resolution 3)**

Mr. Ong Khong Weng, Alvin will, upon re-election as a Director, remain as the Chief Executive Officer and Executive Director.

Mr. Chua Ser Miang will, upon re-election as an Independent Non-Executive Director, remain as Chairman of the Nominating Committee and member of the Remuneration 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 2023, to be paid half yearly in arrears. **(Resolution 4)**
4. To re-appoint Messrs. CLA Global TS Public Accounting Corporation (formerly known as Nexia 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)

By Order of the Board

Tan Hoo Kiat
Executive Chairman and Executive Director

Singapore, 10 April 2023

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.

Notes:

General

- Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time), the AGM will be held by way of electronic means and members WILL NOT be allowed to attend the AGM in person.
- There will be no despatch of printed copies and this Notice of AGM together with the proxy form and 2022 annual report are made available to members on 10 April 2023 via publication on the Company's website at <https://www.ls2.sg/investor-pages-announcements> and the SGXNet at the following URL: <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements are instead put in place to allow members/proxies to participate in the AGM by:
 - watching or listening to the AGM proceedings via a Live Webcast (as defined below). Members/proxies who wish to participate as such will have to pre-register in the matter outlined in Notes 4 to 8 below;
 - submitting questions ahead of or "live" at the AGM. Please refer to the Notes 9 to 13 below for further details; and
 - voting (i) "live" by the members or by their duly appointed proxy(ies) (other than the Chairman of the AGM) or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. Please refer to Notes 14 to 22 below for further details.

Participation in AGM proceedings via "live webcast"

- A member of the Company, their proxy(ies) or their corporate representative (in the case of a member which is a legal entity) will be able to listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer or listen to the proceedings through a "live" audio feed via telephone ("**Live Webcast**"). In order to do so, the member/proxy(ies) must pre-register by 5.00 p.m. on 25 April 2023 ("**Registration Cut-Off Time**"), at the following URL: <http://www.conveneagm.sg/LS2> (the "**Pre-registration Website**"), to create an account.
- It is important that you provide your email address in your registration form. Following authentication of his/her/its status as a member of the Company, such member will receive an email on authentication status containing login credentials to access the Live Webcast of the AGM proceedings using the account created.

NOTICE OF ANNUAL GENERAL MEETING

6. Members/proxies who have pre-registered by the Registration Cut-Off Time in accordance with paragraph (4) above but do not receive an email response by 12.00 p.m. on 27 April 2023 may contact the Company or its Share Registrar for assistance at the following address: ir@LS2.sg or srs.teamc@boardroomlimited.com respectively, with the following details included:
 - (a) the member's/proxy's full name;
 - (b) his/her/its identification/company registration number; and
 - (c) the manner in which the shares are held (eg. Via the Central Depositor (Pte) Limited ("CDP"), Central Provident Fund ("CPF") Investment Scheme, or Supplementary Retirement Scheme ("SRS"))
7. Non-CPF/SRS holders whose shares are registered under Depository Agents ("DAs") must also contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.
8. Corporate shareholders must also submit the Corporate Representative Certificate to Share Registrar in the following manner:
 - (a) via the Pre-registration Website at the URL: <http://www.conveneagm.sg/LS2>; or
 - (b) by sending a scanned PDF copy by email to: srs.teamc@boardroomlimited.com or ir@LS2.sg.

in addition to the registration procedures as set out in paragraph (4) above, by the Registration Cut-Off Time, for verification purposes.

Submission of questions prior to the AGM

9. Members (including CPF and SRS Investors) may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's business and operations prior to the AGM.
10. To do so, all questions must be submitted no later than 4.00 p.m. on 17 April 2023 through any of the following means:
 - (a) via the Pre-Registration Website at the URL: <http://www.conveneagm.sg/LS2>; or
 - (b) in physical copy by depositing the same at the registered office of the Company's by depositing a hard copy by post at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (c) by email to the Company at ir@LS2.sg.

If the questions are deposited in physical copy at the registered office of the Company's share registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/company registration number for verification purposes, failing which the submission will be treated as invalid.

11. The Company will address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company's business and operations by publishing its responses to such questions, if any, on the Company's corporate website at the following URL: <https://www.ls2.sg/investor-pages-announcements> and is made available on SGXNet at the following URL <https://www.sgx.com/securities/company-announcements> at least forty-eight (48) hours prior to the deadline for submission of Proxy Forms. Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions prior to the AGM through publication on SGXNet, or at the AGM.

Submission of questions "live" at the AGM

12. Members (including CPF and SRS Investors) may submit textual questions "live" at the AGM in the following manner:
 - (a) Members (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) who have pre-registered and are verified to attend the AGM can ask questions relating to the ordinary resolutions tabled for approval at the AGM "live" at the AGM, by typing in and submitting their questions through the "live" ask-question function via the webcast platform during the AGM.
 - (b) Members who wish to appoint proxy(ies) (other than the Chairman of the AGM) to ask questions "live" at the AGM on their behalf must, in addition to completing and submitting a Proxy Form, ensure that their proxy(ies) pre-register separately via the registration link that will be sent to the appointed proxy(ies) via email upon verification of the Proxy Form(s).
 - (c) Members (including CPF and SRS Investors) or, where applicable, their appointed proxy(ies) must access the AGM proceedings via the "live" webcast platform in order to ask questions "live" at the AGM.
13. The Company will, during the AGM itself, address the substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM). Where there are substantially similar questions, the Company will consolidate such questions; consequently, not all questions may be individually addressed.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Proxy Form, or voting “live” at the AGM

14. Members who wish to exercise their voting rights at the AGM may:
- (a) (where such members are individuals) vote “live” via electronic means at the AGM; or
 - (b) (where such members are individuals or corporates) appoint a proxy(ies)(other than the Chairman of the AGM)* to vote “live” via electronic means at the AGM on their behalf; or
- *For avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (ie. persons other than the Chairman of the AGM) to vote “live” at the AGM on their behalf.
- (c) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.

A proxy need not be a member of the Company.

15. A member of the Company who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint one or two proxies to attend and vote in his/her stead. Where a member who is not a relevant intermediary appoints two proxies, the appointments shall be valid unless he/she specifies the proportion of his/her shareholdings (expressed as a percentage of the whole) to be represented by each proxy.
16. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

“**Relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, 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, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, 1953 of Singapore (the “**CPF Act**”), in respect of shares purchased under the subsidiary legislation made under the CPF 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.
17. Subject to Note (21) below, completion and return of Proxy Form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
18. The completed and signed Proxy Form must be submitted to the Company in the following manner:
- (a) via the pre-registration website at the URL: <http://www.conveneagm.sg/LS2>; or
 - (b) by depositing a hard copy by post at the registered office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (c) by sending a scanned PDF copy by email to: srs.teamc@boardroomlimited.com or ir@LS2.sg.

in either case, no later than 4:00 p.m. on 25 April 2023 (“Proxy Deadline”), being at least seventy-two (72) hours before the time appointed for the AGM.

19. A member who wishes to submit a Proxy Form must first download, complete, and sign the Proxy Form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.
20. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under seal or under the hand of an officer or attorney duly authorised.
21. Investor who holds shares under the CPF Investment Scheme and/or the SRS (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (ie. 19 April 2023 at 4:00 p.m.)

NOTICE OF ANNUAL GENERAL MEETING

22. The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) such as in the case where the appointor submits more than one Proxy Form). In addition, in the case of Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at least seventy-two (72) hours before the time appointed for holding the AGM, as certified by the Central Depository (Pte) Limited to the Company.

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) completing the Pre-registration for the Live Webcast or Live Audio Feed in accordance with this Notice, or (c) submitting any question 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. Lay Shi Wei - 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. The Annual General Meeting ("AGM" or "Meeting") is being convened by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. A member will not be able to attend the AGM in person. Alternative arrangements relating to the attendance of the AGM through electronic means, as well as conduct of the AGM and relevant guidance with full details are set out in the Notice of AGM dated 10 April 2023 which has been uploaded on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> on the same day. The announcement and the Notice of Annual General Meeting can also be assessed at the Company's corporate website <https://www.ls2.sg/investor-pages-announcements>. **Printed copies of this Proxy Form and the Notice will not be sent to members.**
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") and wishes to vote should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the AGM as their proxy, at least seven (7) working days before the AGM (ie. 19 April 2023 at 4.00 p.m.)
4. **This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.**

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 by way of electronic means on Friday, 28 April 2023 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 2022			
2	Re-election of Mr. Ong Khong Weng, Alvin as a Director			
3	Re-election of Mr. Chua Ser Miang as a Director			
4	Approval of Directors' fees of up to S\$100,000 for the financial year ending 31 December 2023, 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			

* 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 _____ 2023

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature of Member(s)
or, Common Seal of Corporate Shareholder

*Delete where in applicable

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS FORM



NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Members will not be able to attend the AGM in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:
 - (a) (where such members are individuals) vote "live" via electronic means at the AGM; or
 - (b) (where such members are individuals or corporates) appoint a proxy(ies)(other than the Chairman of the AGM)* to vote "live" via electronic means at the AGM on their behalf; or
*For avoidance of doubt, CPF and SRS investors will not be able to appoint third party proxy(ies) (ie. persons other than the Chairman of the AGM) to vote "live" at the AGM on their behalf.
 - (c) (where the member is an individual or corporate) appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment for that resolution will be treated as invalid.
3. A proxy need not be a member of the Company.
4. A member of the Company who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint one or two proxies to attend and vote in his/her stead.
5. Where a member who not a relevant intermediary appoints two proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be presented by each proxy.
6. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, 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, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, 1953 of Singapore (the "**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under the CPF 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.
7. Subject to Note (10) below, completion and return of Proxy Form shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Live Webcast of the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.
 8. The completed and signed Proxy Form must be submitted to the Company in the following manner:
 - (a) via the pre-registration website at the URL: <http://www.conveneagm.sg/LS2>; or
 - (b) by depositing a hard copy by post at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (c) by sending a scanned PDF copy by email to: <http://www.conveneagm.sg/LS2> or email to ir@LS2.sg.

in either case, no later than 4:00 p.m. on 25 April 2023 ("Proxy Deadline"), being at least seventy-two (72) hours before the time appointed for the AGM.

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

9. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under seal or under the hand of an officer or attorney duly authorised.
10. Investor who holds shares under the CPF Investment Scheme and/or the SRS (as may be applicable) and wishes to appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the AGM (ie. 19 April 2023 at 4:00 p.m.).

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 10 April 2023.

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