

A One-Stop Integrated Environmental Services Provider



With more than 20 years of established track record, LS 2 Holdings is a home-grown integrated environmental services provider, which specialises in providing a full suite of cleaning services. We seek to continuously strengthen our market position by strategically investing in both our technology and people to drive efficiency and promote sustainability. We believe in adopting innovative solutions in the provision of our services to enhance productivity and deliver consistent and quality cleaning outcomes to our customers. Our long-standing relationships with many of our customers, ranging from private to public sector customers, is testament to our commitment to service excellence.



LS 2 HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 18 June 2020)
(Company Registration Number: 202016972G)

Placement in respect of 27,750,000 Placement Shares at S\$0.20 each by way of placement, payable in full on application.

OFFER DOCUMENT DATED 15 FEBRUARY 2022

(Registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore ("Authority") on 15 February 2022)

This document is important. Before making any investment in the securities being offered, you should consider the information provided in this document carefully, and consider whether you understand what is described in this document. You should also consider whether an investment in the securities being offered is suitable for you, taking into account your investment objectives and risk appetite. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s). You are responsible for your own investment choices.

RHT Capital Pte. Ltd. ("RHT Capital" or the "Issue Manager and Full Sponsor") has made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in, and for the listing and quotation of, all the ordinary shares ("Shares") in the capital of LS 2 Holdings Limited ("Company") already issued, the new shares ("Placement Shares") which are the subject of this Placement (as defined herein), the new Shares which may be allotted and issued from time to time upon the exercise of the options to be granted under the LS 2 Share Option Scheme (as defined herein) ("Option Shares") and the new Shares which may be allotted and issued upon the vesting of share awards granted under the LS 2 Performance Share Plan ("Award Shares") on Catalist (as defined herein). Acceptance of applications for the Placement Shares will be conditional upon the issue of the Placement Shares and the listing and quotation of all our existing issued Shares, the Placement Shares, the Option Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us, the Issue Manager and Full Sponsor and/or the Placement Agent. The dealing in, and quotation of, our Shares, the Placement Shares, the Option Shares and the Award Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of Shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Placement is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Issue Manager and Full Sponsor confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules (as defined herein). Neither the Authority nor the SGX-ST has, in any way, considered the merits of our Shares, the Placement Shares, the Option Shares or the Award Shares, as the case maybe, being offered for investment.

The registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority does not imply that the Securities and Futures Act 2001 of Singapore, or any other legal or regulatory requirements, or requirements under the Catalist Rules, have been complied with.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED IN THE SECTION ENTITLED "RISK FACTORS" OF THIS OFFER DOCUMENT. IN PARTICULAR, YOU SHOULD NOTE THAT WE MAY NOT CONTINUE TO RECEIVE GOVERNMENT GRANTS WHICH MAY RESULT IN HIGHER OPERATING COSTS. OUR EXPENSES ARE PARTIALLY DEFRAYED BY VARIOUS GOVERNMENT SUPPORT SCHEMES. IN THE EVENT THAT ANY OF THE SUPPORT SCHEMES ARE NOT EXTENDED OR REDUCED, IF WE CEASE MEETING THE CRITERIA FOR SUCH SCHEMES, OR IF WE DO NOT RECEIVE ALTERNATIVE GRANTS THAT OFFSET THE LOSS OF THE SUBSIDIES PROVIDED BY SUCH SCHEMES, OUR BUSINESS, FINANCIAL CONDITION, AND RESULTS OF OPERATIONS MAY BE MATERIALLY AND ADVERSELY AFFECTED, WE WOULD HAVE BEEN LOSS MAKING DURING THE PERIOD UNDER REVIEW AND WE MAY CONTINUE TO BE LOSS MAKING FOLLOWING THE LISTING.

Issue Manager and Full Sponsor



RHT CAPITAL PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201109968H)

Placement Agent



SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201726618K)

Key Investment Highlights

An experienced and competent management team with young and qualified personnel

A large and well-trained workforce of around 2,000, comprising 75.0% Singapore citizens and permanent residents

A strong customer base with major customers from government agencies and town councils accounting for more than 80.0% of revenue

An early adopter of innovative cleaning solutions with strategic investment in new equipment and technology

A consistent recipient of multiple awards and certifications attesting to our skilled workforce and quality cleaning standards

Cleaning Services

Conservancy

Cleaning and maintenance of common areas within public housing estates to customers comprising town councils

Facilities Cleaning

Cleaning of commercial properties such as shopping centres, sports complexes, industrial buildings, office premises and Changi Airport

Housekeeping

Cleaning of commercial accommodations comprising student hostels and workers dormitories

Road and Beach Cleaning

Cleaning of specific beach zones and roads around such beach zones

School Cleaning

Cleaning of both indoor and outdoor areas within school grounds of both public and private education institutions, including kindergartens

Pandemic Disinfection

Listed by NEA as a company which can carry out disinfection works of areas exposed or potentially exposed to confirmed cases of COVID-19

Façade Cleaning

Cleaning and maintenance of both internal and external facades of buildings

F&B

Cleaning of common areas at F&B establishments such as hawker centres

Pest Control and Waste Management

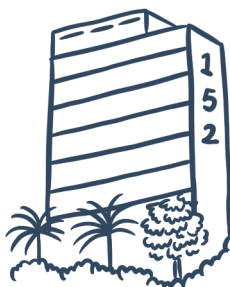
Our pest control services comprise rubbish chute cleaning and fogging, and our waste management services comprise the collection of inorganic and recyclable waste for commercial and industrial premises



Portfolio of Projects

Conservancy services

10 projects in 8 out of 17 town councils across Singapore



Facilities cleaning

36 projects of offices, shopping centres, sports complexes, industrial buildings and Changi Airport



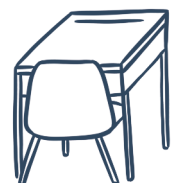
Housekeeping services

5 projects of commercial accommodation comprising student hostels and workers' dormitories



School cleaning

More than 120 schools and institutions from all levels, ranging from kindergartens to universities



Awards, Accreditations and Certifications

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 Licence

2016 Clean Mark Gold Award

2017 ISO 14001:2015

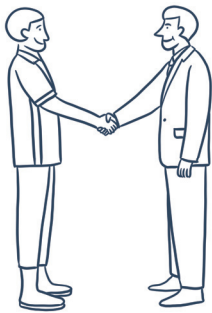
2018 FM03 L1 & FM04 L1 BCA

2019 ISO 22301:2012

2021 Plaque of Commendation Award (NTUC Central Committee)

SkillsFuture Employer Awards

Competitive Strengths

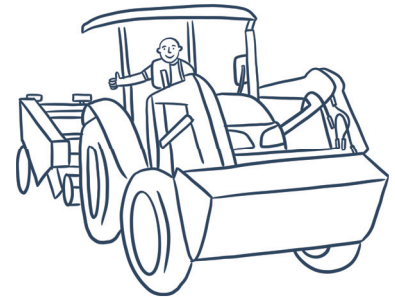


A qualified and competent management team that possesses extensive experience, technical expertise, and business relationships with industry players in the environmental services sector. Executive Chairman, Roger Tan and CEO, Alvin Ong having over 21 years and 18 years of relevant experience respectively, together with an experienced and dedicated team



Invested in efficiency and productivity-enhancing equipment and technology, and adopting innovative solutions to deliver consistent and quality cleaning outcomes to customers, including:

- In-house mobile applications
- Autonomous cleaning robots
- Smart compactor bins
- IoT technology
- E-Learning platform



An established brand name with a track record of more than 20 years and long-standing relationships with many of our customers, many of whom have engaged us on a recurring basis such as Sport Singapore and Singapore Management University



A large workforce of well-trained and operationally ready workers of about 2,000, who are upskilled to enhance their technological know-how, enabling them to be more efficient and productive



An integrated environmental services provider, together with an established network of subcontractors, to deliver integrated cleaning solutions and services to customers, giving us a competitive edge to better position our Group to undertake more complex projects

Business Strategies and Future Plans

Strengthen our market position in Singapore by collaborating with property developers and asset managers, expanding and upskilling workers, tendering for higher margin projects and diversifying our customer base

Expand the scope of our service offerings to directly provide a full range of environmental services, including horticultural services, road cleaning services and deepen our waste management services. We aim to achieve this by training workers and making **strategic acquisitions or joint venture partnerships** with parties who have a strong track record in complementary businesses

Continue to stay ahead of the curve **by investing in equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes**

Prospects

Increasing demand for environmental services in Singapore, driven by economic sophistication, urbanisation, and population growth¹

Increasing adoption of outcome-based agreements as increasing manpower to meet service demand is not sustainable given Singapore's manpower constraints.² In line with customers' requirements, our Group is well-equipped to deploy more technology and equipment to comply with the outcome-based approach

The Singapore government is driving efforts to **digitalise the environmental services industry**.³ Our Group has invested in equipment and technology and is well-placed to compete in an increasingly digitalised environmental services industry

¹ Infocomm Media Development Authority, "Environmental Services Industry Digital Plan", dated 22 April 2021

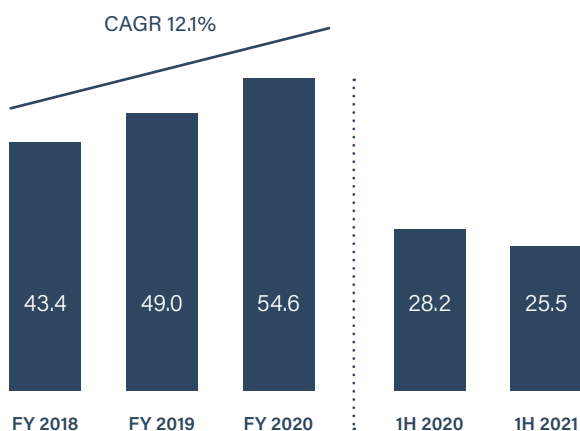
² National Environment Agency, "Outcome-based Contracting (OBC)"

³ Infocomm Media Development Authority, "Environmental Services Industry Digital Plan Refreshed to Include New Digital Solutions and Pest Management Sub-sector", dated 22 April 2021

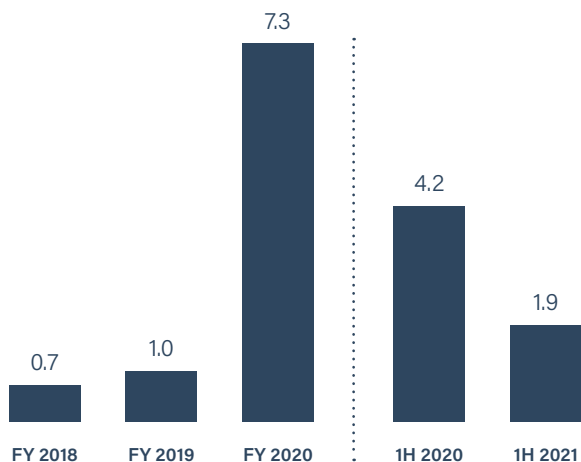
Financial Highlights

FYE 31 December

Revenue S\$'million



Net Profit S\$'million



ORDER BOOK

As at the Latest Practicable Date, we have approximately S\$57.6 million of contracts secured in respect of our cleaning business. The contracts may span more than one financial year.

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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr. Tan Hoo Kiat Mr. Ong Khong Weng, Alvin Mr. Tan Siang Leng Mr. Ng Hong Whee Mr. Chua Ser Miang	<i>(Executive Chairman and Executive Director)</i> <i>(Chief Executive Officer and Executive Director)</i> <i>(Lead Independent Director)</i> <i>(Independent Director)</i> <i>(Independent Director)</i>
COMPANY SECRETARY	:	Mr. Tan Wee Sin (ACIS)	
REGISTERED OFFICE	:	1 Bukit Batok Crescent #04-11 WCEGA Plaza Singapore 658064	
ISSUE MANAGER AND FULL SPONSOR	:	RHT CAPITAL PTE. LTD. 6 Raffles Quay #24-02 Singapore 048580	
PLACEMENT AGENT	:	SOOCHOW CSSD CAPITAL MARKETS (ASIA) PTE. LTD. 80 Raffles Place #43-01 UOB Plaza 1 Singapore 048624	
INDEPENDENT AUDITOR AND REPORTING ACCOUNTANT	:	NEXIA TS PUBLIC ACCOUNTING CORPORATION 80 Robinson Road #25-00 Singapore 068898	Director-in-charge: Ms. Meriana Ang Mei Ling (a practising member of the Institute of Singapore Chartered Accountants)
SOLICITORS TO THE PLACEMENT AND LEGAL ADVISERS TO OUR COMPANY ON SINGAPORE LAW	:	BIRD & BIRD ATMD LLP 2 Shenton Way #18-01 SGX Centre 1 Singapore 068804	
SHARE REGISTRAR	:	BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD. 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632	
RECEIVING BANKER	:	THE BANK OF EAST ASIA, SINGAPORE BRANCH 60 Robinson Road BEA Building Singapore 068892	

DEFINITIONS

In this Offer Document and the accompanying Application Form, the following definitions apply where the context so admits:

Group Companies

“Company” : LS 2 Holdings Limited. The terms “we”, “our”, “our Company” or “us” have correlative meanings

“Group” : Our Company and our Subsidiaries as at the date of this Offer Document

Subsidiaries

“LS 2 Services” : LS 2 Services Pte Ltd

“LS 2 Facilities” : LS 2 Facilities Pte. Ltd.

“LS 2 Management” : LS 2 Management Pte. Ltd.

Other Corporations and Agencies

“ACRA” : Accounting and Corporate Regulatory Authority of Singapore

“Authority” : Monetary Authority of Singapore

“BATU” : Building Construction and Timber Industries Employees’ Union

“BCA” : Building and Construction Authority, Singapore

“CDP” : Central Depository (Pte) Limited

“CPF” : Central Provident Fund

“Independent Auditor and Reporting Accountant” : Nexia TS Public Accounting Corporation

“Issue Manager and Full Sponsor”, “Sponsor”, “Issue Manager” or “RHT Capital” : RHT Capital Pte. Ltd.

“ITE” : Institute of Technical Education

“MOE” : Ministry of Education, Singapore

“MOM” : Ministry of Manpower, Singapore

“NEA” : National Environment Agency, Singapore

“NTUC” : National Trade Union Congress

“Placement Agent” or “SCCM” : Soochow CSSD Capital Markets (Asia) Pte. Ltd.

“SGX-ST” : Singapore Exchange Securities Trading Limited

“Share Registrar” : Boardroom Corporate & Advisory Services Pte. Ltd.

“WSG” : Workforce Singapore

“WSQ” : Singapore Workforce Skills Qualifications

DEFINITIONS

General

- "1H"* : The six (6)-month financial period ended 30 June
- "Application Form"* : The printed application form to be used for the purpose of the Placement and which forms part of this Offer Document
- "Application List"* : The list of applications for the subscription of the Placement Shares
- "Associate"* : (a) In relation to any director, CEO, substantial shareholder or controlling shareholder (being an individual), means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
- (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- "associated company"* : In relation to a corporation, means:
- (a) Any corporation in which the corporation or its subsidiary has, or the corporation and its subsidiary together have, a direct interest of not less than 20.0% but not more than 50.0% of the aggregate of the nominal amount of all the voting shares; or
 - (b) any corporation, other than a subsidiary of the corporation or a corporation which is an associated company by virtue of paragraph (a), the policies of which the corporation or its subsidiary, or the corporation together with its subsidiary, is able to control or influence materially
- "Audit Committee"* : The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
- "Award"* : An award of Shares granted under the LS 2 PSP
- "Award Shares"* : The Shares which may be allotted and issued and/or transferred upon the vesting of Awards granted under the LS 2 PSP
- "Board" or "Board of Directors"* : The board of directors of our Company as at the date of this Offer Document, unless otherwise stated
- "business trust"* : Has the same meaning as in Section 2 of the Business Trusts Act 2004 of Singapore
- "Catalist"* : Catalist Board of the SGX-ST

DEFINITIONS

<i>“Catalist Rules”</i>	:	The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
<i>“CEO”</i>	:	Chief Executive Officer
<i>“Circuit Breaker Measures”</i>	:	The measures instituted by the Singapore Government to stem the spread of COVID-19 in the community from 21 April 2020 to 1 June 2020
<i>“Companies Act” or “Act”</i>	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
<i>“Constitution”</i>	:	The constitution of our Company, as amended or modified from time to time
<i>“Controlling Shareholder”</i>	:	As defined in the Catalist Rules: (a) a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) a person who in fact exercises control over our Company
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“DRC”</i>	:	Dependency ratio ceiling, being the maximum permitted ratio of foreign workers to the total workforce that a company in the stipulated sector is allowed to hire
<i>“Eco-Tech Properties”</i>	:	The properties located at (i) 1 Sunview Road #02-14 Eco-Tech@Sunview Singapore 627615 and (ii) 1 Sunview Road #02-15 Eco-Tech@Sunview Singapore 627615
<i>“EDG”</i>	:	Enterprise Development Grant, details of which are set out in the section entitled “Government Regulations” of this Offer Document
<i>“EFMA”</i>	:	Employment of Foreign Manpower Act 1990 of Singapore, as amended, modified or supplemented from time to time
<i>“EPS”</i>	:	Earnings per Share
<i>“ESOS Participants”</i>	:	Participants eligible under the LS 2 ESOS
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document, unless otherwise stated
<i>“FY”</i>	:	Financial year ended or ending 31 December, as the case may be
<i>“F&B”</i>	:	Food and beverage
<i>“GST”</i>	:	Goods and services tax
<i>“Independent Directors”</i>	:	The non-executive independent directors of our Company as at the date of this Offer Document, unless otherwise stated

DEFINITIONS

<i>“JSS”</i>	:	Jobs Support Scheme, details of which are set out in the section entitled “Government Regulations” of this Offer Document
<i>“Latest Practicable Date”</i>	:	17 December 2021, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“LS 2 ESOS”</i>	:	The employee share option scheme of our Company known as the “LS 2 Employee Share Option Scheme”, as described in the section entitled “LS 2 Employee Share Option Scheme” of this Offer Document
<i>“LS 2 PSP”</i>	:	The performance share plan of our Company known as the “LS 2 Performance Share Plan”, as described in the section entitled “LS 2 Performance Share Plan” of this Offer Document
<i>“Management and Sponsorship Agreement”</i>	:	The management and sponsorship agreement dated 15 February 2022 entered into between our Company and RHT Capital in connection with the Placement and the Listing, details of which are set out in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Document”</i>	:	This offer document dated 15 February 2022 issued by our Company in respect of the Placement
<i>“Option Shares”</i>	:	The Shares which may be allotted and issued and/or transferred upon the exercise of the Options granted pursuant to the LS 2 ESOS
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period which comprises FY2018, FY2019, FY2020 and 1H2021
<i>“Placement”</i>	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Placement Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Price”</i>	:	S\$0.20 for each Placement Share
<i>“Placement Shares”</i>	:	The 27,750,000 new Shares which are the subject of the Placement
<i>“Placement Agreement”</i>	:	The placement agreement dated 15 February 2022 entered into between our Company and Soochow CSSD Capital Markets (Asia) Pte. Ltd., details of which are set out in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document

DEFINITIONS

<i>“PSG”</i>	:	Productivity Solutions Grant, details of which are set out in the section entitled “Government Regulations” of this Offer Document
<i>“PSP Participants”</i>	:	Participants eligible under the LS 2 PSP
<i>“PWM”</i>	:	Progressive Wage Model, a model developed by a tripartite committee consisting of unions, employers and the Singapore Government, which helps to uplift low-wage workers in the cleaning, security and landscape sectors
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Placement, as described in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“Service Agreement(s)”</i>	:	The service agreement(s) entered into between our Company and each of (i) Mr. Roger Tan; and (ii) Mr. Alvin Ong as described in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document
<i>“Settlement Date”</i>	:	The date on, and time at which the Placement Shares are issued as settlement under the Placement
<i>“SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore, as amended, modified or supplemented from time to time
<i>“SFRS(I)”</i>	:	Singapore Financial Reporting Standards (International)
<i>“SGXNET”</i>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<i>“Share Split”</i>	:	The sub-division of one (1) Share in the issued share capital of our Company into 157,250,000 Shares
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company
<i>“Stop Order”</i>	:	A stop order that may be issued by the Authority under Section 242 of the SFA, details of which are set out in the section entitled “Details of the Placement” of this Offer Document
<i>“Substantial Shareholder”</i>	:	A person who has an interest in our Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in our Company
<i>“Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers

DEFINITIONS

“WCS” : Wage Credit Scheme, details of which are set out in the section entitled “Government Regulations” of this Offer Document

“WICA” : Work Injury Compensation Act 2019 of Singapore, as amended, modified or supplemented from time to time

“WSHA” : Workplace Safety and Health Act 2006 of Singapore, as amended, modified or supplemented from time to time

Name used in this Offer Document : **Name in National Registration Identity Card / Passport**

Mr. Roger Tan : Tan Hoo Kiat

Mr. Alvin Ong : Ong Khong Weng, Alvin

Mr. Joseph Mah : Mah Kok Hing (Ma Guoxing Joseph)

Ms. Ziilia Seah : Ziilia Seah Rui Zi

Ms. Susan Lee : Lee Sun Sun Susan

Currencies, Units and Others

“S\$” and “cents” : Singapore dollars and cents, respectively, the lawful currency of Singapore

“m” : Metre

“sq m” : Square metre

“%” : Percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**entity**” shall have the same meaning ascribed to it in Section 2 of the SFA, while the terms “**related corporation**” and “**related entity**” shall have the same meanings ascribed to them respectively in Paragraph 1 of the Fourth Schedule of the SFR.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Form to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document and the Application Form shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document and the Application Form to Shares being allotted to an applicant includes allotment to GDP for the account of that applicant.

Any reference to a time of day in this Offer Document and the Application Form shall be a reference to Singapore time, unless otherwise stated.

DEFINITIONS

Any reference to “we”, “us”, “our”, “ourselves” or other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

Any references in this Offer Document to Appendix or Appendices are references to an appendix or appendices respectively of this Offer Document.

Any discrepancies in the tables included herein between the total sum of amounts listed and the totals shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The information on our website or any website directly or indirectly linking to such websites does not form part of this Offer Document and should not be relied on.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides an explanation and description of certain technical terms and abbreviations used in this Offer Document. The terms and abbreviations and their assigned meanings may not correspond to standard industry meanings or common meanings or usage, as the case may be, of these terms.

Boom lift	:	Mobile elevating work platform comprising a grounded base and manoeuvrable arm attached to a work platform, including telescopic booms, with boom sections that extend telescopically, articulating booms, with multiple boom sections that hinge, scissor lifts, with a stacked lifting mechanism of crossed tubes that work in a scissor-like fashion
Conservancy services	:	Conservancy and cleaning works
Autonomous cleaning robot	:	Self-propelled, autonomously navigating cleaning robots
IoT	:	Internet of things. Network of physical objects that are embedded with sensors, software, and other technologies for the purpose of connecting and exchanging data with other devices and systems over the internet
Mechanical road sweeper	:	Motorised vehicle with a rotating cylindrical broom, which flicks dirt and debris onto a conveyor moving it into a hopper for collection
Mobile elevated work platform	:	Powered access work platform for personnel, tools and equipment to complete tasks at heights
Ride on scrubber	:	Powered floor scrubbing machine operated by an on-board user
Smart compactor bin	:	Solar-powered IoT waste receptacle which tracks in real-time the fullness of the receptacle, compacts the waste to create more storage and notifies designated users of when the receptacle needs to be emptied
Smart toilet system	:	A toilet maintenance system which enables remote monitoring of restrooms through IoT sensors including real-time people density counters and ammonia sensors, feedback systems and workforce management
Telescopic water fed equipment	:	Extendable cleaning tools comprising a brush and a pump system which dispenses water on demand
Vector control	:	Limiting or eradicating organisms that transmit diseases including mosquitoes, subterranean termites, rats, snakes, cockroaches and flies
Autonomous scrubber	:	Floor scrubbing machine with autonomous navigation functions
Workforce management system	:	A system for the tracking and scheduling of a workforce for deployment at multiple sites, with mobile reporting, maintenance tracking and monitoring of work progress to meet quality standards

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers, our employees or authorised persons acting on our behalf that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion plans and development plans; and
- (e) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be inaccurate.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in political, social, economic, business and financial conditions and stock or securities market conditions and the regulatory environment in Singapore and other countries in which we conduct our business or expect to conduct business;
- (b) changes in currency exchange or interest rates;
- (c) our inability to implement our business strategies and future plans;
- (d) our inability to realise our anticipated growth strategies and expected internal growth;
- (e) changes in the availability and prices of our services;
- (f) changes in customer preference;
- (g) changes in competitive conditions and our ability to compete under these conditions from time to time;
- (h) changes in our future capital needs and the availability of financing and capital to fund these needs;
- (i) the factors described under the section entitled “Risk Factors” of this Offer Document; and
- (j) other factors beyond our control.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in the “Risk Factors”, “Dividend Policy”, “General Information on Our Group” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” sections of this Offer Document. All forward-looking statements made by or attributable to us, the Issue Manager and Full Sponsor and the Placement Agent or persons acting on our, or the Issue Manager and Full Sponsor’s, and the Placement Agent’s behalf, contained in this Offer Document are expressly qualified in their entirety by such factors.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, we advise you not to place undue reliance on those statements which apply only as at the date of this Offer Document. Neither our Company, the Issue Manager and Full Sponsor, the Placement Agent nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements. These forward-looking statements are applicable only as at the date of this Offer Document.

The sections entitled “General Information on Our Group – Prospects” and “General Information on Our Group – Trend Information” of this Offer Document as well as other parts of this Offer Document may (to the extent applicable) contain data, information, financial analysis, forecasts, figures and statements (including market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications) which are forward-looking and based on certain assumptions and projections. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. Neither we, the Issue Manager and Full Sponsor, the Placement Agent, nor person(s) acting on our behalf have conducted an independent review or verified the accuracy or veracity of such data, information, financial analysis, forecasts, figures and statements, assumptions and projections (“**Experts’ Data**”). No representation is made by us, the Issue Manager and Full Sponsor, the Placement Agent or any person acting on our behalf in respect of any of the Experts’ Data and neither we, the Issue Manager and Full Sponsor nor the Placement Agent takes any responsibility for any of the Experts’ Data.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. Further, our Company, the Issue Manager and Full Sponsor and the Placement Agent disclaim any responsibility to update any of those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of (a) a false or misleading statement in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority which would have been required by Section 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged, and that is materially adverse from the point of view of an investor, we may, in consultation with the Issue Manager and Full Sponsor, and the Placement Agent, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

SINGAPORE

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory requirements of any jurisdiction, except for the lodgement and/or registration of this Offer Document in Singapore in order to permit a public offering of the Placement Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Placement Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Issue Manager and Full Sponsor and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Issue Manager and Full Sponsor or the Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

By accepting this Offer Document, you agree to be bound by the foregoing limitations. No part of this Offer Document may be (i) copied, photocopied or duplicated in any form by any means; or (ii) distributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose.

HONG KONG

The contents of this Offer Document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Placement. If you are in doubt about any of the contents of this Offer Document, you should obtain independent professional advice. This Offer Document has not been, and will not be, registered as a “prospectus” under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (“**C(WUMP)O**”), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”). No action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any documents issued in connection with it.

The Placement Shares have not been, may not be, and will not be, offered or sold in Hong Kong, or offered or directed for sale outside Hong Kong to any person in Hong Kong, by means of this Offer Document or any document other than: (i) to “professional investors” as defined in the SFO and any rules made thereunder (including, but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong) (“**Professional Investor Rules**”)); and/or (ii) in other circumstances which do not result in this Offer Document being a “prospectus” as defined in the C(WUMP)O, or which do not constitute an offer to the public within the meaning of that ordinance.

No person has issued or had in his/her/its possession, for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Placement Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Placement Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder (including but not limited to the Professional Investor Rules).

This Offer Document and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

The Placement is not an offer for sale to the public in Hong Kong and it is not our intention that the Placement Shares be offered for sale to the public in Hong Kong.

DETAILS OF THE PLACEMENT

LISTING ON CATALIST

The Issue Manager and Full Sponsor has applied to the SGX-ST for permission to deal in, and for the listing and quotation of all our existing issued Shares, the Placement Shares, the Option Shares and the Award Shares on Catalist. The dealing in, and quotation of, our existing issued Shares, the Placement Shares, the Option Shares and the Award Shares will be in Singapore dollars. Such permission will be granted when our Company has been admitted to Catalist. Our acceptance of applications for the Placement Shares will be conditional upon, *inter alia*, the issue of the Placement Shares and permission being granted by the SGX-ST to deal in, and for the listing and quotation of, all our existing issued Shares, the Placement Shares, the Option Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the completion of the Placement does not occur because the said permission is not granted or for any reason, or if the admission, listing and trading of all our Shares do not proceed for any reason, and you will not have any claims whatsoever against us, the Issue Manager and Full Sponsor, the Placement Agent or our or their advisers or agents. No Shares will be allotted and issued and/or allocated on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

The Placement is made in or accompanied by this Offer Document that has been lodged with and registered by the SGX-ST acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Issue Manager and Full Sponsor confirming that our Company is suitable to be listed on Catalist and complies with the Catalist Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of our existing issued Shares, the Placement Shares, the Option Shares and the Award Shares being offered or in respect of which an invitation is made, for investment.

A copy of this Offer Document has been lodged with and registered by the SGX-ST acting as agent on behalf of the Authority. Registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority, does not imply that the SFA or any other legal or regulatory requirements or requirements under the Catalist Rules, have been complied with. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Offer Document. Admission to Catalist is not to be taken as an indication of the merits of the Placement, our Company, our Subsidiaries, our existing issued Shares, the Placement Shares, the Option Shares and the Award Shares.

After the expiration of six (6) months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

We are subject to the provisions of the SFA, the SFR and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Placement, we become aware of:

- (a) a false or misleading statement in this Offer Document;

DETAILS OF THE PLACEMENT

- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA or the Catalist Rules; or
- (c) a new circumstance that has arisen since this Offer Document was lodged with the SGX- ST acting as agent on behalf of the Authority which would have been required by Section 243 of the SFA to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may, in consultation with the Issue Manager and Full Sponsor, and the Placement Agent, lodge a supplementary or replacement offer document pursuant to Section 241 of the SFA.

In the event that a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued to the applicants, we shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return to the applicants all monies the applicants have paid on account of their applications for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Placement Shares have been issued to the applicants, we shall either:
 - (i) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document, as the case may be, to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the Placement Shares which they do not wish to retain title in; or

DETAILS OF THE PLACEMENT

- (iii) treat the issue of the Placement Shares as void, in which case the issue shall be deemed void and we shall:
 - (A) if documents purporting to evidence title to the Placement Shares (“**Title Documents**”) have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, inform the applicants to return the Title Documents to us within 14 days from that date, and within seven (7) days from the date of receipt of the Title Documents or the date of lodgement of the supplementary or replacement offer document, whichever is the later, return to the applicants all monies paid by them for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants’ own risk; or
 - (B) if no Title Documents have been issued to the applicants, within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return to the applicants all monies paid by them for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants’ own risk,

and the applicants shall not have any claims whatsoever against us, our Directors, the Issue Manager and Full Sponsor, the Placement Agent or our or their advisers or agents.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, return to him all monies paid by him on account of his application for the Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicants’ own risk. The applicants shall not have any claims whatsoever against us, our Directors, the Issue Manager and Full Sponsor, the Placement Agent or our or their advisers or agents.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares, to us, whereupon we shall, subject to compliance with applicable laws and our Constitution, within seven (7) days from the receipt of such notification and documents, if any, return to him all monies paid by him for those Placement Shares, without interest or any share of revenue or other benefit arising therefrom and at the applicant’s own risk, and the issue of those Placement Shares shall be deemed to be void, and the applicant shall not have any claims whatsoever against us, our Directors, the Issue Manager and Full Sponsor, the Placement Agent or our or their advisers or agents.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (“**Stop Order**”) to our Company, directing that no or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority’s opinion, is false or misleading, (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority’s opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Placement Shares have been made prior to the Stop Order, then:

- (a) where the Placement Shares have not been allotted and issued to the applicants, the applications for the Placement Shares pursuant to the Placement shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, return the applicants all monies the applicants have paid on account of their applications for the Placement Shares; or

DETAILS OF THE PLACEMENT

- (b) where the Placement Shares have been allotted and issued to the applicants, the allotment and issue of the Placement Shares pursuant to the Placement shall be deemed to be void and our Company shall:
- (i) if Title Documents have been issued to the applicants, within seven (7) days from the date of the Stop Order, inform the applicants to return such documents to us within 14 days from that date, and within seven (7) days from the date of receipt of the Title Documents or the date of the Stop Order, whichever is the later, return to the applicants all monies paid by them for the Placement Shares; or
 - (ii) if no such documents have been issued to the applicants, within seven (7) days from the date of the Stop Order, return to the applicants all monies paid by them for the Placement Shares.

Where monies are to be returned to applicants for the Placement Shares, it shall be paid to the applicants without any interest or share of revenue or benefit arising therefrom and at the applicants' own risk, and the applicants will not have any claim against our Company, our Directors, the Issue Manager and Full Sponsor or the Placement Agent, or our or their advisers or agents.

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

No representation, warranty or covenant, expressed or implied, is made by us or the Issue Manager and Full Sponsor, the Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein, and nothing contained in this Offer Document is, or shall, to the extent permitted by law, be relied upon as a promise, representation or covenant by us, the Issue Manager and Full Sponsor, the Placement Agent or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

Neither our Company, our Directors, the Issue Manager and Full Sponsor, the Placement Agent, nor any other parties involved in the Placement is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser regarding an investment in our Shares. The Placement Shares are offered for subscription solely on the basis of the information contained and the representations made in this Offer Document.

DETAILS OF THE PLACEMENT

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Placement and, if given or made, such information or representation must not be relied upon as having been authorised by us, our Directors, the Issue Manager and Full Sponsor or the Placement Agent. Neither the delivery of this Offer Document and the Application Form nor any document relating to the Placement shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will promptly make an announcement of the same to the SGX-ST and if required, a supplementary or replacement offer document will be issued and made available to the public after a copy thereof has been lodged with the SGX-ST acting as agent on behalf of the Authority. All applicants should take note of any such announcement, and/or supplementary or replacement offer document and, upon the release of such an announcement, and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company, or our subsidiaries.

This Offer Document has been prepared solely for the purpose of the Placement and may not be relied upon by any persons other than the applicants in connection with their application for the Placement Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Placement Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Notification under Section 309B of the SFA: The Shares are prescribed capital market products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Copies of this Offer Document and the Application Form may be obtained on request, subject to availability, during office hours from:

RHT CAPITAL PTE. LTD.
6 Raffles Quay
#24-02
Singapore 048580

**SOOCHOW CSSD CAPITAL MARKETS
(ASIA) PTE. LTD.**
80 Raffles Place
#43-01
UOB Plaza
Singapore 048624

An electronic copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

The Application List will open immediately upon the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority and will remain open until 12.00 noon on 21 February 2022 or for such further period or periods as our Directors may, in consultation with the Issue Manager and Full Sponsor and the Placement Agent, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary or replacement offer document is lodged with the SGX-ST acting as agent on behalf of the Authority, the Application List will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for applications to subscribe for the Placement Shares are set out in “Appendix I – Terms, Conditions and Procedures for Application and Acceptance” of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Placement and trading in our Shares is set out below for your reference:

Indicative Date and Time	Event
15 February 2022	Application List opens
21 February 2022, 12.00 noon	Close of Application List
24 February 2022, 9.00 a.m.	Commence trading on a “ready” basis
2 March 2022	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 21 February 2022, the date of admission of our Company to Catalist is 24 February 2022, the SGX-ST’s shareholding spread requirement will be complied with and the Placement Shares will be issued and fully paid-up prior to 24 February 2022. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may in its discretion decide, including the decision to permit commencement of trading on a “ready basis” and the commencement date of such trading.

In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the internet at the SGX-ST website <http://www.sgx.com>; and
- (b) in major English language newspaper(s) in Singapore.

We will provide details of the results of the Placement (including the level of subscription and the basis of allotment of the Placement Shares), as soon as practicable after the closure of the Application List through the channels described in (a) and (b) above.

Investors should consult the SGX-ST announcement of the “ready” trading date on the internet (at the SGX-ST website <http://www.sgx.com>) or newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from and should be read in conjunction with the full text of this Offer Document. As it is a summary, it does not contain all the information that potential Investors should consider before investing in the Shares of our Company. Potential Investors should read this entire Offer Document carefully, especially the matters set out in the “Risk Factors” section of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Company

Our Company was incorporated in Singapore as a private limited company under the Companies Act on 18 June 2020 under the name “LS 2 Pest Management Pte. Ltd.”. On 29 March 2021, to better reflect the nature of the business of our Company and in anticipation of the Restructuring Exercise, our Company changed its name to LS 2 Holdings Pte. Ltd.. On 25 November 2021, our Company was converted into a public company and our name was changed to “LS 2 Holdings Limited”. Following the completion of the Restructuring Exercise, as described in the section entitled “Restructuring Exercise” of this Offer Document, our Company became the holding company of our Group.

Our Business

We are a Singapore-based integrated environmental services provider, specialising in cleaning services. We are an established brand with a track record of more than 20 years. Our principal business is cleaning services, including conservancy services, facilities cleaning services, housekeeping services, school cleaning services, road and beach cleaning services, pandemic disinfection services, façade cleaning services and F&B cleaning services. In addition to the cleaning services that we specialise in, we also have an established network of subcontractors whom we work with to deliver integrated environmental services such as waste management services to our customers and who supplement our cleaning services where specialised licences, equipment and manpower are required. Our customers comprise entities from both the private and public sectors in Singapore and include town councils, facilities managers for commercial and private residential properties, public and private education institutions and private companies.

Further details are set out in the section entitled “General Information on Our Group – Business Overview” of this Offer Document.

Our Competitive Strengths

Our competitive strengths are as follows:

- We have a qualified, experienced and competent management team
- We are an established brand name with a track record of more than 20 years and have long-standing relationships with many of our customers
- We have a large workforce of well-trained and operationally ready workers
- We have invested and continue to invest in efficiency and productivity-enhancing equipment and technology
- We are an integrated environmental services provider

Further details are set out in the section entitled “General Information on Our Group – Competitive Strengths” of this Offer Document.

Our Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- Strengthen our market position in Singapore
- Expand the scope of our service offerings

OFFER DOCUMENT SUMMARY

- Engage in strategic acquisitions and joint venture partnerships
- Invest in equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes

Further details are set out in the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document.

FINANCIAL HIGHLIGHTS

You should read the following summary financial information in conjunction with the full text of this Offer Document, including the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020”, “Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021” and the “Independent Auditor’s Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2020” as set out in Appendix A, Appendix B and Appendix C, respectively, of this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document.

Selected items from the combined statements of comprehensive income

	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
	\$	\$	\$	\$	\$
Revenue	43,447,725	49,041,607	54,639,534	28,222,543	25,468,458
Other income	666,604	728,046	339,349	154,386	327,085
Expenses					
- Purchases and related costs	(9,395,648)	(9,940,407)	(10,818,306)	(6,270,863)	(4,338,819)
- Employee benefits	(27,977,692)	(31,600,353)	(30,649,476)	(15,313,091)	(15,866,277)
Direct operating costs	(37,373,340)	(41,540,760)	(41,467,782)	(21,583,954)	(20,205,096)
- Depreciation of property, plant and equipment	(552,437)	(986,170)	(1,403,451)	(693,206)	(729,936)
- Depreciation of investment properties	(44,353)	(54,260)	(39,400)	(19,700)	(19,700)
- Other expenses	(4,868,738)	(5,625,219)	(4,436,878)	(1,796,773)	(2,717,338)
- Finance costs	(331,789)	(365,830)	(390,652)	(203,048)	(133,714)
Total expenses	(43,170,657)	(48,572,239)	(47,738,163)	(24,296,681)	(23,805,784)
Profit before income tax	943,672	1,197,414	7,240,720	4,080,248	1,989,759
Income tax (expense)/credit	(237,494)	(209,055)	90,216	94,170	(111,010)
Total comprehensive income, representing net profit for the financial year	706,178	988,359	7,330,936	4,174,418	1,878,749
Total comprehensive profit/loss attributable to owners of the Company	706,178	988,359	7,330,936	4,174,418	1,878,749
Pre-Placement EPS (cents)¹	0.45	0.63	4.66	2.65	1.19
Post-Placement EPS (cents)²	0.38	0.53	3.96	2.26	1.02

Notes:

- (1) For comparative purposes, our pre-Placement EPS for the Period Under Review has been computed based on the profit for the year/period attributable to owners of the Company and our pre-Placement share capital of 157,250,000 Shares.
- (2) For comparative purposes, our post-Placement EPS for the Period Under Review has been computed based on the profit for the year/period attributable to owners of the Company and our post-Placement share capital of 185,000,000 Shares.

OFFER DOCUMENT SUMMARY

Selected items from the combined statements of financial position

(\$)	Audited as at 31 December 2020	Unaudited Pro Forma as at 31 December 2020	Unaudited as at 30 June 2021
Current assets	23,910,539	22,910,539	21,904,367
Non-current assets	6,676,959	6,676,959	7,390,043
Total assets	30,587,498	29,587,498	29,294,410
Current liabilities	13,912,211	18,412,211	15,984,382
Non-current liabilities	2,938,774	2,938,774	3,194,766
Total liabilities	16,850,985	21,350,985	19,179,148
Total equity attributable to owners of the Company	13,736,513	8,236,513	10,115,262
NAV per Share (cents) ⁽¹⁾	8.74	5.24	6.43

Note:

- (1) The NAV per Share as at 31 December 2020 and 30 June 2021 has been computed based on our pre-Placement share capital of 157,250,000 Shares.

Selected items from the consolidated statements of cash flows

(\$)	Audited			Unaudited	
	2018	2019	2020	Proforma 2020	1H2021
Net cash provided by/(used in) operating activities	2,038,743	(1,103,663)	10,919,221	10,919,221	2,589,956
Net cash used in investing activities	(463,747)	(2,628,768)	(346,620)	(346,620)	(444,764)
Net cash (used in)/provided by financing activities	(625,383)	3,865,381	(4,847,553)	(5,847,553)	(4,249,511)
Net increase in cash and bank balances	949,613	132,950	5,725,048	4,725,048	(2,104,319)
Cash and bank balances at the beginning of the financial year/period	492,068	1,441,681	1,574,631	1,574,631	7,299,679
Cash and bank balances at the end of the financial year/period	1,441,681	1,574,631	7,299,679	6,299,679	5,195,360

Where you can find us

Both our principal place of business and registered office are located at 1 Bukit Batok Crescent, #04-11, WCEGA Plaza, Singapore 658064. Our telephone and facsimile numbers are (65) 6281 1843 and (65) 6281 1805 respectively. Our email address is enquiry@LS2.sg. Our Company registration number is 202016972G. Our internet address is <https://www.LS2.sg>. **Information contained in our website does not constitute part of this Offer Document.**

THE PLACEMENT

- The Placement** : 27,750,000 Placement Shares by way of placement, subject to and on terms and conditions set out in this Offer Document.
- The Placement Shares will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares.
- Placement Price** : S\$0.20 for each Placement Share, payable in full on application.
- Purpose of the Placement** : Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and internationally and enable us to tap the capital markets to fund our business growth. The Placement will also provide members of the public, our employees, our business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company. In addition, the net proceeds from the issue of the Placement Shares will provide us with additional capital to fund our business and future plans. Please see the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for further details.
- Listing Status** : Prior to the Placement, there has been no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to admission of our Company to Catalist and permission for dealing in, and for quotation of, all of our Shares that are already issued, the Placement Shares, the Option Shares and the Award Shares being granted by the SGX-ST and a Stop Order not being issued.
- Risk Factors** : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
- Use of Proceeds** : Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

PLAN OF DISTRIBUTION

The Placement is for 27,750,000 Placement Shares offered in Singapore by way of placement.

Prior to the Placement, there has been no public market for our Shares. The Placement Price is determined by us in consultation with the Issue Manager and Full Sponsor and the Placement Agent after taking into consideration, among others, prevailing market conditions and estimated market demand for our Shares (including the Placement Shares) determined through a book-building process. The Placement Price is the same for all the Placement Shares and is payable in full on application.

Investors may apply to subscribe for the Placement Shares in lots of 1,000 Placement Shares or integral multiples thereof subject to a minimum of 1,000 Placement Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Placement Shares to be allotted and/or allocated to any single applicant and allot and/or allocate the Placement Shares above or under such prescribed limit as we shall deem fit.

Placement Shares

The Placement Shares are made available to retail and institutional investors in Singapore. Application for the Placement Shares may only be made by way of Application Form or such other forms of application as the Issue Manager and Full Sponsor and the Placement Agent deem appropriate. The terms, conditions and procedures for application and acceptance are described in "Appendix I – Terms, Conditions and Procedures for Application and Acceptance" of this Offer Document.

Pursuant to the Placement Agreement, the Placement Agent has agreed to use its best efforts to procure subscribers for, the Placement Shares at the Placement Price. The Placement Agent may, at its own expense, appoint one or more sub-placement agents for the Placement Shares.

Subscribers of Placement Shares may be required to pay a brokerage commission of up to 1.0% of the Placement Price (plus GST thereon, if applicable) to the Placement Agent or any sub-placement agent(s) that may be appointed by the Placement Agent.

Subscription for the Placement Shares

None of our Directors or Substantial Shareholders intends to subscribe for the Placement Shares in the Placement. If such person(s) and/or their respective Associates were to make an application for the Placement Shares and are subsequently allotted and issued such number of Placement Shares, we will make the necessary announcements in accordance with Rule 428 of the Catalist Rules.

To the best of our knowledge and belief, none of the members of our Company's management or employees intends to subscribe for 5.0% or more of the Placement Shares pursuant to the Placement.

To the best of our knowledge and belief, we are not aware of any person who intends to subscribe for 5.0% or more of the Placement Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate their interest to subscribe for 5.0% or more of the Placement Shares. If such person(s) were to make an application for 5.0% or more of the Placement Shares pursuant to the Placement and are subsequently allotted such number of Shares, we will make the necessary announcements at the appropriate time. The final allotment and/or allocation of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406(1) of the Catalist Rules.

No Shares shall be allotted and issued on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

No Introducers and Consultants

There are no introducers to the Placement and no consultants have been engaged by our Group to assist in: (i) any group restructuring exercise in conjunction with the Placement and our application for listing; or (ii) the issue of securities or securities-based derivatives contracts to investors during the period of 12 months prior to the date of lodgement of this Offer Document, for the purposes of facilitating the Placement and our application for listing.

SPONSORSHIP, MANAGEMENT AND PLACEMENT ARRANGEMENTS

Pursuant to the Management and Sponsorship Agreement, our Company appointed RHT Capital as the Issue Manager and Full Sponsor to sponsor and manage the Listing. RHT Capital will receive a management fee from our Company for such services rendered in connection with the Listing.

The Issue Manager and Full Sponsor may by notice in writing to our Company terminate the Management and Sponsorship Agreement on the occurrence of certain events, including the following:

- (a) at any time up to the time and date of the commencement of trading of our Shares on Catalist, a stop order shall have been issued by the Authority in accordance with the Securities and Futures Act;
- (b) at any time after registration of this Offer Document with the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Application List, the Issue Manager and Full Sponsor (i) becomes aware of any statement contained in this Offer Document or application forms relating hereto which in the reasonable opinion of the Issue Manager and Full Sponsor has become untrue, incorrect or misleading in any material respect; or (ii) circumstances or matters have arisen or have been discovered, which would have been required by Section 243 of the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged for registration, that is in the reasonable opinion of the Issue Manager and Full Sponsor, a material omission, and our Company fails to lodge a supplementary or replacement offer document (as the case may be) within a reasonable time after being notified of such a material misrepresentation or omission or fails to promptly take such steps as the Issue Manager and Full Sponsor may reasonably require to inform investors of the lodgement of such supplementary or replacement Offer Document (as the case may be);
- (c) our Company has not been admitted to Catalist or there is no listing or quotation for trading of the Placement Shares on Catalist on or before 28 February 2022 (or such other date as the Company and the Issue Manager and Full Sponsor may agree);
- (d) if there shall have been, since the date of the Management and Sponsorship Agreement and prior to 12:00 p.m. on the date of closing of the Application List:
 - (i) the Issue Manager and Full Sponsor becomes aware of any material breach by our Company and/or our agent(s) of any of the warranties, representations, covenants or undertakings given by our Company to the Issue Manager and Full Sponsor in the Management and Sponsorship Agreement; or
 - (ii) there shall have been, since the date of the Management and Sponsorship Agreement, any change or prospective change in or any introduction or prospective introduction of any legislation, regulation, policy, directive, guideline, rule or byelaw by any relevant government or regulatory body, whether or not having the force of law, or any other occurrence of similar nature that would make it impracticable, inadvisable or inexpedient to proceed with any of the transactions contemplated therein; or
 - (iii) there is a conflict of interest for the Issue Manager and Full Sponsor, or any dispute, conflict or disagreement with our Company or our Company wilfully fails to comply with any advice from or recommendation of the Issue Manager and Full Sponsor.

SPONSORSHIP, MANAGEMENT AND PLACEMENT ARRANGEMENTS

Pursuant to the Placement Agreement, our Company appointed SCCM as the Placement Agent to use its best efforts to procure subscribers for the Placement Shares for a placement commission of 3.0% of the Placement Price for each Placement Share, payable by our Company. The Placement Agent may, at its own expense, appoint one (1) or more sub-placement agents for the Placement Shares.

The Placement Agreement and the obligation of the Placement Agent under the Placement Agreement is conditional upon among others:

- (a) the Offer Document having been registered by the SGX-ST acting as agent on behalf of the Authority by the date on which the Offer Document shall be registered by the SGX-ST acting as agent on behalf of the Authority or such other date as our Company, the Issue Manager and Full Sponsor and the Placement Agent shall decide in accordance with the Catalist Rules and the SFA;
- (b) the registration notice being issued or granted by the SGX-ST acting as agent on behalf of the Authority and such registration notice not being revoked or withdrawn on or prior to the date of the closing of the Application List;
- (c) the compliance by our Company to the satisfaction of the SGX-ST and/or the Authority with all the conditions imposed by the SGX-ST and/or the Authority in relation to the admission and Placement, where such conditions are required to be complied with by the closing date of the Application List;
- (d) such approvals as may be required for the transactions described in the Placement Agreement and in the Offer Document being obtained, and not withdrawn or amended, on or before the date on which our Company is admitted to Catalist (or such other date as our Company and the Placement Agent may agree in writing) and the compliance in full, to the satisfaction of all the relevant authorities granting such approvals, of all conditions (if any) attaching or in relation thereto;
- (e) there having been, in the opinion of the Placement Agent, no material adverse change or any development likely to result in a material adverse change in the financial or other condition or prospects of our Group between the date of the Placement Agreement and the date of Listing nor the occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect, as at the date of Listing, any of the warranties or representations nor any breach by our Company of any of its obligations under the Placement Agreement; and
- (f) the compliance by our Company with all applicable laws and regulations concerning the Placement, the admission of our Company to Catalist and the listing of all the existing issued Shares, the Placement Shares, the Option Shares and the Award Shares on Catalist and the transactions contemplated in the Placement Agreement and the Offer Document and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the reasonable opinion of the Placement Agent, has or may have a material adverse effect on the Placement and the Listing.

Other than pursuant to the Placement Agreement, there are no contracts, agreements or understandings between our Company and any person or entity that would give rise to any claim for brokerage commission, finder's fees or other payments in connection with the subscription of the Placement Shares.

Other than the Management and Sponsorship Agreement and the Placement Agreement, and save as disclosed in the section entitled "Interested Person Transactions – Potential Conflicts of Interests – Interests of the Issue Manager and Full Sponsor, and the Placement Agent" this Offer Document, we do not have any material relationship with the Issue Manager and Full Sponsor of the Placement Agent.

PLACEMENT STATISTICS

PLACEMENT PRICE 20.00 cents

NAV

NAV per Share based on the unaudited combined statement of financial position of our Group as at 30 June 2021:

(a) before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 157,250,000 Shares 6.43 cents

(b) after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 185,000,000 Shares 7.82 cents

Premium of Placement Price over the NAV per Share:

(a) before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 157,250,000 Shares 211.0%

(b) after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 185,000,000 Shares 155.8%

EPS

EPS based on the audited combined statements of comprehensive income of our Group for FY2020 and the pre-Placement share capital of 157,250,000 Shares 4.66 cents

Historical EPS based on the audited combined statements of comprehensive income of our Group for FY2020 and the pre-Placement share capital of 157,250,000 Shares, assuming that the Service Agreement had been in place from the beginning of FY2020 4.20 cents

PER

PER based on the Placement Price and the pre-Placement share capital of 157,250,000 Shares 4.29 times

PER based on the Placement Price and the pre-Placement share capital of 157,250,000 Shares, assuming that the Service Agreement had been in place from the beginning of FY2020 4.77 times

Net Cash from Operating Activities

Historical net cash from operating activities per Share based on the audited combined statement of cash flows for FY2020 and the pre-Placement share capital of 157,250,000 Shares 6.94 cents

Historical net cash from operating activities per Share based on the audited combined statement of cash flows for FY2020 and the pre-Placement share capital of 157,250,000 Shares, assuming that the Service Agreement had been in place from the beginning of FY2020 6.48 cents

PLACEMENT STATISTICS

Price to Net Cash from Operating Activities Ratio

Ratio of Placement Price to historical net cash from operating activities per Share for FY2020 based on the pre-Placement share capital of 157,250,000 Shares 2.88 times

Ratio of Placement Price to historical net cash from operating activities per Share for FY2020 based on the pre-Placement share capital of 157,250,000 Shares, assuming that the Service Agreement had been in place from the beginning of FY2020 3.09 times

Market Capitalisation

Market capitalisation based on the Placement Price and the post-Placement share capital of 185,000,000 Shares 37.00 million

RISK FACTORS

We are exposed to a number of possible risks that may arise from economic, business, market, financial, political, social, technological and other factors and developments that may have an adverse impact on our future performance. The trading price and value of our Shares could fluctuate and decline due to any of these risks and investors may lose a part or all of their investments in our Shares.

Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Document before deciding to invest in our Shares. Before deciding to invest in our Shares, you should seek professional advice from the relevant advisers about your particular circumstances. The following describes some of the significant risks known to us now that could directly and/or indirectly affect our Group and the value or market price of our Shares. Some of the following risk factors relate principally to the industry in which we operate and our business in general. Other considerations relate principally to general economic, social and political conditions, the securities market and ownership of the Shares, including possible future sales of our Shares. To the best of our Board's knowledge and belief, all risk factors which could directly and/or indirectly affect our Group and are material to prospective investors in making an informed judgement of our Group have been set out below. However, the risk factors stated below are not intended to be exhaustive and do not state risks unknown to us now but which could occur in future, and risks which we currently believe to be immaterial, which could turn out to be material. Should these risks occur or turn out to be material, they could materially and adversely affect our business, operations, financial performance, financial condition, results of operations, cash flows and/or prospects. New risk factors may emerge from time to time and it is not possible for our Board to predict all risk factors, nor can our Company assess the impact of all factors or the extent to which any factor or combination of factors may affect us and the Listing.

If any of the following considerations, uncertainties or material risks develops into actual events, our business, operations, financial performance and prospects could be materially and adversely affected. In such cases, the trading price of our Shares could fluctuate and decline due to any of these considerations, uncertainties or material risks, and investors may lose all or part of their investment in our Shares.

This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document. Please see the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document for further details.

Before deciding to invest in our Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

RISKS RELATING TO OUR INDUSTRY, BUSINESS AND OPERATIONS

If we do not receive any government grants, we will be loss making during the Period Under Review and we may continue to be loss making following the Listing

Our expenses are partially defrayed by various government support schemes, such as the one-off JSS, and other grants such as the SEC, the WCS, the PSG, the EDG and the Absentee Payroll Funding grant and the WorkPro grant which may be recurring in nature.

The qualifying criteria for each of such support schemes differ and we may not be able to meet the criteria for such schemes on an ongoing basis, or in the future. Certain of these schemes are also for a specified period, or targeted at specified events, and may not be extended or renewed. For instance, the JGI was introduced in August 2020 to support employers to expand local hiring and has since expired in September 2021. The EDG, administered by Enterprise Singapore, was introduced in February 2018 to support projects that help companies upgrade their business, innovate or venture overseas, under the three pillars of core capabilities, innovation and productivity and market access. Under the enhanced EDG, SMEs may receive up to 80.0% and non-SMEs up to 60.0% of qualified costs from 1 April 2020 to 31 March 2022. The JSS was introduced in February 2020 to provide wage support to employers to help them retain Singapore Citizen and permanent resident employees during the COVID-19 pandemic. The co-funding amount provided by the Singapore Government under the JSS has accordingly been reduced since its introduction.

RISK FACTORS

In the event that any of the support schemes are not extended or reduced, if we cease meeting the criteria for such schemes, or if we do not receive alternative grants that offset the loss of the subsidies provided by such schemes, our business, financial condition, and results of operations may be materially and adversely affected, we would have been loss making during the Period Under Review and we may continue to be loss making following the Listing. Our net profits after tax for FY2018, FY2019, FY2020 and 1H2021, will turn from S\$0.7 million, S\$1.0 million, S\$7.3 million and S\$1.9 million into net losses after tax of S\$1.1 million, S\$1.9 million, S\$1.9 million and S\$0.9 million.

Notwithstanding the above, these government grants have been introduced by the Singapore Government from time to time in line with their policy objectives and are granted to companies in the ordinary course of business. These policy objectives include encouraging employers to hire from eligible reskilling and training programmes, sending their employees for training, hiring more Singaporeans as well as tapping on the rich experience and skillsets of senior workers. Specific initiatives have also been put in place to raise the income of lower-wage workers such as the PWM, to increase the wages of lower wage workers, which was highlighted in the Prime Minister's speech during the 2021 National Day Rally. As part of the government's aim in the long term to reduce income inequality, it has been noted that our lower wage workers will need more sustained support, in order to boost their incomes and create new opportunities for upskilling and job progression. Real progress for lower wage workers is an essential part of inclusive growth and social policies implemented have been geared towards this aim.

Government grants support these policy objectives, such as increasing the wages for lower wage workers, such as cleaners (WCS), increasing the employability of lower wage workers through training, reskilling and upskilling (Absentee Payroll Funding), and increasing the employability of older workers (SEC). Some of these grants have been in place for many years and have been continually extended and/or streamlined by the Singapore Government. Some examples are the WCS which was introduced in Budget 2013 and has been extended since.

Given that our Group is in a manpower reliant industry, we hire a significant number of workers who are the intended targets of such policies. For example, as at the Latest Practicable Date, 49.0% of our workforce are older workers who are aged 62 years and above and 74.6% of our workforce are covered by the PWM, which covers all Singapore citizens and permanent resident workers. Our Group actively supports such policies introduced by the Singapore Government, and these government grants are an integral part of our business. The receipt of these government grants are therefore a result of the industry we operate in, our business model, the alignment and support of the Singapore Government's policies and were granted to our Group in the ordinary course of business.

Save for the one-off JSS, we have received such grants on a consistent basis during the Period Under Review. They should therefore not be viewed as one-off, exceptional nor extraordinary and we believe that the removal of such government grants in the analysis of our financial performance is not meaningful. Accordingly, they form part of the Group's cost structure and thus are not classified as exceptional or non-recurrent income and not analysed in isolation. Please see the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Government Regulations – Government Grants" of this Offer Document for more details of the government support received by our Group.

We operate in a highly competitive sector

The environmental services industry in Singapore in which we operate in is highly competitive. Our subsidiary, LS 2 Services, is a BCA-registered contractor under the FM02⁽¹⁾, FM03⁽²⁾ and FM04⁽³⁾ workheads, which enable LS 2 Services to tender for public cleaning projects. As at the Latest Practicable Date, there are 37 other contractors registered under the FM02 L6 workhead, 223 other contractors registered under the FM03 L1 workhead, and 103 other contractors registered under the FM04 L01 workhead, on the BCA Directory of Registered Contractors and Licensed Builders. Such BCA-registered contractors are able to compete with our Group for public tenders in their respective areas of registration. Further, as at the Latest Practicable Date, there are 1611 licensed cleaning businesses listed on the NEA Cleaning Industry Management System.

RISK FACTORS

There are relatively low barriers of entry for new entrants to the environmental services industry as most cleaning equipment is low in cost, and licensing requirements of prior industry experience can be substituted with prescribed training modules. We also compete with many existing environmental services providers on various factors, such as pricing, quality of services and track record. Some of our competitors may have more established brand names and longer track records, or are able to provide a wider range of environmental services. Customers may also prefer to engage facilities managers who can directly provide a full range of environmental services, over those who outsource certain aspects of their services. An increase in the number of environmental services providers registered with the BCA or licensed by the NEA would increase the competition and price pressures we face. If we are unable to expand our range of environmental services, or differentiate our service offering and standards from our competitors, our existing customers may not renew their agreements with us, and our potential customers may not award new contracts to us.

There is no assurance that we will be able to continue competing successfully against our competitors and if we are unable to compete effectively, successfully and at a reasonable cost against our existing and potential competitors, our business, financial condition and results of operations may be materially and adversely affected.

Notes:

- (1) FM02: Workhead for Housekeeping, Cleansing, Desilting and Conservancy Service under the BCA's contractors registration system.
- (2) FM03: Workhead for Landscaping under the BCA's contractors registration system.
- (3) FM04: Workhead for Pest Control under the BCA's contractors registration system.

Our financial performance is dependent on our ability to continually secure new projects and renew our existing agreements, which typically have a duration of between one to three years

Our revenue is dependent on our ability to renew our existing agreements with our customers and tender for or secure new projects successfully.

Our agreements with our public and private sector customers are typically for a duration of between one (1) to three (3) years. Close to expiry of such agreements, we may be invited to quote or participate in the tender process for the renewal of such agreements. In order to renew or secure new agreements, we would have to participate in competitive open or invited tendering or quotation processes with both our public and private sector customers. Our prior performance under existing agreements may also affect our ability to win future tenders from our existing customers. Any poor performance review may affect our renewal or tender success rate and we may not be invited to participate in or be awarded future tender or quotation opportunities. While we have not experienced any inability to participate in tender or quotation opportunities arising from past poor performance, there is no guarantee that we can successfully enter into new agreements with new customers and/or renew our agreements with our existing customers, and any failure to do so may result in our business, financial condition and results of operations being materially and adversely affected.

Our ability to renew existing agreements and secure new agreements also depends on our sales and marketing efforts. While we have established long-term business relationships with some of our customers, such customers are not obliged to extend their agreements with us. As part of our sales and marketing efforts, we look out for public and private sector tender opportunities, and also ensure that we follow up with the relevant customer towards the end of the term of any agreement to discuss an extension of our agreement with such customer or to obtain information about the upcoming tender for renewal of the agreement. As part of our marketing strategy, we also visit our existing and potential customers regularly to better understand their needs and recommend the most effective solutions to address their cleaning requirements. Our Group also maintains close relationships with various stakeholders in the environmental services industry. However, there is no assurance that our sales and marketing efforts will be well received by our customers and prospective customers and result in the improvement of sales and marketing efficiency and consequently an increase in number of projects awarded. Please refer to the section entitled "General Information on Our Group – Sales and Marketing" of this Offer Document for more details on our sales and marketing activities.

RISK FACTORS

In the event that we are unable to maintain our business relationships with existing customers, secure new projects, tender for public sector projects, obtain a similar number of projects and/or maintain our tender success rate, our business, financial condition and results of operations may be materially and adversely affected.

Our agreements may be prematurely terminated or varied

Our customers may vary or terminate certain agreements, subject to certain conditions as set out in the relevant agreement. Our agreements with our public and private sector customers are typically for a duration of between one (1) to three (3) years. If our agreements are terminated early for any reason, our revenue for the contract period will be adversely affected and there is no guarantee that we will be able to secure new projects or obtain a similar number of agreements in a timely manner. In addition, certain agreements permit our customers to vary the scope of services provided under such agreements. Upon such a variation, the contract sum is correspondingly varied. Such variations may result in a smaller contract sum being paid to our Group during the contract period due to a reduced scope of services. For instance, during the Period Under Review, our agreement with the Changi Airport Group was varied to reduce the scope of cleaning services provided by our Group between April 2020 and July 2022, due to the closure of Terminal 1 arising from the COVID-19 pandemic. Arising from such variation, the contract sum for such agreement was reduced by approximately 50.0%. While we were able to reduce our costs accordingly in response to such variation by reducing our manpower, if any of our existing agreements are varied or terminated prematurely, our business, financial condition and results of operations may be materially and adversely affected.

Our business may be affected by any increase in labour costs

Labour costs form a large component of our total expenses, comprising 70.7%, 72.3%, 68.6% and 73.2% of our total expenses for FY2018, FY2019, FY2020 and 1H2021, respectively. Such costs are dependent on different factors such as government policies and the conditions of the labour market. Government policies affecting labour costs include the DRC for the services sector, the PWM, foreign worker levies and border control policies in response to COVID-19. Changes in these factors may lead to an increase in our labour costs which may result in our business, financial condition and results of operations being materially and adversely affected.

We are subject to foreign worker levies on each work permit holder and S Pass holder we hire. The foreign worker levies applicable to us will differ according to the percentage of our total workforce comprising work permit holders and S Pass holders. As at the Latest Practicable Date, approximately 17.9% of our total workforce comprise work permit holders and approximately 7.1% of our total workforce comprise S Pass holders. As such, we are subject to the Tier 1, 2 and 3 levy rates of S\$450, S\$600, and S\$800, respectively, per work permit holder and Tier 1 levy rates of S\$330 per S Pass holder. In August 2021, the Singapore Government announced that it would continue to tighten the criteria for employment pass and S Pass over time⁽¹⁾. There is no assurance that the Singapore Government will not increase the levy rates in future, and if they do so, we may face a significant increase in labour costs.

In general, jobs providing cleaning services tend to be less popular among local workers. Notwithstanding the foreign worker levies, the costs of hiring local workers remains generally higher than hiring foreign workers. As such, any reduction in our ability to hire foreign workers will lead to an increase in labour costs. Please refer to the risk factor entitled "Our business is labour-dependent and our supply of workers may be affected by various factors" of this Offer Document for factors that affect our ability to hire foreign workers. During the COVID-19 pandemic, our Group has had to offer higher compensation packages to attract more local workers to make up for the shortfall in foreign workers. While the costs of such higher compensation packages were offset by COVID-19 support schemes offered by the Singapore Government, such as the Jobs Support Scheme, such schemes may be reduced and/or discontinued, or will not be sufficient to offset the increased labour costs we face from hiring a greater proportion of local workers. In August 2021, the Singapore Government announced that, with effect from 1 September 2022, all companies hiring foreign workers would soon be required to pay all their local employees at least S\$1,400 and that such local qualifying salary would be further adjusted from time to time⁽²⁾.

RISK FACTORS

We are also subject to the requirements of the PWM applicable to the cleaning sector. The PWM is administered by the NEA, and the requirements of the PWM must be met in order for cleaning companies to obtain or renew their licences. The PWM covers all Singapore citizen and permanent resident workers, which makes up approximately 74.6% of our workforce as at the Latest Practicable Date. Currently, the PWM recommends annual increments of 3.0% a year for cleaners, from July 2020 to June 2023. In January 2022, the NEA and MOM announced a new waste management PWM with a six (6) year schedule of sustained PWM wage increases from 2023 to 2028 and a mandatory annual PWM bonus for eligible workers from January 2024. Under the new PWM wage schedule, the monthly baseline wage of an entry-level waste collection crew worker is expected to increase from \$2,210 in 2023 to \$3,260 in 2028⁽⁴⁾. The implementation of and revisions to the PWM has increased our labour costs and there is no assurance that the Singapore Government will not revise the PWM to further increase the base salaries beyond 2028.

There is no assurance that we will be able to pass on any increase in labour costs (whether arising from any of the above factors or otherwise) to our customers without compromising on our competitiveness and affecting our chances of a successful tender or renewal of our customer agreements. Any increase in labour costs that we are unable to pass on to our customers may result in our business, financial condition and results of operations being materially and adversely affected.

For more details on the DRC, PWM, and foreign worker levies, please refer to the section entitled “Government Regulations” of this Offer Document.

Notes:

- (1) This information is extracted from the speech entitled “National Day Rally 2021” dated 29 August 2021, accessible at <https://www.pmo.gov.sg/Newsroom/National-Day-Rally-2021-English>, last accessed on 11 February 2022.

The Prime Minister’s Office has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (2) This information is extracted from the press release entitled “Government Accepts Recommendations by Tripartite Workgroup to Uplift Wages and Well-Being of Lower-Wage Workers” dated 30 August 2021, accessible at <https://www.mom.gov.sg/newsroom/press-releases/2021/0830-government-accepts-twg-lww-recommendations>, last accessed on 11 February 2022.

The Ministry of Manpower, Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (3) This information is extracted from the article entitled “Cleaners’ wages to rise from 2023 amid COVID-19 labour crunch” dated 7 June 2021, accessible at <https://www.channelnewsasia.com/news/singapore/cleaners-wages-rise-from-2023-progressive-wage-model-14964834>, last accessed on 11 February 2022.

Channel News Asia has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (4) This information is extracted from the statement entitled “Progressive Wage Model for the cleaning sector”, accessible at <https://www.nea.gov.sg/media/news/news/index/waste-management-workers-to-benefit-from-new-progressive-wage-model-recommendations>, last accessed on 11 February 2022.

The National Environment Agency, Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

RISK FACTORS

Our business is labour-dependent and our supply of workers may be affected by various factors

The provision of environmental services, and in particular cleaning services, is labour intensive and has a high turnover rate. As at the Latest Practicable Date, we have a workforce of about 2,000 workers, comprising local and foreign workers. We are dependent on foreign workers in our workforce and in particular, to carry out laborious tasks under our conservancy services. For the Period Under Review, our Group employed 404, 653, 484 and 519 foreign workers, representing 23.0%, 30.0%, 26.0% and 26.0% of our total workforce in FY2018, FY2019, FY2020 and 1H2021 respectively. We may experience shortage of manpower from time to time due to several factors which affect our supply of both foreign and local workers.

The number of foreign workers we may hire is subject to the DRC prescribed by MOM, and our ability to obtain or renew work permits and S passes for our foreign workers. The DRC set by MOM restricts the maximum ratio of foreign workers to the total workforce that a company can employ. The Singapore Government has in recent years repeatedly reduced the DRC for the services sector, which reduces our ability to employ foreign workers, and in turn requires us to hire more local workers to meet our operational needs. The DRC was reduced from 40.0% to 38.0% with effect from 1 January 2020, and 38.0% to 35.0% with effect from 1 January 2021⁽¹⁾. In August 2021, the Singapore Government announced that it would continue to tighten the criteria for employment pass and S passes over time⁽²⁾. There is no assurance that MOM will not further reduce the DRC in future.

In addition, since the onset of the COVID-19 pandemic, we have experienced delays in obtaining the necessary permits and approvals for our incoming foreign workers. On 7 May 2021, the Singapore Government announced that, with immediate effect, it would not be accepting new entry applications from countries other than Australia, Brunei Darussalam, Mainland China, New Zealand, Taiwan, Hong Kong and Macau, except for workers needed for key strategic projects and infrastructural works⁽¹⁾. There is no assurance that the COVID-19 situation will improve and that such border control measures will be eased in the near future. For further details of the laws and regulations in Singapore affecting our employment of foreign workers, please refer to the section entitled "Government Regulations" of this Offer Document.

Our ability to source for foreign workers may also be affected by the laws, regulations, and policies of their countries of origin. Such laws, regulations and policies, changes thereto or the introduction of additional requirements and/or restrictions by their local authorities may affect the supply of foreign labour from such countries. For example, we source for foreign workers through foreign worker employment agencies which connect us with foreign workers who possess the relevant skills. The laws, regulations, and policies of their countries of origin may require such agencies to be licensed. If such agencies are subject to additional laws and regulations, or if they breach the applicable laws and regulations, they may cease to be licensed. We would have to work with alternative foreign worker employment agencies, and there is no assurance that we would be able to find suitable alternatives at all or at prices acceptable to us, or that such alternative services will be satisfactory.

We may not be able to hire sufficient local workers as cleaning services tend to be less popular among local workers. During the COVID-19 pandemic, our Group has had to offer higher compensation packages to attract more local workers to make up for the shortfall in foreign workers. However, there is no assurance that we will continue to be able to do so or that such measures will attract and retain sufficient local workers to meet any shortfall in foreign workers. In addition, the environmental services industry generally suffers from a high turnover rate and there is a constant demand for new workers to replace workers leaving the industry. As at the Latest Practicable Date, 49.0% of our workforce are older workers who are age 62 years and above and we may not be able to replace such workers upon their retirement at all or at rates acceptable to us.

While our workforce is currently sufficient for our scale of operations, there is no assurance that we will be able to maintain the size of our workforce in future or grow our workforce to meet any increase in business. The implementation of new laws, regulations, and policies in relation to hiring of foreign workers or the tightening of existing measures may reduce our ability to hire foreign workers. We may not be successful in attracting and retaining local workers. Further, our workers may choose to terminate their employment with us and work for other employers for reasons such as proximity of the work location to their place of residence and familiarity of the work environment.

RISK FACTORS

While we had not experienced any labour shortage that had a material adverse effect on our business, financial condition and results of operations, in the event that we face a labour shortage, our operations may be disrupted, and we may not be able to satisfy our existing contractual obligations to our customers in time or within budget. If we fail to fulfil our contractual obligations, we may incur liquidated damages, be subject to a claim for breach of contract, or lose our customers. In any such events, our business, financial condition and results of operations may be materially and adversely affected.

Notes:

- (1) This information is extracted from the article entitled “Budget 2019: Foreign worker quota in services sector to be cut to 35% by 2021” dated 18 February 2019, accessible at <https://www.channelnewsasia.com/news/singapore/budget-2019-foreign-worker-quota-in-services-sector-to-be-cut-to-11252904>, last accessed on 11 February 2022.

Channel News Asia has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (2) This information is extracted from the speech entitled “National Day Rally 2021” dated 29 August 2021, accessible at <https://www.pmo.gov.sg/Newsroom/National-Day-Rally-2021-English>, last accessed on 11 February 2022.

The Prime Minister’s Office has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

We may experience cost overruns

Our agreements with our customers are typically for a duration of between one (1) to three (3) years and there is no assurance that the costs we estimate at the beginning of a project is accurate, and will remain accurate during the course of the contract. The contract value quoted in the tender submission to our customers is determined after internal evaluation on our costs, including labour costs and cost of supplies. Any inaccurate estimation of costs, unforeseen increase in costs of labour and/or materials, changes in the regulatory environment, labour disputes and other similar unforeseen circumstances could result in cost overruns. In addition, our costs also include indicative pricings we obtain from our suppliers and subcontractors, which may be valid for a shorter period of time than our contract duration. The final pricing agreed with our suppliers and subcontractors may also be less favourable than the price on which we had calculated our costs.

Where our agreements do not allow for variation of our fees charged and a fixed contract sum applies for the duration of the contract, any substantial increase in the cost of supplies or any other cost components *vis a vis* the estimates factored into the contract value agreed with customers will therefore erode our profit margin for the project or may even result in losses. While we have not experienced any cost overruns that had a material adverse effect on our business, financial condition and results of operations, if we are unable to control costs or manage our costs within our estimates in the future, our business, financial condition and results of operations may be materially and adversely affected.

We depend on the quality of the work of our subcontractors

For certain of our projects, we may subcontract aspects of the work, such as project management or external façade cleaning to third-party contractors, for strategic reasons or if we are short of resources at the relevant time. We select our subcontractors based on, amongst others, our past working experiences with them and their performance and competitiveness in terms of their pricing. As we remain contractually responsible for the delivery of services in accordance with the requirements of our customers, any delay, non-performance or poor performance by our subcontractors may cause us to breach our contract with our customers and expose us to the risk of liquidated or other damages. Our reputation may also be affected by the acts of such subcontractors. While we have not experienced any delay, non-performance or poor performance by our subcontractors which had a material adverse effect on our business, financial condition and results of operations, if such events were to occur, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

During the Period Under Review, we derived a substantial portion of our revenue from a limited number of key customers

In FY2018, FY2019, FY2020 and 1H2021, four (4) customers accounted for an aggregate of 58.0%, 55.9%, 54.8% and 51.5% of our total revenue, respectively. Our major customers include various government agencies and town councils in Singapore. Further, in FY2018, FY2019, FY2020 and 1H2021, approximately 86.6%, 84.2%, 85.7% and 83.1% of our revenue was generated by public sector projects respectively. Please refer to the section entitled “General Information on Our Group – Major Customers” of this Offer Document for further details.

Such customers and projects may continue to account for a significant portion of our revenue in the foreseeable future. There is no assurance that our existing largest customers and public sector projects will continue to be a source of continuing or repeating business. If there is any decrease in the level of spending from our major customers, or if our customers choose not to extend their agreements with us or award tenders to us and we are unable to obtain new projects of comparable scale from other existing or new customers, our business, financial condition and results of operations may be materially and adversely affected.

We may fail to obtain or maintain our licences, registrations, permits and approvals or may be required to take actions that are time-consuming or costly

We are required to acquire and maintain certain licences and registrations to conduct our business. Please refer to the section entitled “General Information on Our Group – Material Licences, Permits, Registrations and Approvals” of this Offer Document for more details of the licences, approvals and permits we hold. In particular, our subsidiary, LS 2 Services, holds a cleaning business licence granted by the NEA, and is also registered with the BCA under the workheads FM02⁽¹⁾ L6, FM03⁽²⁾ L1 and FM04⁽³⁾ L1, which enable us to tender for public cleaning projects. In order to maintain such workhead registrations, LS 2 Services must meet various requirements prescribed by the BCA including having (i) a minimum paid-up capital and net worth; (ii) qualified personnel with the necessary professional qualifications and experience; (iii) the necessary performance track records; (iv) contracts’ profile; and (v) other certifications such as ISO, which are set out in the section entitled “Government Regulations” in this Offer Document. We are also a registered government supplier of cleaning services under the financial grade S10, for which there is no tendering limit. There is no assurance that we will be able to maintain our various registrations which enable us to tender for public sector projects. If we fail to maintain such registrations, we would be precluded from tendering for public sector projects which currently constitutes a significant proportion of our total revenue, our business, financial condition and results of operations may be materially and adversely affected.

Our licences and registrations are subject to periodic renewal by the relevant government authorities and are generally subject to a variety of conditions which are stipulated either within licences and registrations themselves, or under the particular laws and/or regulations issued by the competent authorities. While we have complied with all conditions we are subject to under our licences and registrations, in the event that there are changes to our licence or registration conditions, we may not be able to meet such revised conditions and consequently may not be able to obtain a renewal of such licences or registrations. While none of the relevant government authorities are required to conduct any annual inspection and/or audits prior to the renewal of our licences and registrations, the relevant government authorities may conduct periodic inspections to ensure that our business complies with all the relevant licensing conditions and may be empowered to revoke or refuse to grant and/or to extend our licences. Further, any introduction of new licensing requirements, which we may be unable to obtain, by the relevant government authorities may limit the scope of our business or curtail our future plans. While we have obtained all necessary licences and registrations required for our business operations as at the Latest Practicable Date and further that for some of such registrations, the assessment period is over more than one (1) year, allowing us to address any shortfalls that may have arisen in any year, there is no assurance that we will be able to obtain or renew all necessary licences or registrations in the future in time or at all. The renewal or maintenance of our workhead gradings is important to our business operations as we can only participate in open tenders for public sector projects if we meet the minimum workhead grading level prescribed for such projects. Any failure to obtain these licences or registrations may result in suspension, restriction or prohibition of certain aspects of our services, limit the types of projects that we are able to tender for, the types of services that we are able to provide, or we may be deemed less attractive to potential customers who are seeking to hire certified contractors. If such events occur, our business, financial condition and results of operations may be materially and adversely affected.

RISK FACTORS

If we contravene the conditions of our licences or fail to obtain or renew such licences or registrations, we may have to cease our operations and may be subject to penalties, including the imposition or fines and/or term of imprisonment. We have not experienced any penalties or failed to obtain or renew any licences or registrations that had a material adverse impact on our Group's business, financial condition and results of operations. Notwithstanding this, the imposition of regulatory sanctions and the cancellation, non-renewal, or our inability to obtain, any licences and/or registrations may result in our business, financial condition and results of operations being materially and adversely affected.

In order to continue to tender for and secure certain public sector projects we are required to maintain certain registrations and accreditations. We were awarded the Clean Mark Gold Award by the NEA in 2016, which we have consistently maintained to date. Our Directors believe that such status has enhanced our ability to obtain new public sector projects and retain our existing public sector customers as it evidences our continuous commitment to deliver high cleaning standards through the training of workers, use of equipment to improve work processes, and fair employment practices. In the event that we are unable to maintain our Clean Mark Gold Award, we will no longer be able to tender for such public sector projects.

In addition, we also hold certain certifications and registrations that are not legally required for our business operations but are nevertheless crucial to our growth, and there is no assurance that we will be able to maintain such certifications and registrations in future. For example, we have obtained ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 22301:2012 certifications which are testament to our commitment to provide quality services and which we believe our customers place value on. While we have not experienced any failure to obtain any such certifications and registrations that resulted in a material adverse effect on our business, financial condition and results of operations, there is no assurance that we will be able to obtain or renew these certifications and registrations, and any failure to do so may limit the types of projects that we are able to tender for and/or the types of services that we are able to provide, or we may be deemed less attractive to potential customers who are seeking to hire certified contractors. This may materially and adversely affect our business, financial condition, and results of operations.

Notes:

- (1) FM02: Workhead for Housekeeping, Cleansing, Desilting and Conservancy Service under the BCA's contractors registration system.
- (2) FM03: Workhead for Landscaping under the BCA's contractors registration system.
- (3) FM04: Workhead for Pest Control under the BCA's contractors registration system.

Our business depends substantially on the continuing efforts of our management and other personnel

Our success to date has been largely attributable to the efforts of our management team and other personnel, and our future success substantially depends upon their continued services. We are dependent, in particular, on our Executive Chairman and Executive Director, Mr. Roger Tan, who has more than 21 years of relevant experience in the cleaning industry and provides our Group with strategic leadership. As Executive Chairman and Executive Director of our Group, Mr. Roger Tan is committed to the development of our business and will continue to spearhead our business operations and future plans and to drive the growth of our Group.

If any of our management or personnel are unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. We may also not be able to retain our management and other personnel, or attract and retain new management or other personnel in the future. There is no assurance that the departure and transition of management or other personnel will not cause disruption to our operations or customer relationships, or materially impact our results of operations and financial performance. Furthermore, as we rely on our management to maintain close relationships with various stakeholders in the environmental services industry, if any of our management were to leave our Group to join or form a competing firm, we may lose customers, suppliers, expertise, and other professionals and staff members. In line with our Group's approach of adopting innovative solutions, our management team includes young and qualified personnel who we believe bring a fresh perspective to the management and operations of our Group. There is no assurance that we will continue to be able to attract young talent to join our Group. A failure to do so may result in our business, financial condition and results of operations being materially and adversely affected.

RISK FACTORS

The security bonds furnished by us may be forfeited if our foreign employees are missing or in breach of any conditions of their work permits

For each non-Malaysian foreign worker who is successfully granted with a work permit, a security bond of S\$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the EFMA. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed. The security bonds furnished by us may be forfeited if, among other things, our foreign employees go missing or violate any of the conditions of the work permits.

We have implemented internal control measures to manage our foreign employees. Our foreign workers are sourced through recruitment advertisements. We have put in place a screening and recruitment process with a view to carefully reviewing and assessing the personal information and background of candidates before making any employment decision so as to minimise our risk in relation to missing workers and forfeiture of security bonds. In addition, under our typical employment contracts, our foreign employees are prohibited from working for anyone other than our Group without our consent, failing which their employment with us will be terminated.

We have not experienced any forfeiture of our security bonds that had a material adverse effect on our business, financial condition and results of operations. However, we cannot assure that our foreign employees, who are subject to the aforesaid security bonds requirements, will not go missing or violate the conditions in their work permits. Occurrence of any of the aforesaid events may result in forfeiture of security bonds furnished by us in respect of the relevant workers, which in turn may adversely affect our business and financial performance.

Our business involves inherent industrial risks and occupational hazards

The nature of the services we provide involve inherent industrial risks and occupational hazards, and there may be risk of property loss, diseases, personal injury and/or death due to workplace accidents. These accidents cannot be eliminated or prevented through the implementation of our workplace safety and health policies or any work protocols.

While we have continuously upheld high standards of workplace safety, there is no assurance that our workers will not suffer injuries at our project sites. The nature of the services we provide is labour intensive and 49.0% of our workforce are older workers who are aged 62 and above. Our workers are required to carry out certain tasks which present risks and dangers, such as working on wet and slippery floors, cleaning at heights, operation of machinery, exposure to cleaning and pest control chemicals, potential exposure to COVID-19 when providing pandemic disinfection services or exposure to dust, dirt, other viruses or bacteria. For example, our workers who provide conservancy services to use machinery such as mechanical road sweepers, and our workers who provide road and beach cleaning services use machinery such as road sweepers and ride on scrubbers. Our workers who provide pest control services are exposed to chemicals used in fogging. While our workers have been trained and/or licensed on how to operate these machines and/or handle the chemicals safely, we remain liable to ensure workplace safety, and there is no assurance that accidents will not occur. While we have health and safety management policies in place to reduce workplace accidents, there is also no assurance that our workers will follow the training procedures and/or our workplace health and safety policies. Please refer to the section entitled "General Information on Our Group – Health and Safety" of this Offer Document for more details on our health and safety management policies. Although we have sought protection against the risk of such liabilities by obtaining work injury compensation insurance, there is no assurance that we are fully insured against these risks or that we are or shall be able to insure against these risks on commercially reasonable terms. If any accidents occur and we are not fully covered by our insurance policies, we may be liable for any such personal injury or death.

Further, there is no assurance that our partner companies, especially those who provide services with a heightened element of danger such as external façade cleaning services, will adhere with our workplace health and safety policies and take the necessary precautions to provide such services safely. If they do not, there is an increased risk of personal injury or death, for which we may be found vicariously liable and which may materially and adversely affect our business, financial condition, and results of operations.

RISK FACTORS

During the Period Under Review, we recorded a total of 25, 21, 52 and 26 workplace accidents in FY2018, FY2019, FY2020 and 1H2021 respectively. The workplace accidents increased in FY2020 as a result of the changes to the WICA which took effect in 2020 which provided for, amongst others, compulsory reporting for all medical leave (including light duties) to the MOM. We have been awarded various workplace health and safety certifications, including BizSAFE STAR and ISO 45001:2018. Accordingly, our workplace health and safety policies and procedures are independently audited as part of our renewal of our workplace health and safety certifications. For instance, to renew our ISO 45001:2018 certification, the certifying body will confirm our Group's continued conformity and effectiveness of our health and management system as a whole and its continued relevance and applicability for the scope of certification, and identify areas of potential improvement. Notwithstanding this, there is no assurance that we will be able to prevent all accidents or maintain high standards of workplace health and safety. In the event of an accident, we may be subject to liability for such personal injury and/or death, and our business, financial condition, and results of operations may be materially and adversely affected.

Further, accidents may occur during the provision of our services which may result in damage to property at the project site and/or cause hurt to third parties. Although we have sought protection against the risk of such liabilities by obtaining the necessary insurance coverage, there is no assurance that we are fully insured against these risks or that we are or shall be able to insure against these risks on commercially reasonable terms. If any accidents occur and we are not fully covered by our insurance policies, we may be liable for any such property loss. In such event, our business, financial condition, and results of operations may be materially and adversely affected. In addition, in the event of an increase in such accidents, we may be less attractive to our existing and potential customers and/or employees. A loss in customers and/or employees may materially and adversely affect our business, financial condition, and results of operations.

Additionally, our workers who provide pandemic disinfection services are responsible for cleaning and disinfecting areas exposed to confirmed case(s) of COVID-19 and isolation facilities. As COVID-19 is extremely contagious, there is no assurance that our workers will not contract COVID-19. Please see the section entitled "Risk Factors – Our Group is subject to risks related to the outbreak of communicable diseases including in particular the ongoing COVID-19 pandemic" for the specific risks we face in respect of COVID-19.

We are exposed to work injury claims or other employment-related disputes

We are liable under WICA and common law in Singapore to compensate employees (including subcontractors' employees and the employees of the third party service providers) who suffer bodily injuries or death as a result of accidents or contract occupational diseases arising out of and in the course of their employment with us. We may also face claims from third parties from time to time, including those who suffer personal injuries at premises where we provide services. In addition, claims involving us could result in time consuming and costly litigation, arbitration, or administrative or other legal proceedings. Workers may claim against us under the WICA or pursue personal injury claims against us under common law in Singapore. While we have not experienced any claims which had a material adverse effect on our business, financial condition and results of operations, should any such claim arise, our business, financial condition, and results of operations may be materially and adversely affected.

Our insurance policy for work injury compensation is renewed every year and may be revised upon renewal. There is no assurance that our insurance policies will fully cover us for future events and if we have to pay out of our own resources for any uninsured claims, our business, financial condition, and results of operations may be materially and adversely affected. Please refer to the risk factor entitled "Our insurance coverage may be not be adequate" for more details on the risks relating to our insurance coverage. Furthermore, regardless of the insurance coverage or the merits of our case, we may need to spend resources and incur costs to handle these claims, which may affect our reputation in the environmental services industry and our business, financial condition, and results of operations may be materially and adversely affected.

RISK FACTORS

We are subject to laws, regulations and policies imposed by various government and regulatory authorities

Our business is subject to government regulations including the conditions of applicable licences, laws, regulations, codes of practice, standards of compliance and other regulatory requirements or guidelines. Please refer to the sections entitled “General Information on Our Group – Material Licences, Permits, Registrations and Approvals” and “Government Regulations” of this Offer Document for further information on the government regulations which we are subject to. Compliance with these laws, regulations and policies can be administratively tedious, costly, impose limitations on our business and operations and restrict our ability to develop our business. For example, our workers who operate beach cleaning machines must attend training and obtain a Class 3A licence to operate such machines, and our workers who are deployed to provide pest control services must obtain a vector control technician licence or a vector control worker certification. We are also subject to the WSHA which requires us to take reasonable and practicable measures to ensure the safety and health of our workers at the project site, and the WICA which allows our workers to make claims for work-related injuries from us. Further, we are subject to the laws, regulations and policies in relation to the hiring of foreign workers, including the DRC set by the MOM for the services sector.

Changes in or introduction of laws, regulations or policies, or the interpretation thereof, affecting the environmental services industry, such as licensing requirements for the provision of certain services or restrictions on hiring of foreign workers, may restrict the types of services we are permitted to offer or limit our ability to source for foreign workers. Legal or regulatory changes such as the imposition of new or additional licensing or tax requirements could reduce our revenues and earnings and make it more costly or administratively tedious to comply with such new laws, regulations or policies. There is no assurance that we will be able to comply with the requirements of any new laws, regulations and policies. Any failure to comply with any new laws or regulations may result in fines or penalties against us or our officers and employees. If there are any significant increase in the costs of complying with such amended or new government laws, regulations or policies, and if we are unable to pass on these increased costs to our customers, our business, financial condition and results of operations may be materially and adversely affected.

We may be involved in legal, regulatory and other proceedings arising out of our operations, litigation or arbitration proceedings and may be subject to sanctions or incur costs arising therefrom and may be affected by negative publicity

We are subject to the laws, regulations and policies imposed by various government and regulatory authorities. If we were found to have breached any applicable laws, regulations and policies, we may be subject to regulatory sanctions, including a suspension of the provision of our services or fines. For example, if MOM finds that we failed to comply with the WSHA, we may be subject to certain penalties including remedial orders, stop work orders, and/or fines. The imposition of any such penalties may materially and adversely affect our business, financial condition, and results of operations. In particular, if we receive a stop work order, our business operations would be severely hindered as we would not be able to provide our services, and we may incur liquidated damages, be subject to a claim for breach of contract, or lose our customers. Further, we may also be subject to claims by our workers under the WICA for any work-related injuries they suffer. Please refer to the section entitled “Government Regulations” of this Offer Document for the laws and regulations that we are subject to. Please also refer to the risk factor entitled “Our business involves inherent industrial risks and occupational hazards” for more details of the risk of work-related injuries.

In addition to regulatory sanctions, we are exposed to risks of liability for employee acts or omissions. If our customers or third parties believe that they have suffered harm to person or property due to an actual or alleged act or omission by our workers in connection with the provision of our services, they may pursue legal action against us, the cost of defending the legal action and of any judgment against us could be substantial. Although we have sought protection against the risk of such liabilities by obtaining the necessary insurance coverage, there is no assurance that we are fully insured against these risks or that we are and shall continue to be able to insure against these risks on commercially reasonable terms or at all. If any accidents occur and we are not fully covered by our insurance policies, we may be liable for these incidents and our business, financial condition, and results of operations may be materially and adversely affected.

RISK FACTORS

We may also be involved in other disputes with various parties in the course of our business including customers, suppliers, subcontractors, employees and ex-employees and/or other commercial parties. Such disputes may relate to business matters or regulatory compliance and may result in legal or other proceedings which incur costs or result in negative publicity and the diversion of resources and management's attention, regardless of their outcome.

There is no assurance that we will be able to resolve any such disputes in a cost-effective or expedient manner or that further disputes will not arise in the future. If we were to fail to prevail in any of these disputes, we may incur losses, suffer reputational damage, face liabilities and be required to pay compensation to other parties. Expenses we incur in legal proceedings, arbitration, or claims brought by or against us and where any such legal proceedings or arbitration results in a judgment or award against us, could have a material adverse effect on our business, financial condition, and results of operations. Further, even if we were to win these disputes, we may incur costs in mounting our defence and in the course of doing so, may still suffer harm to our reputation. During the Period Under Review and up to the Latest Practicable Date, our Group was not involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition.

Any negative publicity arising from disputes with any person against our business, our Company, our subsidiaries, our Directors, our Executive Officers or our Substantial Shareholders, whether founded or unfounded, may damage our reputation and goodwill with our customers and suppliers. From time to time in the ordinary course of business, our Directors and Executive Officers may be called upon to assist on investigations carried out by various government authorities, including but not limited to the Ministry of Manpower, even where the subject of the investigations are other third parties. Publicity relating to, among others, our involvement in litigation or regulatory investigations, or unfavourable third-party research reports on us may tarnish our reputation and result in a loss of business opportunities.

Notwithstanding that such disputes may be baseless, frivolous or vexatious, responding to them, or any negative publicity arising from them, can divert the time and effort of our management from our business. Any assertion of wrongdoing on our part from claims or complaints, regardless of factual merit or the eventual outcome of the dispute, may result in further negative publicity, lawsuits, or regulatory investigations. There is no assurance that public perception of our business and our brand would not be materially and adversely affected in the event of any such disputes or that we will be successful in defending such claims. If there is any negative impact on our reputation, our business, financial condition, and results of operations may be materially and adversely affected.

During the Period Under Review, our Group has been in breach of certain laws, regulations and policies imposed by MOM and has been subject to penalties for such breaches. Please refer to the section entitled "General and Statutory Information – Information on Directors, Executive Officers and Controlling Shareholders" of this Offer Document for more details on such breaches. Notwithstanding that our Group has adopted and implemented policies and procedures to minimise the risk of breach of any future breaches of such laws, regulations and policies, there is no assurance that such lapses and consequent penalties will not recur in the future.

We may be liable for liquidated damages or our insurance premiums for our performance bonds may increase if we fail to comply with the agreements entered into with our customers

Pursuant to the agreements entered into with our customers, our customers may impose liquidated damages on us in the event that we fail to comply with or observe any requirement of our service contracts with them. Examples of such services lapses include where we do not perform up to standard at cleanliness inspections, when we do not deploy the required number of workers to the project site, or when our workers report to the project site late or are absent without acceptable reason. For the Period Under Review, our Group incurred approximately S\$150,000, S\$253,000, S\$200,000 and S\$160,000 in liquidated damages in FY2018, FY2019, FY2020 and 1H2021, representing 0.3%, 0.5%, 0.4% and 0.6% of our total revenue in each of FY2018, FY2019, FY2020 and 1H2021, respectively. As at the Latest Practicable Date, the highest amount of liquidated damages we had incurred under a single contract was approximately S\$158,000, which represented approximately 0.2% of the total contract sum. While the liquidated damages paid by our Group pursuant to such agreements have not been material thus far, in the event that our workers commit more severe or frequent services lapses in the future, we may be subject to higher or more frequent liquidated damages. This may adversely affect our earnings and erode our profit margin for the relevant project, and our business, financial condition, and results of operations may be materially and adversely affected.

RISK FACTORS

Additionally, it is common that some of our customers, in both the public and private sectors, may require us to pay a security deposit to ensure the due performance of our contracts with such customers. In general, we will satisfy such requirements for a security deposit by providing a performance bond obtained from an insurance company. In the event of our non-performance or the non-performance of our subcontractors, the insurance company will compensate the relevant customer subject to the terms of the policy. There is no assurance that our works or works performed by our subcontractors will be up to the standard of our customers. While we have not experienced any non-performance or the non-performance of our subcontracts that had a material adverse effect on our business, financial condition and results of operations, if we fail to satisfy our customers with our work performance, and our insurers are required to compensate our customers, our insurance premiums may become more costly and our cash flow and financial position may be adversely affected. Such events may result in a material and adverse effect on our business, financial condition, and results of operations.

Our insurance coverage may not be adequate

We maintain insurance coverage for key risks relating to our business, including insurance for loss or damage to our properties by fire, public liability insurance, work injury compensation, group hospitalisation and surgical insurance for our foreign employees, and motor vehicle insurance. However, there is no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. For example, our insurers may dispute our claim for any liability or loss or default on our claims under such insurance policies. Any such dispute may in turn result in a delay in the payment of insurance proceeds. We will also need to spend time and resources, and incur costs, to handle these claims.

In addition, we may not be able to obtain insurance coverage for all risks associated with our operations on commercially reasonable terms or at all. Although we believe that we have obtained insurance coverage customary for our business as at the Latest Practicable Date, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. Our insurance policies are generally renewed on an annual basis and there is no assurance that we will be able to renew all our policies or obtain new policies on similar terms, at acceptable premiums, or at all. To the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, our business, financial condition, and results of operations may be materially and adversely affected.

During the course of our operations, we may face various claims and disputes against liabilities that are not insured adequately, or at all, or liabilities that cannot be insured. We may be liable for any shortfall of damages claimed against our Group and such claims may also cause our insurance premiums to increase substantially. In such circumstances, our business, financial condition, and results of operations may be materially and adversely affected.

Our Group is subject to risks related to the outbreak of communicable diseases including in particular the ongoing COVID-19 pandemic

On 11 March 2020, COVID-19 was declared a pandemic by the World Health Organisation⁽¹⁾ and, as of March 2021, there were more than 120 million COVID-19 cases globally⁽²⁾. Unlike the severe acute respiratory syndrome (SARS) outbreak of 2003, which was largely limited to East Asia, the number of infected COVID-19 cases has increased rapidly across the world, from Asia to Europe and the United States. The global economy entered into a recession in 2020 with an estimated global growth contraction of 3.5%, and economic growth is projected to be 5.5% in 2021, with the strength of recovery expected to vary significantly across countries⁽³⁾. In Singapore, the Ministry of Trade and Industry has forecasted that gross domestic product will grow around 7.0% in 2021 and 3.0% to 5.0% in 2022⁽⁴⁾.

The outbreak of communicable diseases such as SARS, H5N1 avian flu, Influenza A (H1N1), MERS, Ebola and most recently, COVID-19, in Singapore could have a material and adverse effect on our business. While we have been able to adapt during the COVID-19 pandemic by offering pandemic disinfection services and were not negatively impacted by the COVID-19 pandemic, there is no assurance that we will be able to similarly adapt in any future outbreak, or that the persistence of the COVID-19 pandemic will not adversely impact the growth of our Company such as by limiting our ability to expand our workforce or by delaying our future plans.

RISK FACTORS

Further, our workers providing pandemic disinfection services are deployed to clean and disinfect areas exposed to confirm case(s) of COVID-19 and venues used by the Singapore Government as isolation facilities for COVID-19 positive cases. Although these workers have to don full personal protective equipment before entering the affected area and they have been trained to carry out disinfection services safely, there is a risk that our workers may contract the highly-contagious COVID-19. Our workers providing other cleaning services are also at a high risk of being exposed to COVID-19 in areas that COVID-19 patients have visited before being tested positive, such as schools, offices, and Changi Airport. If any of our workers test positive for COVID-19, or if a cluster of COVID-19 infections is discovered to have formed within our workforce, our employees may be served with quarantine notices, and we may have to cease certain aspects of our services or our business operations entirely until all our employees have been tested. Any disruptions to business operations may result in our business, financial condition, and results of operations being materially and adversely affected.

The global COVID-19 pandemic has also resulted in the introduction of international travel restrictions, the lockdown of cities and the cessation of various business operations around the world by governments. From 7 April 2020 to 1 June 2020 (“**Circuit Breaker Period**”), the Singapore Government implemented Circuit Breaker Measures to stem the spread of COVID-19 in the community. Such Circuit Breaker Measures included the closure of non-essential physical workplace premises and, save for limited exceptions, required residents to stay at home. In response to a rise in the number of COVID-19 cases in the local community, between 8 May 2021 and 30 May 2021, the proportion of employees allowed to return to the workplace was reduced from 75.0% to 50.0%⁽⁵⁾. On 14 May 2021, due to an increase in the number of COVID-19 cases, health and safety measures were further tightened and telecommuting was restored as the default mode of working from 16 May 2021 to 13 June 2021⁽⁶⁾. Such measures were subsequently extended until 19 August 2021 after which up to 50.0% of employees who can work from home were permitted to return to the workplace⁽⁷⁾. As our Group is a provider of cleaning services, which are classified under the relevant regulations as “essential services” and which were permitted to be provided notwithstanding the Circuit Breaker Measures, our operations have not been significantly disrupted by the Circuit Breaker Measures and other similar measures subsequently imposed. Although our operations have not been significantly disrupted by the COVID-19 pandemic, there is no assurance that future outbreaks of communicable diseases would not materially and adversely affect our business, financial condition, and results of operations. On 8 September 2021, the Singapore Government announced new workplace safe management measures to contain the spread of COVID-19 at workplaces in Singapore⁽⁸⁾. From 8 September 2021, employers were required to implement a snap 14-day work-from-home regime for all employees within one (1) day, if any of them test positive for COVID-19 and were at the workplace in any of the past seven (7) days. On 20 September 2021, such requirement was revised to reduce the duration of the snap work-from-home regime from 14 to 10 days and to only apply to companies with three or more COVID-19 positive cases working at the same premises or branch detected within a period of seven (7) consecutive days⁽⁸⁾. Affected workers (including on-site contractors and vendors) who have been placed on snap work-from-home arrangements shall be permitted to return to office for ad hoc reasons, if they test negative via an antigen rapid test⁽⁸⁾. On 17 September 2021, one (1) of our office-based employees tested positive for COVID-19 and our Company was required to implement a snap 14-day work-from-home regime for all employees, from 20 September 2021 to 3 October 2021. From 27 September 2021, the Singapore Government announced a stabilisation phase pursuant to which telecommuting was restored as the default mode of working for one (1) month⁽⁹⁾. The stabilisation phase was subsequently extended until 21 November 2021, with telecommuting remaining the default mode of working⁽¹⁰⁾. On 8 November 2021, the Singapore Government announced a gradual easing of safe distancing measures to permit, among others, an easing of dine-in restrictions for households⁽¹¹⁾ and on 14 December 2021, a further relaxation of measures was announced including 50% of people who are allowed to work from home being permitted to return to the office from 1 January 2022⁽¹²⁾.

The temporary closure of certain premises as well as the work-from-home policy has also resulted in the variation of the scope of services we provide under certain of our existing agreements. For example, our agreement with the Changi Airport Group was varied to reduce the scope of cleaning services provided by our Group between April 2020 and July 2022, due to the closure of Terminal 1, resulting in reduction of the contract sum payable to us under this agreement. For certain commercial premises, as a result of employees working from home, requirements for our services have also reduced. If such events continue to occur, our business, financial condition, and results of operations may be materially and adversely affected.

RISK FACTORS

Further, we rely on foreign workers in our business operations. Since the onset of the COVID-19 pandemic, we have experienced delays in obtaining the necessary permits and approvals for our incoming foreign workers and many of such foreign workers have had their applications for such permits and approvals rejected by the relevant government authorities. As 25.0% of our workforce comprises foreign nationals from countries including India, Bangladesh and China, such delays and rejections have affected our ability to replenish our workforce, which generally has a high turnover rate. If we are unable to deploy sufficient workers to the project site, the quality of our service may be affected, and we may be subject to liquidated damages, be subject to a claim for breach of contract, or lose our customers. Please refer to the risk factor entitled “Our business is labour-dependent and our supply of workers may be affected by various factors” for more details on the impact of labour shortage on our operations.

Please refer to the section entitled “General Information on Our Group – Impact of COVID-19 on our Business” of this Offer Document for more details of the impact of COVID-19 on our business.

Notes:

- (1) This information is extracted from the press release entitled “WHO Director-General’s opening remarks at the media briefing on COVID-19 –11 March 2020” dated 11 March 2020, accessible at <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>, last accessed on 11 February 2022.

The World Health Organisation has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (2) This information is extracted from the statement entitled “Statement of the WHO Global Advisory Committee on Vaccine Safety (GACVS) COVID-19 subcommittee on safety signals related to the AstraZeneca COVID-19 vaccine” dated 19 March 2021, accessible at [https://www.who.int/news/item/19-03-2021-statement-of-the-who-global-advisory-committee-on-vaccine-safety-\(gacvs\)-covid-19-subcommittee-on-safety-signals-related-to-the-astrazeneca-covid-19-vaccine](https://www.who.int/news/item/19-03-2021-statement-of-the-who-global-advisory-committee-on-vaccine-safety-(gacvs)-covid-19-subcommittee-on-safety-signals-related-to-the-astrazeneca-covid-19-vaccine), last accessed on 11 February 2022.

The World Health Organisation has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (3) This information is extracted from the report entitled “World Economic Outlook Update, January 2021: Policy Support and Vaccines Expected to Lift Activity” dated 20 January 2021, accessible at <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>, last accessed on 11 February 2022.

The International Monetary Fund has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (4) This information is extracted from the press release entitled “MTI Maintains 2021 GDP Growth Forecast at “4.0 to 6.0 Per Cent” dated 15 February 2021, accessible at https://www.mti.gov.sg/Newsroom/Press-Releases/2021/11/MTI-Forecasts-GDP-Growth-of-around-7_0-Per-Cent-in-2021-and-3_0-to-5_0-Per-Cent-in-2022 last accessed on 11 February 2022.

The Ministry of Trade and Industry of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (5) This information is extracted from the press release entitled “Updates on Local Situation, Border Measures and Shift to Heightened Alert to Minimise Transmission” dated 4 May 2021, accessible at https://www.moh.gov.sg/news-highlights/details/updates-on-local-situation-border-measures-and-shift-to-heightened-alert-to-minimise-transmission_4May2021, last accessed on 11 February 2022.

The Ministry of Health of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Sections 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

RISK FACTORS

- (6) This information is extracted from the press release entitled “Additional restrictions under Phase 2 (Heightened Alert) to minimise transmission” dated 14 May 2021, accessible at <https://www.moh.gov.sg/news-highlights/details/updates-on-local-situation-and-heightened-alert-to-minimise-transmission-14May>, last accessed on 11 February 2022.

The Ministry of Health of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (7) This information is extracted from the article entitled “Updates to Singapore’s COVID-19 measures from 19 August 2021” dated 19 August 2021, accessible at <https://www.gov.sg/article/updates-to-singapores-covid-19-measures-from-19-august-2021>, last accessed on 11 February 2022.

The Ministry of Health of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (8) This information is extracted from the advisory entitled “Requirements for Safe Management Measures at the workplace” dated 22 September 2021, accessible at <https://www.mom.gov.sg/covid-19/requirements-for-safe-management-measures>, last accessed on 11 February 2022.

The Ministry of Manpower of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (9) This information is extracted from an article entitled “Work-from-home to be default from Monday as COVID-19 workplace measures tightened” dated 24 September 2021, accessible at <https://www.channelnewsasia.com/singapore/work-home-default-covid-19-workplace-measures-2199566>, last accessed on 11 February 2022.

ChannelNewsAsia has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (10) This information is extracted from the webpage entitled “Stabilising Singapore’s COVID-19 situation and protecting our overall healthcare capacity”, accessible at <https://www.gov.sg/article/stabilising-singapores-covid-19-situation-and-protecting-our-overall-healthcare-capacity>, last accessed on 11 February 2022.

The Singapore Government has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (11) This information is extracted from the webpage entitled “Calibrated Adjustments In Stabilisation Phase”, accessible at https://www.moh.gov.sg/news-highlights/details/calibrated-adjustments-in-stabilisation-phase_8Nov2021, last accessed on 11 February 2022.

The Ministry of Health of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (12) This information is extracted from the webpage entitled “Preparing for the Omicron Variant”, accessible at https://www.moh.gov.sg/news-highlights/details/preparing-for-the-omicron-variant_14Dec2021, last accessed on 11 February 2022.

The Ministry of Health of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

RISK FACTORS

We may not be able to keep up with rapid changes in the cleaning services industry

We operate in the environmental services industry and our industry is subject to a rapidly changing labour market, regulatory environment and industry trends. Please refer to the sections entitled “General Information on Our Group – Material Licences, Permits, Registrations and Approvals” and “Government Regulations” of this Offer Document for further information on the government regulations to which we are subject.

With digitalisation and automation on the rise, in order to compete effectively, our Group must keep up with technological changes and tap on technology in a timely manner to redesign workflow processes and enhance efficiency productivity. In particular, our Group has experienced a shift towards projects provided on a headcount basis to projects provided on an outcome basis. The increasing popularity of outcome-based projects and the decreasing popularity of headcount-based projects corresponds with an overall rise in labour costs which has resulted in greater employment of technology in the provision of cleaning services. While we intend to continue to invest in equipment and technology, there is no assurance that we will be able to successfully do so. Further, if we are unable to expand the scope of our service offerings to cater to our customers who prefer to engage facilities managers who can directly provide a full range of environmental services, we may lose out to other integrated environmental services providers with a fuller range of environmental services.

We may also be affected by changes in government policies affecting the employment of foreign workers. Please refer to the sections entitled “Risk Factors – We may not be able to implement our business strategies and/or future plans”, “Risk Factors – We operate in a highly competitive sector”, and “Risk Factors – Our business is labour-dependent and our supply of workers may be affected by various factors” of this Offer Document for further information.

There is no assurance that we will be able to offer, or develop the expertise, experience, and resources, to offer environmental services to our customers on a timely and competitive basis. We may incur significant costs in developing our business, adapting to the changes in the labour market or regulatory environment and providing training to our employees in order to maintain our competitiveness. If we cannot keep up with the rapid changes in the environmental services industry and provide the scope of services that our customers require at a competitive rate and at a high standard, the demand for our environmental services may be adversely affected, and consequently our business, financial condition, and results of operations may be materially and adversely affected.

Certain aspects of our work, processes and services may risk being replaced, or disrupted, by new technologies that may emerge

Our business is currently heavily labour-dependent. However, new technologies may emerge and have the effect of replacing or disrupting certain aspects of the services we provide. While we have sought to tap on equipment and technology for the management and automation of cleaning processes in order to ease the manual workload of our workers and increase the efficiency and productivity of our services to provide consistent and quality cleaning outcomes, there is no assurance that our investments in equipment and technology will continue to pay off, and there is no assurance that such equipment and technologies would not in future entirely replace certain aspects of the services we provide. As such equipment and technologies become more common and cost effective, they may render certain parts of our work and processes obsolete and ineffective, and our customers may be able to adopt such equipment and technologies first hand, in replacement of our services. Such equipment and technologies may further reduce barriers to entry in the environmental services industry, increasing the competition we face. If we are unable to effectively reallocate our resources to other work and processes in our Group and continue to provide value to our customers, this could have an adverse effect on our Group’s business, financial condition, and results of operations.

RISK FACTORS

We may not be able to successfully implement our business strategies and/or future plans

As set out in the section entitled “Business – Business Strategies and Future Plans” of this Offer Document, we intend to strengthen our market position in Singapore, expand the scope of our service offerings, engage in strategic acquisitions and joint venture partnerships, and invest in equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes. There is no assurance that our strategic acquisitions and joint venture partnerships will be successful. Please see the section entitled “Risk Factors – We may be unable to find suitable acquisitions, investment targets or strategic partners as part of our growth strategies or we may fail to achieve expected benefits from acquisitions, investment targets or strategic partnerships” of this Offer Document.

Further, there is also no assurance that our investments in equipment and technology will be successful. We intend to leverage existing government grants and our own resources to acquire commercially available equipment to further support our business processes and the requirements of our customers. There is no assurance that we will be able to obtain sufficient government grants to offset the cost of our investment, or that such equipment and technology will improve our efficiency, productivity and cleaning outcomes, and meet the requirements of our customers. We will also incur significant cost in investing in equipment and technology and there is no assurance that such costs expended will translate into higher revenue. Please see the section entitled “Risk Factors – We may incur significant additional expenses such as research and development expenses as we continue to expand our operations” of this Offer Document. In the event that we are unable to implement our business strategies and future plans successfully and in a cost-effective manner, or if our investments in equipment and technology do not result in expected returns, our business, financial condition, and results of operations may be materially and adversely affected.

There may be concerns about our collection, disclosure, security and use of personal data and other privacy-related matters, and we may face claims for failure to adequately protect personal data

Due to the nature of our business, we routinely collect, process and retain information pertaining our workforce of about 2,000 employees, and transmit personal, confidential and proprietary information belonging to our customers and suppliers. Although we have in place a personal data protection policy to safeguard the personal data and confidential information in our possession against accidental or unlawful loss or modification, unauthorised access or use, our current personal data protection policy may not be adequate. Our security controls over personal and other information and the other practices we follow may not prevent the improper access to, or disclosure of, personally identifiable or otherwise confidential information. Any party who can circumvent our security systems may be able to steal or misuse such information and/or disrupt our operations. We have not experienced any such events that had a material adverse effect on our business, financial condition and results of operations.

Failure to establish adequate safeguards to protect the personal data or confidential information in our possession against accidental or unlawful loss or modification, unauthorised access, use or similar risks may result in security breaches or material non-compliance with third party security requirements. While we have not experienced any such events that had a material adverse effect on our business, financial condition and results of operations, such events occurring in the future may expose us to the imposition of fines or regulatory action, such as those regulated under the Personal Data Protection Act 2012, a risk of loss or litigation and potential liability for failing to secure confidential customer or supplier information. These events may also harm our reputation and subject us to liability under our agreements with our customers and suppliers. While we have not experienced any such event that had a material adverse effect on our business, financial condition and results of operations, any failure of our employees to perform their responsibilities or to operate in compliance with all applicable laws and regulations may have a material negative impact on our cost or result in disruptions to our operations, and consequently our business, financial condition, and results of operations may be materially and adversely affected. We may also be subject to stricter personal data and privacy-related requirements and scrutiny from the regulatory authorities in the future. Implementing additional internal measures to comply with such enhanced compliance requirements may increase our cost and impact our financial condition.

RISK FACTORS

We may incur significant additional expenses as we continue to expand our operations

We have incurred significant expenses during the Period Under Review. In FY2018, FY2019, FY2020 and 1H2021, our total expenses amounted to S\$43.2 million, S\$48.6 million, S\$47.7 million, and S\$23.8 million, respectively. We intend to strengthen our market position in Singapore by increasing our business development activities, and expanding our workforce and upskilling our workers, to expand the scope of our service offerings by training our workers with the relevant skills and acquiring appropriate equipment and technology, and to invest in equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes. To such ends, we may continue to incur significant additional expenses in the near term to support our business strategies and future plans. If we fail to manage our expansion in a cost-effective manner or if the costs incurred in implementing our business strategies and future plans do not result in expected returns, our business, financial condition, and results of operations may be materially and adversely affected.

Our information technology systems are vulnerable to damage and disruptions

The performance and reliability of our information technology systems is important to our business. In providing some of our conservancy services, we utilise mobile applications to create, assign, monitor and report scheduled and ad hoc maintenance tasks that are carried out onsite. Our Group also depends on third party information technology (including software, computer and network) systems for human resources management and other administrative matters. While we have put in place information technology infrastructure that we believe is robust and secure, such information technology systems may nevertheless experience functional problems from time to time. If the information technology systems used by our Group become unstable, they may cause poor connectivity in the relevant computer software applications and affect the operating performance of such software. While we employ measures such as cyber security software and uninterruptible power supplies to protect our servers and network equipment from power outages, there is no assurance that such measures would be effective and our information technology systems are vulnerable to damage or interruption from power outages, computer and telecommunications failures, hacker attacks, computer viruses, security breaches, and errors in usage by our employees. We may also be required to expend significant resources to guard against the threat of information technology security breaches or to mitigate problems caused by such breaches.

The failure of the information technology systems used by our Group to perform for a prolonged period could also disrupt our business and could result in a loss of data, decreased revenue and increased overhead costs, resulting in a material and adverse impact to our business, financial condition, and results of operations. The above problems may also reduce the level of satisfaction of our customers and result in negative customer relations. In particular, in the event of a failure in the mobile application used in the provision of our conservancy services with the respective town councils, we may not be able to efficiently and effectively create, assign, monitor and report scheduled and ad hoc maintenance tasks that are carried out onsite and our conservancy services customers may become dissatisfied with the quality of our services. The provision of our conservancy services is typically assessed on an outcome basis and any disruption to our information technology systems could hinder our ability to assign and monitor tasks being carried out, which may be perceived by the relevant customers as a decrease in or unreliability of our service quality. In FY2018, FY2019, FY2020 and 1H2021, approximately 23.0%, 21.0%, 19.0% and 22.0% of our revenue respectively was generated by the provision of conservancy services. We have not experienced any loss in conservancy services projects that had a material adverse effect on our business, financial condition and results of operations. In the event of any loss in conservancy services projects, our business, financial condition, and results of operations may be materially and adversely affected.

Although we have put in place disaster recovery systems and back-up systems, there is no assurance that such measures will be adequate to support our operations in the event of a prolonged breakdown of our primary system or that our back-up systems will not be damaged simultaneously with our primary system. In the event of any disruption to our information technology systems or misappropriation of proprietary information from our information technology systems, our business, financial condition, and results of operations may be materially and adversely affected.

RISK FACTORS

Labour activism and unrest, or failure to maintain satisfactory labour relations may adversely affect our results of operations

Our subsidiary, LS 2 Services, is a unionised company under BATU and 480 of our employees are members of BATU as at the Latest Practicable Date. While we have not experienced any material labour disputes in recent years, and we consider labour relations with our workers and BATU to be good, there can be no assurance that we will be able to maintain such a working relationship with our workers and BATU and will not experience labour disputes resulting from disagreements with BATU in the future.

We may be unable to find suitable acquisitions, investment targets or strategic partners as part of our growth strategies or we may fail to achieve expected benefits from acquisitions, investment targets or strategic partnerships

As set out in the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document, we intend to accelerate the growth of our business operations and expand the scope of our service offerings by taking advantage of market opportunities to selectively engage in strategic acquisitions and joint venture partnerships with existing companies. Such future plans are based on current intentions and assumptions. Our long-term success is dependent on the successful implementation of our business strategies. Such an expansion would require our management’s attention and the diversion of significant resources away from our core profitable business areas. Our business strategies may be hindered by factors beyond our control, such as general market conditions, government policies relevant to our industry, our ability to maintain our existing competitive advantages and new market entrants. There is no assurance that we will be able to implement our business strategies and future plans effectively. If we fail to do so, our business, financial condition, and results of operations may be materially and adversely affected.

Our Group may enter into negotiations or agreements relating to potential strategic partnerships or acquisitions in the future. If we are unable to identify suitable targets and execute the transactions as planned, or at all, there could be material adverse effect on our business, growth rates and results of operations. Even if we do identify appropriate targets, the success of any material acquisition or investment will depend on a number of factors, including: (a) our ability to acquire businesses on a cost-effective basis; (b) our ability to manage regulatory and compliance risks associated with the business conducted by our targets; (c) our ability to integrate acquired personnel, operations, products and technologies into our organisation effectively; (d) our ability to retain and motivate key personnel and to retain the customers of the acquired firms; (e) our ability to influence the management of such companies in a way that is favourable to our business and growth strategies; and (f) whether such businesses may generate operating and financial results and/or synergies as we expected.

Any such acquisition, investment targets or strategic partnerships may require a significant commitment of management time, capital investment and other resources. We may be unable to consummate such transactions, we may not be able to effectively integrate an acquired business or we may be required to incur restructuring and other charges to complete a transaction. There is no assurance that we will be able to successfully maintain or increase our market share or grow our business successfully after carrying out such acquisition, investments targets or strategic partnerships. As a result, our business, financial condition, and results of operations may be materially and adversely affected. In addition, if we use our equity securities as consideration for transactions, we may dilute the value of the Shares held by our Shareholders.

RISK FACTORS

Our business is affected by fluctuations in general economic activity and market conditions

The general economic climate and level of commercial activity of the sectors in which we and our customers operate could affect demand for our services. Adverse economic conditions can be caused by a variety of factors beyond our control, such as the outbreak of communicable diseases, natural disasters, war, adverse political developments, terrorist attacks or other hostilities in any part of the world, potential, threatened or otherwise. An economic downturn in a sector or region in which we operate may be disruptive to our business operations and adversely affect demand for our services in that sector or region. While our conservancy services, school cleaning services, road and beach cleaning services, and pandemic disinfection services may continue to face strong demand during an economic downturn, our commercial cleaning services, external façade cleaning services, and housekeeping services may face a slight drop in demand as customers may cut costs in such areas during an economic downturn. Our customers may also reduce the minimum headcount required for new projects during an economic downturn, or reduce the frequency of cleaning services with a consequent reduction in the project value. We may also experience more competitive pricing pressure during periods of economic downturn. If we are unable to effectively manage our business in an economic downturn, or cope with the increased competitive pressures in adverse economic conditions, our business, financial condition, and results of operations may be materially and adversely affected.

Our historical financial performance is not indicative of our future performance

For FY2018, FY2019, FY2020 and 1H2021 our revenue was S\$43.4 million, S\$49.0 million, S\$54.6 million and S\$25.5 million, respectively. Our revenue, expenses and results of operations may vary from period to period and from year to year in response to a variety of factors beyond our control, including general business and economic conditions, changes in government regulations, and outbreak in communicable diseases. While we have remained profitable in FY2020 despite the COVID-19 pandemic, there is no assurance that our Company will be able to remain resilient and profitable, or that profits will grow at the same rate as in the past, in the event the COVID-19 pandemic persists, or in the event of any terrorist attack, financial crisis or other factors which may happen in the future. Year-to-year or even period-to-period comparisons of our historical results of operations may not be indicative of our future performance and undue reliance should not be placed on these comparisons to predict our future financial performance or the future performance of our Shares.

We may be unable to obtain future financing on favourable terms, or at all, to fund expected capital expenditure, potential opportunistic acquisitions and working capital requirements

We may at some stage in the future require funding for capital expenditure, potential opportunistic acquisitions or working capital requirements. The actual amount and timing of future financing may depend on several factors, among others, new business opportunities, opportunities for inorganic growth, regulatory changes, economic conditions, technological changes and market developments. Our sources of additional funding, if required, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and this could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations.

Similarly, our working capital requirements may increase due to various factors including growth in our businesses and longer payment schedules from our customers. In case there are insufficient cash flows to meet our working capital requirements or we are unable to arrange the same from other sources or there is delay in disbursement of arranged funds, our business, financial condition, and results of operations may be materially and adversely affected. These factors may result in us having to raise short-term borrowings. If there is any increase in the interest rates for such borrowings, our business, financial condition, and results of operations may be materially and adversely affected. A disproportionate increase in our working capital requirements may result in us incurring borrowing costs, which may have a material and adverse effect on our business, financial condition, and results of operations.

RISK FACTORS

Further, our ability to arrange for additional funds on acceptable terms is subject to a variety of uncertainties, including future results of operations, financial condition and cash flows; economic, political conditions and market demand for our services; costs of financing, liquidity and overall condition of financial and capital markets in Singapore and internationally; receipt of applicable business licences, approvals and other risks associated with our businesses; and limitations on our ability to raise capital in capital markets and conditions of the Singapore and other capital markets. Any such inability could have a material and adverse effect on our business, financial condition, and results of operations.

We may be affected by natural disasters, diseases, terrorist attacks, or armed conflicts and increased hostilities

Natural disasters (including earthquakes, typhoons and tsunamis), the outbreak of diseases, terrorist attacks or armed conflicts and increased hostilities are likely to have an adverse effect on the regional and global financial markets, our physical offices, and our financial performance. There is no assurance that such events will not occur in the future, and the occurrence of any of these events may result in a loss of business confidence or result in disruptions to our business operations, and our business, financial condition, and results of operations may be materially and adversely affected.

We are exposed to credit risks under our business operation, and any material payment delays or defaults by our customers

We are subject to credit risks associated with our customers and our profitability and cash flow may be affected if our customers fail to make timely payments for the provision of our services. During the Period Under Review, we generally extend credit terms of 30 to 60 days to our customers from the date of our invoice. As at the end of FY2018, FY2019, FY2020 and 1H2021, our trade receivables which were past due but not impaired amounted to approximately S\$4.3 million, S\$5.8 million, S\$6.6 million and S\$4.8 million, respectively. For further details, please refer to the section entitled “General Information on Our Group – Credit Policy” of this Offer Document. Our Group wrote off uncollectible debt of S\$41,000 in FY2020. This arose as a result of the winding up of a private sector customer during the COVID-19 pandemic. Save for the foregoing, during the Period Under Review, we have not made any allowance for doubtful debts or written off any bad debts arising from trade receivables.

If a customer delays payment in part or at all, our cash flow and working capital may be adversely affected. While our finance team monitors collections from our customers regularly and follows up on any overdue amounts, the payment recovery process is usually time-consuming and requires financial and other resources to settle the disputes. Furthermore, there is no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. If we fail to secure adequate payments in time or to manage past due debts effectively, our business, financial condition, and results of operations may be materially and adversely affected.

There is no assurance that any future payment from our customers will be made on time and any failure by our customers to make payment to us on a timely manner may have a material and adverse effect on our future business, financial condition, and results of operations.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Mainboard of the SGX-ST

We have made an application for our Shares to be listed for quotation on Catalist, a listing platform primarily designed for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies listed on the Main Board of the SGX-ST. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST, and there is no assurance of the future success and liquidity in the market of our Shares.

Pursuant to the Catalist Rules, we are required to, among others, retain a sponsor at all times after our admission to Catalist. In particular, unless approved by the SGX-ST, RHT Capital must act as our continuing sponsor for at least three (3) years after the listing of our Company on Catalist. In addition, we may be delisted in the event that we do not have a sponsor for more than three (3) continuous months. There is no assurance that following the expiration of the three-year period, RHT Capital will continue to act as our sponsor or that we are able to find a replacement sponsor within the three-month period. Should such risks materialise, we may be delisted.

RISK FACTORS

Future sale of our Shares could adversely affect our Share price

Any future sale or issue of our Shares can have a downward pressure on our Share price. The issue or sale of a significant amount of Shares in the public market after the Placement, or the perception that such issue or sales may occur, could materially and adversely affect the market price of our Shares. These factors also affect our ability to issue additional equity securities. Except as otherwise described in the section titled “Shareholders – Moratorium” of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

After the lock-up period has lapsed, we will be able to issue new Shares and our Controlling Shareholders will be able to sell their Shares. Any future sale or an increased availability of Shares may have a downward pressure on their price. The sale of a significant number of Shares in the public market after the Placement, including by our Controlling Shareholders, as well as non-controlling but otherwise significant Shareholders, or the issue of further new securities by us, or the perception that such sales or issues may occur, could materially affect the market price of the Shares. These factors also affect our ability to sell additional equity securities at a time and at a price favourable to us.

The Shares may not be a suitable investment for all investors

Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of the Shares, our Company, the merits and risks of investing in the Shares and the information contained in this Offer Document; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the effect an investment in the Shares will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the prospective investor’s currency; (iv) understand thoroughly the terms of the Placement; and (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

Investors in our Shares would face immediate and substantial dilution in the book value per Share and may experience future dilution

As described in the section entitled “Dilution” in this Offer Document, our Placement Price of 20.00 cents per Share is substantially higher than our unaudited NAV per Share of 7.82 cents as at 30 June 2021 (adjusted for the net proceeds from the Placement and based on the post-Placement share capital of 185,000,000 Shares). Thus, there is an immediate and substantial dilution in the book value per Share.

In addition, we may, in the future, expand our capabilities and business through acquisitions, joint ventures and strategic partnerships with parties who can add value to our business. We may also require additional equity funding after the Placement. If we choose to issue new Shares in order to finance future expansion, acquisitions, joint ventures and strategic partnerships, our Shareholders will face dilution of their shareholdings.

In particular, if we offer, or cause to be offered to Shareholders, rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to Shareholders, or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders. We may choose to not offer such rights to the Shareholders having an address in a jurisdiction outside Singapore and such Shareholders may experience a dilution in their shareholdings as a result.

RISK FACTORS

Investors may not be able to participate in future issues of Shares and may experience dilution in their shareholdings

In the event that our Company issues new Shares, it will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where it elects to conduct a rights issue. However, in electing to conduct a rights issue or other forms of equity issuances, our Company will have discretion, subject to relevant regulations, as to the procedures to be followed in making such rights offering available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, our Company may choose not offer such rights to our existing Shareholders having an address outside Singapore. Accordingly, holders of our Shares may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as a result.

There has been no prior market for our Shares and the Placement may not result in an active or liquid market for our Shares

Prior to the Placement, there has been no public market for our Shares. The Placement Price may not be indicative of the market price for our Shares after the completion of the Placement. There is no assurance that an active market for our Shares will develop or, if developed, will be sustained, or that the market price for the Shares will not decline below the Placement Price. Accordingly, you may be unable to sell your Shares at or above the Placement Price.

Our Share price may be volatile in the future, which could result in substantial losses for investors purchasing our Shares in this Placement

The trading price of our Shares could be subject to significant fluctuations as a result of, among others, the following factors, some of which are beyond our control:

- variations of our financial or operating results;
- liquidity of the market for our Shares;
- differences between our actual financial or operating results and those expected by investors and investment analysts;
- changes in analysts' recommendations, or estimates and projections of our financial performance;
- technological developments in our industry;
- announcements by us of significant acquisitions, strategic alliances or joint ventures;
- announcements by us of the securing or termination of significant projects;
- our involvement in material litigation; and
- changes in general economic, political and social conditions and broad market fluctuations.

In addition, our Share price will be under downward pressure if certain of our Directors or management staff or employees sold their respective Shares immediately after the Placement or moratorium.

For these reasons, among others, our Shares may trade at prices that are higher or lower than the Placement Price and/or unaudited NAV per Share. These fluctuations may be exaggerated if the trading volume of the Shares is low. Volatility in the price of the Shares may be unrelated or disproportionate to our results of operations. It may be difficult to assess our performance against either domestic or international benchmarks. In addition, our Shares are not capital-safe products and there is no guarantee that investors of our Shares can realise a higher amount or even the principal amount of their investments. Any of the factors listed above could adversely affect the price of our Shares and you may not be able to resell your Shares at a price that is attractive to you, or at all.

RISK FACTORS

We may be constrained from paying dividends on the Shares from time to time

We are not legally or contractually required to pay dividends and any determination to pay dividends in the future will be entirely at the discretion of our Board, taking into consideration our operating results and cash flow, other cash requirements including capital expenditures, financing arrangements (if any), future plans, general business conditions and other factors which our Board may determine as appropriate, many of which are beyond our control. Please see the section titled “Dividend Policy” of this Offer Document for further details on our dividend policy.

We may not be able to pay dividends in the future if we are unable to successfully implement our strategy or if there are adverse developments to our business as a result of competitive, regulatory, general economic conditions, demand and other factors specific to our industry, many of which are beyond our control. In addition, agreements which we may enter into in the future may limit or prohibit, among other things, the ability of our subsidiaries to make distributions to us and thus our ability to pay dividends to our Shareholders.

Our Company’s Controlling Shareholders will retain significant control over our Company after the Placement, which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of the Placement, our Company’s present Controlling Shareholders, Mr. Roger Tan and Mr. Alvin Ong will beneficially own in aggregate approximately 65.0% and 20.0% of the issued Shares, respectively. As a result, these persons, if they act together, will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and the approval of significant corporate transactions, and will have veto power with respect to any Shareholder action or approval requiring a majority vote except where they are required by the Catalist Rules to abstain from voting. Such concentration of ownership also may have the effect of delaying, preventing or deterring a change in control of our Company which may benefit our Shareholders.

Negative publicity may adversely affect our Share price

Negative publicity or announcement relating to our Company or any of our Directors, Executive Officers or Controlling Shareholders may materially and adversely affect the market perception or the Share performance of our Company, whether or not it is justified. Examples of negative publicity may include unsuccessful attempts in joint ventures, acquisitions or takeovers, or involvement in insolvency proceedings.

Singapore law contains provisions that could discourage a take-over of our Company

The Singapore Take-over Code and sections 138, 139 and 140 of the SFA (collectively, “**Singapore Take-over and Merger Provisions**”) contain certain provisions that may delay or deter a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Except with the consent of the Securities Industry Council, any person acquiring an interest, whether by a series of transactions over a period of time or otherwise, either on his/her own or together with parties acting in concert with him/her, in 30.0% or more of our voting Shares is required to extend a take-over offer for our remaining voting Shares in accordance with the Singapore Take-over and Merger Provisions. Except with the consent of the Securities Industry Council, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of our voting Shares (either on his/her own or together with parties acting in concert with him/her) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period. While the Singapore Take-over Code seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and their ability to realise any benefit from a potential change of control.

USE OF PROCEEDS AND LISTING EXPENSES

The gross proceeds to be raised by our Company from the Placement will be approximately S\$5.6 million.

The estimated net proceeds to be raised by our Company from the Placement, after deducting the estimated expenses in relation to the Placement of approximately S\$1.2 million, will be approximately S\$4.4 million.

The allocation of each principal intended use of proceeds and the estimated listing expenses is set out below:

	Amount (S\$'000)	Estimated amount for each dollar of the gross proceeds from the Placement (cents)
Use of proceeds		
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	54.06
Working capital	1,411	25.42
	4,411	79.48
Net proceeds from the Placement		
Listing expenses to be borne by our Company		
Listing and processing fees	52	0.94
Professional fees	790	14.23
Placement commission	167	3.00
Miscellaneous expenses	130	2.35
	1,139	20.52
Total listing expenses		
Total	5,550	100.00

Please refer to the section entitled “General Information on Our Group – Business Strategies and Future Plans” of this Offer Document for further details on our use of proceeds.

Pending the deployment of the net proceeds from the issue of the Placement Shares as aforesaid, the funds will be placed in short term deposits with banks and financial institutions, used to invest in short term money market instruments and/or used for working capital requirements as our Directors may deem fit at their absolute discretion.

As part of its terms of reference, our Audit Committee will monitor our use of the net proceeds from the Placement. We will make periodic announcements on the use of the net proceeds from the Placement as and when the proceeds are materially disbursed, and provide a status report on the use of the proceeds in our annual report(s) and results announcement(s).

The discussion above represents our Company’s reasonable estimate of our allocation of the net proceeds from the Placement based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and our Company may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that any part of our proposed uses of the net proceeds from the Placement does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short term deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the Catalyst Rules and appropriate announcements will be made by our Company on SGXNET.

USE OF PROCEEDS AND LISTING EXPENSES

Save as disclosed in this Offer Document, none of the net proceeds from the Placement will be used, directly or indirectly, to acquire or refinance the acquisition of another business or assets outside the ordinary course of business. None of the net proceeds from the Placement will be used to discharge, reduce or retire any indebtedness of our Group.

In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Placement.

DILUTION

Dilution is the amount by which the Placement Price paid by subscribers of our Placement Shares (“**New Investors**”) exceeds our NAV per Share immediately after the Placement. Our NAV per Share as at 30 June 2021 before adjusting for the estimated net proceeds from the Placement and based on the pre-Placement share capital of 157,250,000 Shares, was 6.43 cents per Share.

Based on the issue of 27,750,000 Placement Shares at the Placement Price, our NAV per Share after adjusting for the estimated net proceeds from the Placement and based on the post-Placement share capital of 185,000,000 Shares, would be 7.82 cents. This represents an immediate increase in the NAV per Share of 1.39 cents or 21.6% to our existing Shareholders and an immediate dilution in NAV per Share of 12.18 cents or 60.9% to our New Investors.

The following tables illustrate the dilution on a per Share basis:

	Cents
Placement Price	20.00
NAV per Share as at 30 June 2021 based on the pre-Placement share capital of 157,250,000 Shares	6.43
Increase in NAV per Share to existing Shareholders	1.39
NAV per Share after the Placement based on the post-Placement share capital of 185,000,000 Shares ⁽¹⁾	7.82
Dilution in NAV per Share to New Investors	12.18
Dilution in NAV per Share to New Investors as a percentage of the Placement Price	60.9%

Note:

- (1) The computed NAV per Share after the Placement does not take into account our actual financial performance after 30 June 2021. Depending on our actual financial results, our NAV per Share may be higher or lower than the above computed NAV.

The following table summarises the total number of Shares acquired by our Directors, Substantial Shareholders and/or their Associates during the period of three (3) years prior to the date of lodgement of this Offer Document, the total consideration paid by them and the average effective cash cost per Share to them and to our New Investors pursuant to the Placement, and as adjusted for the Restructuring Exercise and the Share Split:

	Number of Shares Acquired	Total Consideration (S\$)	Average Effective Cost per Share (cents)
Directors			
Mr. Roger Tan	157,250,000	1.00 ⁽¹⁾	Not meaningful
Mr. Alvin Ong	37,000,000	705,882	1.91
New Investors pursuant to the Placement	27,750,000	5,550,000	20.00

Note:

- (1) Mr. Roger Tan subscribed for one (1) ordinary Share at S\$1.00 on incorporation of our Company. On 1 July 2021, LS 2 Services issued and allotted 297,000,000 ordinary shares, representing 99.0% of the issued and paid-up share capital of LS 2 Services to our Company for a nominal cash consideration of S\$100. On 1 September 2021, our Company acquired 2,400,000 ordinary shares and 600,000 ordinary shares respectively representing 0.8% and 0.2% of the issued and paid-up share capital of LS 2 Services from Mr. Roger Tan and Ms. Tan Wei Ying, respectively, for an aggregate nominal cash consideration of S\$2.00. On 10 September 2021, the Share Split was effected and the one (1) Share was subdivided into 157,250,000 Shares. 37,000,000 of these Shares were subsequently transferred to Mr. Alvin Ong. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for more details.

DILUTION

On 10 September 2021 the Share Split was effected and each of our Shares were sub-divided into 157,250,000 Shares. Pursuant to the Share Split, the issued and paid-up share capital of our Company became S\$1, comprising 157,250,000 Shares.

Save as disclosed above and in the sections entitled “Restructuring Exercise” and “Share Capital” of this Offer Document, none of our Directors, Substantial Shareholders or their Associates has acquired any Shares during the period of three (3) years prior to the date of lodgement of this Offer Document.

CAPITALISATION AND INDEBTEDNESS

The information in this table should be read in conjunction with the sections entitled “Use of Proceeds and Listing Expenses” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” of this Offer Document and our financial statements and the notes thereto set out in Appendices A and B of this Offer Document.

The table below sets forth the capitalisation and indebtedness of our Group:

- as at 31 December 2020, based on the audited consolidated financial position of our Group as at 31 December 2020;
- as at 31 October 2021, based on the unaudited consolidated management accounts of our Group as at 31 October 2021, as adjusted for the issue of the Placement Shares at the Placement Price, and the application of net proceeds from the Placement in the manner described in the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document.

	As at 31 December 2020	As at 31 October 2021	Adjusted for net proceeds from the Placement
Cash and cash equivalents	7,299,679	1,030,509	5,386,509
Current indebtedness			
Secured and guaranteed	5,148,390	2,122,609	2,122,609
Secured and non-guaranteed	–	–	–
Unsecured and guaranteed	9,907	24,800	24,800
Unsecured and non-guaranteed	381,782	755,474	755,474
Non-current indebtedness			
Secured and guaranteed	2,584,791	2,097,850	2,097,850
Unsecured and guaranteed	33,779	74,162	74,162
Unsecured and non-guaranteed	202,659	536,998	536,998
Total indebtedness	8,361,308	5,611,893	5,611,893
Total shareholders’ equity	13,736,513	10,437,425	14,793,425
Total capitalisation and indebtedness	22,097,821	16,049,318	20,405,318

Credit Facilities

As at the Latest Practicable Date, we have the following credit facilities:

No.	Lender	Borrower	Type of facilities (Secured/Guaranteed)	Interest Rate	Amount of facilities available (S\$ '000)	Amount utilised (S\$ '000)	Amount unutilised (S\$ '000)	Maturity profile
1.	DBS Bank Ltd	LS 2 Services	Accounts receivable purchase facility ⁽¹⁾	The prevailing three-month cost of funds of DBS Bank Ltd plus 2.00% per annum determined as of the 1st and 15th of each month	5,000	237	4,763	N.A.
2.	DBS Bank Ltd	LS 2 Services	Term Loan ⁽²⁾	2.25% in the first year, 2.25% in the second year and the DBS Bank Ltd prevailing enterprise financing rate in subsequent years	544	544	Nil	13 years from 2 October 2019

CAPITALISATION AND INDEBTEDNESS

No.	Lender	Borrower	Type of facilities (Secured/ Guaranteed)	Interest Rate	Amount of facilities available (S\$ '000)	Amount utilised (S\$ '000)	Amount unutilised (S\$ '000)	Maturity profile
3.	DBS Bank Ltd	LS 2 Services	Term Loan ⁽²⁾	2.25% in the first year, 2.25% in the second year and the DBS Bank Ltd prevailing enterprise financing rate in subsequent years	544	544	Nil	13 years from 2 October 2019
4.	Maybank Singapore Limited	LS 2 Services	Term Loan ⁽³⁾	2.38% in the first year, 2.38% in the second year and 1.12% below Maybank Singapore Limited's non-residential mortgage board rate in subsequent years	524	524	Nil	17 years from 28 February 2019
5.	Standard Chartered Bank (Singapore) Limited	LS 2 Services	Accounts receivable purchase facility ⁽⁴⁾	1.75%	2,500	1,300	1,200	N.A.
6.	Standard Chartered Bank (Singapore) Limited	LS 2 Services	Accounts receivable purchase facility ⁽⁴⁾	1.75%	6,000	2,432	3,568	N.A.
7.	United Overseas Bank Limited	LS 2 Services	Commercial property loan ⁽⁵⁾	2.28% in the first year, 2.38% in the second year, 2.58 in the third year and 2.80% over SIBOR thereafter	576	576	Nil	13 years from 21 March 2019
8.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	60	60	Nil	72 months from 2 June 2017 to 1 June 2023
9.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	62	62	Nil	84 months from 6 September 2017 to 5 September 2024
10.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	62	62	Nil	84 months from 6 September 2017 to 5 September 2024
11.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	62	62	Nil	84 months from 1 October 2017 to 30 September 2024

CAPITALISATION AND INDEBTEDNESS

No.	Lender	Borrower	Type of facilities (Secured/ Guaranteed)	Interest Rate	Amount of facilities available (S\$ '000)	Amount utilised (S\$ '000)	Amount unutilised (S\$ '000)	Maturity profile
12.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	62	62	Nil	84 months from 1 October 2017 to 30 September 2024
13.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	62	62	Nil	84 months from 1 October 2017 to 30 September 2024
14.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	62	62	Nil	84 months from 1 October 2017 to 30 September 2024
15.	Ethoz Capital Ltd	LS 2 Services	Hire purchase	2.99%	56	56	Nil	84 months from 1 November 2017 to 31 October 2024
16.	Hong Leong Finance Limited	LS 2 Services	Hire purchase	3.4%	44	44	Nil	75 months from 3 November 2017
17.	Mercedes-Benz Financial Services Singapore Ltd.	LS 2 Services	Hire purchase	2.99%	70	70	Nil	84 months from 29 December 2015
18.	Mercedes-Benz Financial Services Singapore Ltd.	LS 2 Services	Hire purchase	2.99%	64	64	Nil	84 months from 20 February 2017
19.	Mercedes-Benz Financial Services Singapore Ltd.	LS 2 Services	Hire purchase	2.99%	48	48	Nil	60 months from 18 March 2019
20.	Mercedes-Benz Financial Services Singapore Ltd.	LS 2 Services	Hire purchase	2.99%	48	48	Nil	60 months from 19 March 2019
21.	Abwin Pte Ltd	LS 2 Services	Hire purchase	3.59%	30	30	Nil	48 months from 26 July 2019

CAPITALISATION AND INDEBTEDNESS

No.	Lender	Borrower	Type of facilities (Secured/ Guaranteed)	Interest Rate	Amount of facilities available (S\$ '000)	Amount utilised (S\$ '000)	Amount unutilised (S\$ '000)	Maturity profile
22.	DBS Bank Ltd	LS 2 Services	Hire purchase ⁽⁶⁾	1.8%	230	230	Nil	36 months from 22 November 2019
23.	Maybank Singapore Ltd	LS 2 Services	Hire purchase	2.99%	49	49	Nil	60 Months from 22 June 2020
24.	HL Bank	LS 2 Services	Hire purchase	2.99%	56	56	Nil	83 months from 23 July 2021
25.	United Overseas Bank Limited	LS 2 Services	Hire purchase	2.99%	49	49	Nil	60 Months from 4 October 2021
26.	United Overseas Bank Limited	LS 2 Services	Hire purchase	2.99%	45	45	Nil	60 Months from 4 October 2021
27.	Oversea-Chinese Banking Corporation Limited	LS 2 Services	Temporary bridging loan ⁽⁷⁾	3.25%	3,000	Nil	3,000	5 years

Notes:

- (1) This accounts receivable facility contains restrictions whereby LS 2 Services (a) shall not (i) amend or alter any provision in its constitution, (ii) undertake or permit any merger, de-merger, reconstitution, re-organisation, amalgamation, reconstruction, take-over or any other schemes of compromise or arrangement affecting its present constitution or (iii) permit any change in its membership or constitution, without the prior written consent of DBS Bank Ltd, (b) shall not and shall procure that no Entity shall, without the prior written consent of DBS Bank Ltd, (i) (where applicable) undertake or permit any merger, demerger, re-organisation, amalgamation, reconstruction, take-over or any other schemes of compromise or arrangement affecting its present constitution; (ii) undertake or permit any change in its management without the prior written consent of DBS Bank Ltd and (c) so long as any monies are owing or are to be advanced to DBS Bank Ltd, shall not, and shall procure that no Group company shall, declare, pay or make any dividend or other distribution, whether of an income or capital nature and whether in cash or in specie, in respect of any accounting period without the prior written consent of DBS Bank Ltd. DBS Bank Ltd has, by way of email, confirmed that it has no objections to the restructuring exercise undertaken by our Group as set out in the section entitled "Restructuring Exercise" of this Offer Document as well as the declaration of dividends to shareholders by our Company and/or LS 2 Services prior to and following the Listing.
- (2) These term loans contain a restriction whereby LS 2 Services (a) shall not (i) substantially alter the nature of its business or amend or alter any provision in its constitution or equivalent constitutive documents relating to its powers to borrow, secure, or guarantee or its principal business activities and (ii) without DBS Bank Ltd's prior written consent, undertake or permit any merger, demerger, reorganisation, amalgamation, reconstruction, take-over or any other schemes of compromise or arrangement affecting its present constitution, or undertake or permit any change in its management without DBS Bank Ltd's prior written consent and (b) shall not and shall procure that no Entity shall, without the prior written consent of DBS Bank Ltd, (i) (where applicable) undertake or permit any merger, demerger, re-organisation, amalgamation, reconstruction, take-over or any other schemes of compromise or arrangement affecting its present constitution; (ii) undertake or permit any change in its management without the prior written consent of DBS Bank Ltd. DBS Bank Ltd has, by way of email, confirmed that it has no objections to the restructuring exercise undertaken by our Group as set out in the section entitled "Restructuring Exercise" of this Offer Document.
- (3) This term loan facility contains a restriction whereby LS 2 Services shall not without the prior written consent of Maybank Singapore Limited (i) undertake or permit any re-organisation, amalgamation, reconstruction, take-over, substantial change of shareholders or any other schemes of compromise or arrangement affecting its present constitution; and (ii) make substantial alteration to the nature of its business or amend or alter the provisions in its constitution, memorandum and articles of association, or other corporate constitutional documents relating to its borrowing powers and principal business activities. Maybank Singapore Limited has, by way of email, confirmed that the current facilities extended by Maybank Singapore Limited remain unchanged notwithstanding the restructuring exercise undertaken by our Group as set out in the section entitled "Restructuring Exercise" of this Offer Document.

CAPITALISATION AND INDEBTEDNESS

- (4) These facilities contain a restriction whereby (a) LS 2 Services must promptly notify Standard Chartered Bank (Singapore) Limited upon the occurrence of any amalgamation, demerger, merger or corporate reconstruction by LS 2 Services or any of its group members or if LS 2 Services ceases to be controlled by its parent as specified in the facility letter, or has any change of directors or beneficial owners or amendment to its constitutional documents and (b) if the borrower ceases to be controlled by its parent, any facility limits under the facilities will be deemed immediately cancelled, and the borrower must, provided that the bank has given at least fourteen (14) banking days prior written notice of demand, repay and/or, if provided for in this agreement, provide cash cover for all utilisations together with the accrued interest and all other amounts accrued or outstanding under the finance documents. Standard Chartered Bank (Singapore) Limited has, by way of email, confirmed that it has no issues with the restructuring exercise undertaken by our Group as set out in the section entitled "Restructuring Exercise" of this Offer Document.
- (5) These facilities contain a restriction whereby (a) so long as any sum remains or may be outstanding under the banking facilities, there shall be no direct or indirect change of control in the shareholding or management of LS 2 Services, as determined by UOB Bank Limited in its absolute discretion. In the event of a change, prior written consent from UOB Bank Limited shall be required and UOB Bank Limited shall be entitled to impose such terms and conditions as it deems fit, including the levying of a charge equivalent to the prepayment fee or such other amount as may be advised by the UOB Bank Limited and (b) LS 2 Services shall not, without the prior written consent of UOB Bank Limited (which will not be unreasonably withheld) undertake or permit any reorganisation, amalgamation, reconstruction, take-over, substantial change of shareholders or any other schemes of compromise or arrangement affecting its present constitution or amend or alter any of the provisions in its constitution relating to its borrowing powers and principal business activities. UOB Bank Limited has, by way of email, confirmed that it notes the restructuring exercise undertaken by our Group as set out in the section entitled "Restructuring Exercise" of this Offer Document and further that no consent is required from UOB Bank Limited in this regard.
- (6) This hire purchase agreement contains a restriction whereby if there is a change in the ownership or control or management of LS 2 Services, and such change is in the opinion of DBS Bank Ltd prejudicial to interest of DBS Bank Ltd under the hire purchase agreement then LS 2 Services shall be deemed to have repudiated the hire purchase agreement and it shall be lawful for DBS Bank Ltd by notice in writing to LS 2 Services to terminate the hire purchase agreement. DBS Bank Ltd has, by way of email, confirmed that it has no objections to the restructuring exercise undertaken by our Group as set out in the section entitled "Restructuring Exercise" of this Offer Document.
- (7) This facility agreement contains a restriction whereby if the Company changes its constitution or changes its shareholding, capital structure and/or constitution without the prior written consent of Oversea-Chinese Banking Corporation Limited such change shall constitute an event of default and Oversea-Chinese Banking Corporation Limited may demand repayment of the facility with one (1) month's notice in writing to the Company.

To the best of our Directors' knowledge, as at the Latest Practicable Date, we are not in breach of any of the terms and conditions or covenants associated with any credit facilities or our financial arrangements which could materially affect our financial position and results or business operations, or the investments of our Shareholders. Save as disclosed above, there are no material terms and conditions in our credit facilities which impose restrictions on payment of dividends and/or are tied to our Directors and/or make references to the specific shareholding interest of any Controlling Shareholder.

Pursuant to Rule 728 of the Listing Rules, our Controlling Shareholders, Mr. Roger Tan and Mr. Alvin Ong, have provided an undertaking to our Company that they will notify our Company, as soon as they become aware, of any share pledging arrangements relating to their shares in our Company, and of any event which may result in a breach of our Group's loan provisions which make reference to their shareholding interests of our Group. Upon notification by any of our Controlling Shareholders, our Company will make the necessary announcement(s) in compliance with the said rule.

In the event that any Group company enters into a loan agreement or issues debt securities that contain a condition making reference to shareholding interests of any Controlling Shareholder, or places restrictions on any change in control of our Company, and the breach of this condition or restriction will cause a default in respect of the loan agreement or debt securities, significantly affecting the operations of our Group, we will immediately announce the details of the condition(s) in accordance with Rule 704(33) of the Catalist Rules, making reference to the shareholding interests of such Controlling Shareholder, restrictions placed on any change in control of our Company and the aggregate level of these facilities that may be affected by a breach of such condition or restriction.

DIVIDEND POLICY

Statements contained herein that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Issue Manager and Full Sponsor, the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

PAST DIVIDENDS

Dividends declared by LS 2 Services

On 2 July 2009, LS 2 Services declared an interim dividend of S\$250,000, in respect of FY2009 which was paid in FY2009. On 25 August 2015, LS 2 Services declared an interim dividend of S\$800,000, in respect of FY2015 which was paid in FY2015.

On 4 September 2017 and 13 October 2017, LS 2 Services declared interim dividends of S\$500,000 and S\$1,000,000, respectively, in respect of FY2017 which were paid in FY2017.

On 31 March 2021, LS 2 Services declared an interim dividend of S\$1,000,000 in respect of FY2021 which was paid in FY2021. On 30 June 2021, LS 2 Services declared an interim dividend of S\$4,500,000 in respect of FY2021 to its then-shareholders, Mr. Roger Tan and Ms. Tan Wei Ying, which will be paid in the fourth quarter of FY2021. This declaration of dividend is reflected as an appropriation of retained earnings of our Group under the capital and reserves attributable to equity holders of the Company and the remaining outstanding dividend payable is reflected in trade and other payables in the "Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020", "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021" and "Independent Auditor's Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2020" as set out in Appendix A, Appendix B and Appendix C respectively to this Offer Document.

Save as disclosed above, no dividends have been declared by our Company or our subsidiaries during the Period Under Review and from 1 July 2021 up to the Latest Practicable Date.

DIVIDEND POLICY

Our Company currently does not have a fixed dividend policy. The declaration and payment of future dividends may be recommended by our Board at their discretion, after considering a number of factors. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Investors should note that all the foregoing statements are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends which may be subject to modification (including reduction or non-declaration thereof) at our Directors' sole and absolute discretion. Any dividends declared will be disclosed in our Company's financial results announcement as required by Appendix 7C of the Catalist Rules.

The form, frequency and amount of future dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Directors:

- (a) the level of our cash and retained earnings;
- (b) our actual and projected financial performance;
- (c) our projected levels of capital expenditure and other investment plans;

DIVIDEND POLICY

- (d) our working capital requirements and general financing condition;
- (e) restrictions on payment of dividends imposed on us by our financing arrangements (if any); and
- (f) the general economic and business conditions in countries in which we operate.

Subject to our Constitution and in accordance with the Companies Act, we may declare final dividends by way of an ordinary resolution of our Shareholders at a general meeting, but may not pay total dividends in excess of the amount recommended by our Directors. The declaration and payment of final dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Subject to our Constitution and in accordance with the Companies Act, our Directors may also declare an interim dividend without the approval of our Shareholders. All dividends will be paid in accordance with the Companies Act.

Payment of any dividends shall be in Singapore dollars. All dividends are paid *pro-rata* among the Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

The amount of dividends declared and paid by us in the past should not be taken as an indication of the dividends payable in the future. Investors should not make any inference from the foregoing statements as to our actual future profitability or our ability to pay any future dividends. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future. Please refer to the section entitled "Risk Factors – Risks Relating to an Investment in our Shares – We may be constrained from paying dividends on the Shares from time to time" of this Offer Document for further details.

For information relating to taxes payable on dividends, please refer to "Appendix F – Taxation" of this Offer Document.

RESTRUCTURING EXERCISE

In connection with the Placement, we undertook the Restructuring Exercise to rationalise and streamline our Group.

The following steps were taken during the Restructuring Exercise:

1. Incorporation of our Company

Our Company was incorporated on 18 June 2020 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of S\$1 comprising one (1) Share held by Mr. Roger Tan.

2. Incorporation of LS 2 Management

On 18 June 2020, our Company incorporated LS 2 Management as a holding company in preparation for future expansion of its businesses.

3. Acquisition of LS 2 Services by our Company

On 1 July 2021, LS 2 Services issued and allotted 297,000,000 ordinary shares, representing 99.0% of the issued and paid-up share capital of LS 2 Services to our Company for a nominal cash consideration of S\$100. On 1 September 2021, our Company acquired 2,400,000 ordinary shares and 600,000 ordinary shares respectively representing 0.8% and 0.2% of the issued and paid-up share capital of LS 2 Services from Mr. Roger Tan and Ms. Tan Wei Ying, respectively, for an aggregate nominal cash consideration of S\$2. Ms. Tan Wei Ying is the daughter of Mr. Roger Tan. Following such acquisition, LS 2 Services became a wholly-owned subsidiary of our Company.

4. Incorporation of LS 2 Facilities

On 8 July 2021, our Company incorporated LS 2 Facilities as a facilities management company in preparation for future expansion of its businesses.

5. Share Split

On 10 September 2021 the Share Split was effected and each of our Shares were sub-divided into 157,250,000 Shares. Pursuant to the Share Split, the issued and paid-up share capital of our Company became S\$1, comprising 157,250,000 Shares.

6. Acquisition of Shares by Mr. Alvin Ong

On 17 September 2021, Mr. Alvin Ong acquired 37,000,000 ordinary shares representing approximately 23.5% of the issued and paid-up share capital of our Company from Mr. Roger Tan for a cash consideration of S\$705,882. The cash consideration was determined on a willing buyer willing seller basis based on the combined paid-up share capital of the Group of S\$3,000,103 at the time of the acquisition.

7. Conversion of our Company into a Public Company

On 25 November 2021, our Company was converted into a public company limited by shares. In connection with such conversion, we changed our name to "LS 2 Holdings Limited".

SHARE CAPITAL

Our Company was incorporated in Singapore on 18 June 2020 under the Companies Act as a private company limited by shares under the name of “LS 2 Pest Management Pte. Ltd.”. On 29 March 2021, to better reflect the nature of the business of our Company and in anticipation of the Restructuring Exercise, our Company changed its name to LS 2 Holdings Pte. Ltd..

As at the date of incorporation, the issued and paid-up share capital of our Company was S\$1 comprising one (1) ordinary Share held by Mr. Roger Tan.

On 25 November 2021, our Company was converted into a public company limited by shares and our name was changed to “LS 2 Holdings Limited”.

Pursuant to the written resolutions passed on 11 November 2021 and 22 December 2021, our then Shareholders approved, among others, the following:

- (a) the conversion of our Company into a public company limited by shares and the consequential change of our name to “LS 2 Holdings Limited”;
- (b) the adoption of a new set of Constitution;
- (c) the allotment and issue of the Placement Shares pursuant to the Placement, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares;
- (d) the approval of the listing and quotation of all the issued Shares (including the Placement Shares to be allotted and issued pursuant to the Placement), the Option Shares and the Award Shares to be allotted and issued (if any) on Catalist;
- (e) the adoption of the LS 2 ESOS, the LS 2 PSP and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the exercise of options granted under the LS 2 ESOS and pursuant to awards granted under the LS 2 PSP;
- (f) the authorisation for our Directors, pursuant to Section 161 of the Companies Act and the Catalist Rules to:
 - (a)(i) issue (in addition to the Placement Shares) new 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 new 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 new Shares, at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit; and
 - (b) (notwithstanding this authorisation conferred may have ceased to be in force) issue new Shares in pursuance of any Instruments made or granted by our Directors while this authorisation was in force, provided that:
 - (1) the aggregate number of new Shares (including new Shares to be issued in pursuance of the Instruments, made or granted pursuant to this authorisation) and Instruments to be issued pursuant to this authorisation shall not exceed 100.0% 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 new Shares to be issued (including new Shares to be issued pursuant to the Instruments) other than on a *pro rata* basis to existing Shareholders shall not exceed 50.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
 - (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new Shares (including new Shares to be issued pursuant to the Instruments) that may be issued under sub-paragraph (1) above, the percentage of new Shares that may be issued shall be based on the post-Placement issued share capital of our Company (excluding treasury shares and subsidiary holdings), after adjusting for: (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities; (b) new Shares arising from exercising share options or vesting of share options outstanding and subsisting at the time of the passing of this authority; and (c) any subsequent bonus issue, consolidation or sub-division of Shares; and

SHARE CAPITAL

- (3) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next annual general meeting of the Company or (ii) the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

As at the date of this Offer Document, our Company has only one (1) class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Constitution. There is no founder, management or deferred shares. As at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or our subsidiaries.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$1.00 comprising 157,250,000 Shares. Upon the allotment and issue of the Placement Shares, the resultant issued and paid-up share capital of our Company will be S\$5,426,161 comprising 185,000,000 Shares, after taking into account the capitalisation of the expenses in relation to the Placement.

Details of the changes in the issued and paid-up share capital of our Company since incorporation and immediately after the Placement are as follow:

	Total Number of Shares	Resultant Issued and Paid-up Share Capital (S\$)
Issued and paid-up Shares as at our incorporation	1	1
After the Share Split	157,250,000	1
Issue of Placement Shares pursuant to the Placement	27,750,000	5,426,160
Post-Placement issued and paid-up share capital	<u>185,000,000</u>	<u>5,426,161</u>

The equity attributable to owners of our Company as at the date of incorporation (being 18 June 2020), as adjusted for the Restructuring Exercise and after the Placement is set out below:

	As at the Date of Incorporation	Immediately Before the Placement	Immediately After the Placement
Issued and Paid-Up Number of Shares	1	157,250,000	185,000,000
Issued and Paid-Up Share Capital (S\$)	1	1	5,426,161
Equity attributable to owners of our Company (S\$)	1	10,115,262	14,677,662

Note:

- (1) Equity attributable to owners of our Company based on the “Independent Auditor’s Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021” as set out in Appendix B of this Offer Document..

Save as disclosed above and in the section entitled “General and Statutory Information – Changes in Share Capital” of this Offer Document, there have been no other changes in the issued and paid-up share capital of our Company since the date of our incorporation.

Save as set out in this section and in the section entitled “General and Statutory Information – Changes in Share Capital” of this Offer Document, there were no changes in the issued and paid-up share capital of our Company and our Subsidiaries within the three (3) years preceding the Latest Practicable Date.

SHAREHOLDERS

The shareholdings of our Directors and Substantial Shareholders immediately before and after the Placement are set out below:

	Immediately before the Placement				Immediately after the Placement			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Mr. Roger Tan	120,250,000	76.5	–	–	120,250,000	65.0	–	–
Mr. Alvin Ong	37,000,000	23.5	–	–	37,000,000	20.0	–	–
Mr. Tan Siang Leng	–	–	–	–	–	–	–	–
Mr. Ng Hong Whee	–	–	–	–	–	–	–	–
Mr. Chua Ser Miang	–	–	–	–	–	–	–	–
Other Shareholders								
Public	–	–	–	–	27,750,000	15.0	–	–
Total	157,250,000	100.0	–	–	185,000,000	100.0	–	–

Save as disclosed above and in the section entitled “Directors, Executive Officers and Staff” of this Offer Document, there are no other relationships among our Directors, Executive Officers and Substantial Shareholders and there are no arrangements or understandings with any Substantial Shareholders pursuant to which any of our Directors and Executive Officers were appointed.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Placement Shares which are the subject of the Placement.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any corporation, person or government.

There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.

SIGNIFICANT CHANGES IN THE PERCENTAGE OF OWNERSHIP

Save as disclosed under the sections entitled “Share Capital”, “Restructuring Exercise”, “Dilution” and “Shareholders” of this Offer Document, there were no significant changes in the percentage of ownership of the Shares in our Company within the three (3) years preceding the Latest Practicable Date.

MORATORIUM

As at the date of this Offer Document, Mr. Roger Tan and Mr. Alvin Ong directly hold 120,250,000 and 37,000,000 Shares, respectively.

RT Moratorium Shares

Mr. Roger Tan has given an undertaking to our Company, the Issue Manager and Full Sponsor and the Placement Agent that he will not, in respect of any or all of the Shares he directly and/or indirectly, as of the date of the undertaking and upon the admission of our Company to Catalist (“**Listing Date**”) (“**RT Moratorium Shares**”), for a period of six (6) months commencing from the Listing Date (“**First Moratorium Period**”), directly or indirectly:

- (a) reduce his effective shareholding interest in our Company below the level of such effective interest which he will own immediately after the Placement;

SHAREHOLDERS

- (b) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, sell any option or contract to purchase, purchase any option or contract to sell, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any or all of the RT Moratorium Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the RT Moratorium Shares or any other securities of the Company or any subsidiary of the Company), whether such transaction is settled by delivery of such RT Moratorium Shares or such other securities, in cash or otherwise;
- (c) enter into any agreement, transaction or arrangement (including any swap, hedge or derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer (in whole or in part) with a similar effect (economic or otherwise) to the foregoing of any or all of the RT Moratorium Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the RT Moratorium Shares or any other securities of our Company or any subsidiary of our Company), whether such agreement, transaction or arrangement is settled by delivery of such RT Moratorium Shares or such other securities, in cash or otherwise;
- (d) deposit any or all of the RT Moratorium Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the RT Moratorium Shares or any other securities of our Company or any subsidiary of our Company) in any depository receipt facilities, whether any such transaction described above is to be settled by the delivery of such RT Moratorium Shares or such other securities, in cash or otherwise;
- (e) enter into any transaction or arrangement which is designed or which may reasonably be expected to result in or have the same effect (economic or otherwise) as (in whole or in part) any of the above; or
- (f) offer or agree to make any announcement with respect to any of the foregoing transactions or publicly disclose any intention to do any of the above,

(collectively, "**Restrictions**").

Mr. Roger Tan has also undertaken to comply with the Restrictions in respect of 50.0% of the RT Moratorium Shares for the next six (6) month period after the First Moratorium Period.

AO Moratorium Shares

On 17 September 2021, Mr. Alvin Ong acquired 37,000,000 Shares from Mr. Roger Tan for a consideration of S\$705,882. Mr. Alvin Ong has voluntarily given an undertaking to our Company, the Issue Manager and Full Sponsor and the Placement Agent in respect of a portion of the Shares that he legally and/or beneficially owns, directly and/or indirectly, as of the date of the undertaking and upon the admission of our Company to Catalist (calculated based on the formula set out below and adjusted for any bonus issue or sub-division).

$$M = \frac{V_{\text{IPO}} - V_{\text{CP}}}{V_{\text{IPO}}} \times P$$

Where:

M = the number of Shares subject to moratorium, rounded up to the nearest whole number ("**Profit Portion**");

SHAREHOLDERS

- V_{IPO} = the value of Mr. Alvin Ong's total shareholdings in our Company acquired within the 12 months preceding the date of the listing of our Shares on Catalist based on the Placement Price;
- V_{CP} = the total cash paid by Mr. Alvin Ong for the Shares; and
- P = the total number of Shares held by Mr. Alvin Ong after the Placement.

The Profit Portion of Mr. Alvin Ong is 33,470,590 Shares ("**AO Moratorium Shares**"). Based on the AO Moratorium Shares calculated based on the formula above, Mr. Alvin Ong can sell a total of 3,529,410 Shares in the period of 12 months commencing from the Listing Date. In contrast, under the requirement set out in Rule 422(1) of the Catalist Rules applicable to promoters, Mr. Alvin Ong would be able to sell a total of 18,500,000 Shares in the period of 12 months commencing from the Listing Date. Accordingly, the formula set out above to determine the number of AO Moratorium Shares is seen to be more stringent than the requirement set out in Rule 422(1) of the Catalist Rules applicable to promoters.

Pursuant to Mr Alvin Ong's undertaking, he will not, for a period of 12 months commencing from the Listing Date, directly or indirectly:

- (g) reduce his effective shareholding interest in our Company below the level of such effective interest which he or she or it will own immediately after the Placement;
- (h) sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option or right to purchase, sell any option or contract to purchase, purchase any option or contract to sell, grant any security over, encumber (such as by way of mortgage, assignment of rights, charge, pre-emption rights, rights of first refusal or otherwise) or otherwise transfer or dispose of any or all of the AO Moratorium Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the AO Moratorium Shares or any other securities of the Company or any subsidiary of the Company), whether such transaction is settled by delivery of such AO Moratorium Shares or such other securities, in cash or otherwise;
- (i) enter into any agreement, transaction or arrangement (including any swap, hedge or derivative transaction) that will directly or indirectly constitute or will be deemed as a disposal of or transfer (in whole or in part) with a similar effect (economic or otherwise) to the foregoing of any or all of the AO Moratorium Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the AO Moratorium Shares or any other securities of our Company or any subsidiary of our Company), whether such agreement, transaction or arrangement is settled by delivery of such AO Moratorium Shares or such other securities, in cash or otherwise;
- (j) deposit any or all of the AO Moratorium Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe for or purchase any or all of the AO Moratorium Shares or any other securities of our Company or any subsidiary of our Company) in any depository receipt facilities, whether any such transaction described above is to be settled by the delivery of such AO Moratorium Shares or such other securities, in cash or otherwise;
- (k) enter into any transaction or arrangement which is designed or which may reasonably be expected to result in or have the same effect (economic or otherwise) as (in whole or in part) any of the above; or
- (l) offer or agree to make any announcement with respect to any of the foregoing transactions or publicly disclose any intention to do any of the above.

SUMMARY OF OUR FINANCIAL INFORMATION

The following selected financial information of our Group should be read in conjunction with the full text of this Offer Document, including the “*Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020*”, “*Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021*” and “*Independent Auditor’s Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2020*” as set out in Appendix A, Appendix B and Appendix C, respectively, of this Offer Document.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
	\$	\$	\$	\$	\$
Revenue	43,447,725	49,041,607	54,639,534	28,222,543	25,468,458
Other income	666,604	728,046	339,349	154,386	327,085
Expenses					
- Purchases and related costs	(9,395,648)	(9,940,407)	(10,818,306)	(6,270,863)	(4,338,819)
- Employee benefits	(27,977,692)	(31,600,353)	(30,649,476)	(15,313,091)	(15,866,277)
Direct operating costs	(37,373,340)	(41,540,760)	(41,467,782)	(21,583,954)	(20,205,096)
- Depreciation of property, plant and equipment	(552,437)	(986,170)	(1,403,451)	(693,206)	(729,936)
- Depreciation of investment properties	(44,353)	(54,260)	(39,400)	(19,700)	(19,700)
- Other expenses	(4,868,738)	(5,625,219)	(4,436,878)	(1,796,773)	(2,717,338)
- Finance costs	(331,789)	(365,830)	(390,652)	(203,048)	(133,714)
Total expenses	(43,170,657)	(48,572,239)	(47,738,163)	(24,296,681)	(23,805,784)
Profit before income tax	943,672	1,197,414	7,240,720	4,080,248	1,989,759
Income tax (expense)/credit	(237,494)	(209,055)	90,216	94,170	(111,010)
Total comprehensive income, representing net profit for the financial year/period	706,178	988,359	7,330,936	4,174,418	1,878,749
Earning per Share (“EPS”) for net profit attributable to equity holders of the Company					
Pre-Placement EPS (cents)¹	0.45	0.63	4.66	2.65	1.19
Post-Placement EPS (cents)²	0.38	0.53	3.96	2.26	1.02

Notes:

- (1) The pre-Placement EPS for the Period Under Review has been computed based on the profit for the year/period attributable to owners of our Company and our pre-Invitation share capital of 157,250,000 Shares.
- (2) The post-Placement EPS for the Period Under Review has been computed based on the profit for the year/period attributable to owners of our Company and our post-Invitation share capital of 185,000,000 Shares.

SUMMARY OF OUR FINANCIAL INFORMATION

COMBINED STATEMENTS OF FINANCIAL POSITION

	Audited			Unaudited
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
	\$	\$	\$	\$
ASSETS				
Current assets				
Cash and bank balances	1,441,681	1,874,631	7,299,679	5,195,360
Trade and other receivables	11,601,734	17,775,492	16,610,860	16,709,007
	<u>13,043,415</u>	<u>19,650,123</u>	<u>23,910,539</u>	<u>21,904,367</u>
Non-current assets				
Property, plant and equipment	1,568,575	5,464,975	4,963,591	5,696,375
Investment properties	1,663,392	985,012	945,612	925,912
Financial assets, at fair value through profit or loss ("FVPL")	762,203	767,756	767,756	767,756
	<u>3,994,170</u>	<u>7,217,743</u>	<u>6,676,959</u>	<u>7,390,043</u>
Total Assets	<u>17,037,585</u>	<u>26,867,866</u>	<u>30,587,498</u>	<u>29,294,410</u>
LIABILITIES				
Current liabilities				
Trade and other payables	5,015,411	9,351,228	8,144,903	12,582,536
Borrowings	4,315,206	6,879,133	5,540,079	3,210,384
Current income tax liabilities	–	182,045	227,229	191,462
	<u>9,330,617</u>	<u>16,412,406</u>	<u>13,912,211</u>	<u>15,984,382</u>
Non-current liabilities				
Borrowings	1,926,732	3,686,865	2,821,229	3,077,221
Deferred income tax liabilities	363,020	363,020	117,545	117,545
	<u>2,289,752</u>	<u>4,049,885</u>	<u>2,938,774</u>	<u>3,194,766</u>
Total liabilities	<u>11,620,369</u>	<u>20,462,291</u>	<u>16,850,985</u>	<u>19,179,148</u>
Net assets	<u>5,417,216</u>	<u>6,405,575</u>	<u>13,736,513</u>	<u>10,115,262</u>
EQUITY				
Share capital	3,000,000	3,000,000	3,000,002	3,000,002
Retained profits	2,417,216	3,405,575	10,736,511	7,115,260
Total equity	<u>5,417,216</u>	<u>6,405,575</u>	<u>13,736,513</u>	<u>10,115,262</u>
NAV per Share (cents)	3.44	4.07	8.74	6.43

Note:

(1) The NAV per Share has been computed based on our pre-Invitation share capital of 157,250,000 Shares.

SUMMARY OF OUR FINANCIAL INFORMATION

BASIS OF PREPARATION

The unaudited pro forma combined financial information is arrived at based on the following assumptions:

(i) **Declaration of interim dividends**

	31 December 2020
	\$
Cash and bank balance	(1,000,000)
Dividend payables	4,500,000
Retained profits	<u>(5,500,000)</u>

These interim dividends were declared on 31 March 2021 and 30 June 2021 and had been accounted for in the unaudited interim condensed combined financial statements for the six-months period ended 30 June 2021 of the Group as set out in Appendix B of the Offer Document.

The Independent Auditor and Reporting Accountant, Nexia TS Public Accounting Corporation is of the opinion that the effect of the declaration of interim dividends on the pro forma combined statement of comprehensive income, cash flow statement and balance sheet in respect of the six months period ended 30 June 2021, is the same, in all material respects, with the unaudited interim condensed combined statement of comprehensive income, cash flow statement and balance sheet for the six months period ended 30 June 2021 as set out in Appendix B of the Offer Document. Further, the pro forma adjustments do not have any material effect on the combined statement of comprehensive income of the Group for the financial year ended 31 December 2020. Accordingly, in accordance with paragraph 30 of Part 9 of the Fifth Schedule of the SFR, the unaudited pro forma combined statement of comprehensive income for the financial year ended 31 December 2020 and the unaudited pro forma combined statement of comprehensive income, cash flow statement and balance sheet for the six months period ended 30 June 2021 have not been presented.

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31 December 2020
	\$
ASSETS	
Current assets	
Cash and bank balances	6,299,679
Trade and other receivables	16,610,860
	<u>22,910,539</u>
Non-current assets	
Property, plant and equipment	4,963,591
Investment properties	945,612
Financial assets, at fair value through profit or loss ("FVPL")	767,756
	<u>6,676,959</u>
Total Assets	<u>29,587,498</u>

SUMMARY OF OUR FINANCIAL INFORMATION

	Unaudited As at 31 December 2020
	\$
LIABILITIES	
Current liabilities	
Trade and other payables	12,644,903
Borrowings	5,540,079
Current income tax liabilities	227,229
	18,412,211
Non-current liabilities	
Borrowings	2,821,229
Deferred income tax liabilities	117,545
	2,938,774
Total liabilities	21,350,985
Net assets	8,236,513
EQUITY	
Share capital	3,000,002
Retained profits	5,236,511
Total equity	8,236,513
NAV per Share (cents)	5.24

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Audited			Unaudited	
	2018	2019	2020	Proforma 2020	1H2021
(S\$)					
Net cash provided by/(used in) operating activities	2,038,743	(1,103,663)	10,919,221	10,919,221	2,589,956
Net cash used in investing activities	(463,747)	(2,628,768)	(346,620)	(346,620)	(444,764)
Net cash (used in)/provided by financing activities	(625,383)	3,865,381	(4,847,553)	(5,847,553)	(4,249,511)
Net increase/(decrease) in cash and bank balances	949,613	132,950	5,725,048	4,725,048	(2,104,319)
Cash and bank balances at the beginning of the financial year/period	492,068	1,441,681	1,574,631	1,574,631	7,299,679
Cash and bank balances at the end of the financial year/period	1,441,681	1,574,631	7,299,679	6,299,679	5,195,360

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our business, financial condition and results of operations for our Company and our subsidiary corporations should be read in conjunction with the "Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020" and the "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021" as set out in Appendix A and Appendix B respectively of this Offer Document and the related notes elsewhere in this Offer Document.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements, particularly in the section entitled "Risk Factors" of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Issue Manager and Full Sponsor, the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

OVERVIEW

We are principally engaged in cleaning services, including conservancy services, facilities cleaning services, housekeeping services, school cleaning services, road and beach cleaning services, pandemic disinfection services, façade cleaning services and F&B cleaning services.

Please refer to the section entitled "General Information on Our Group" of this Offer Document for more details on our Group.

Revenue

Our revenue is generated from the following business segments:

- (i) Cleaning Services; and
- (ii) Others.

The breakdown of our revenue by business segments for FY2018, FY2019, FY2020, 1H2020 and 1H2021 is set out below.

	FY2018		FY2019		FY2020		1H2020		1H2021	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Cleaning Services	43,040	99.1	48,730	99.4	53,927	98.7	27,858	98.7	25,136	98.7
Others	408	0.9	312	0.6	713	1.3	365	1.3	332	1.3
	43,448	100.0	49,042	100.0	54,640	100.0	28,223	100.0	25,468	100.0

Please refer to the section entitled "Risk Factors" of this Offer Document for other factors which may affect our revenue.

Other income

Other income in FY2018, FY2019, FY2020, 1H2020 and 1H2021 was S\$666,604, S\$728,046, S\$339,349, S\$154,386 and S\$327,085, respectively, and accounted for approximately 1.5%, 1.5%, 0.6%, 0.5% and 1.3% of our total revenue for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other income comprises mainly:

	FY2018		FY2019		FY2020		1H2020		1H2021	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Government grants	484	72.6	302	41.5	134	39.5	54	35.1	105	32.1
Rental income	68	10.2	71	9.8	50	14.8	22	14.3	29	8.9
Fair value gains on financial assets, at FVPL	18	2.7	6	0.8	–	–	–	–	–	–
Gain on disposal of an investment property	–	–	206	28.3	–	–	–	–	–	–
Insurance claims	60	9.0	103	14.1	122	36.0	63	40.9	138	42.2
Others ⁽¹⁾	37	5.5	40	5.5	33	9.7	15	9.7	55	16.8
	667	100.0	728	100.0	339	100.0	154	100.0	327	100.0

Note:

- (1) Others stated in Other Income mainly relates to the rental income derived from the temporary rental of our property, plant and equipment.

Government grants relate to the Absentee Payroll Funding, WorkPro Grant, Productivity Solutions Grant and Enterprise Development Grant received by our Group. Government grants in FY2018, FY2019, FY2020, 1H2020 and 1H2021 were S\$0.5 million, S\$0.3 million, S\$0.1 million, S\$0.1 million and S\$0.1 million respectively, and accounted for approximately 72.6%, 41.5%, 39.5%, 35.1% and 32.1% of our total other income for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

Rental income is derived from the lease of our Group's owned investment properties to a third party for monthly lease payments. Rental income accounted for approximately 10.2%, 9.8%, 14.8%, 14.3% and 8.9% of our total other income for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively. Following the disposal of the Eco-Tech Properties, rental income is expected to cease upon the completion of such disposal. Notwithstanding this, the rental income collected by our Group in respect of the Eco-Tech Properties for the period from 1 July 2021 up to the date of completion of the disposals will be disclosed in the relevant financial statements of our Group for the periods after 1H2021. Please refer to the section entitled "Interested Person Transactions" of this Offer Document for further details.

Direct operating expenses

Direct operating expenses comprise:

- (i) Purchases and related costs

Purchases and related costs relate to project management services paid to project management firms who we engage to manage certain of our projects, including the management of our workers, vendors and project timelines, hygiene and waste disposal services and materials required for the provision of our Group's services. Purchases and related costs accounted for 21.6%, 20.3%, 19.8%, 22.2% and 17.0% of our total revenue for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

(ii) Employee benefits

Employee benefits expenses comprises mainly salaries, which include statutory contributions, as well as other related expenses such as bonuses. The salaries and wages are computed as net, after offsetting against the following grant income recognised in FY2018, FY2019, FY2020, 1H2020 and 1H2021:

Grants	FY2018 \$'000	FY2019 \$'000	FY2020 \$'000	1H2020 \$'000	1H2021 \$'000
Job Support Scheme	–	–	6,494	3,428	1,378
Special Employment Credit	1,066	1,980	1,542	747	771
Wage Credit Scheme	168	636	132	132	555
Other grants	58	11	25	13	9
Total	1,292	2,627	8,193	4,320	2,713

Overall, employee benefits accounted for approximately 64.4%, 64.4%, 56.1%, 54.3% and 62.3% of our total revenue in FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

Depreciation Expenses

Depreciation expenses relating to property, plant and equipment are due to the depreciation of our leasehold buildings, furniture and fittings, motor vehicles, office equipment, renovation, tools and machinery and other equipment. Depreciation of property, plant and equipment in FY2018, FY2019, FY2020, 1H2020 and 1H2021 accounted for approximately 1.3%, 2.0%, 2.6%, 2.5% and 2.9% of our total revenue for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

Depreciation expenses relating to investment properties for FY2018, FY2019, FY2020, 1H2020 and 1H2021 accounted for approximately 0.1%, 0.1%, 0.1%, 0.1% and 0.1% of our total revenue in FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively. As disclosed above, following the disposal of the Eco-Tech Properties, depreciation expenses relating to investment properties is expected to cease upon completion of the disposal of the Eco-Tech Properties.

Other expenses

Other expenses in FY2018, FY2019, FY2020, 1H2020 and 1H2021 accounted for approximately 11.2%, 11.5%, 8.1%, 6.4% and 10.7% of our total revenue for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other expenses comprised mainly:

	FY2018		FY2019		FY2020		1H2020		1H2021	
	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Foreign worker levy	2,559	52.6	3,507	62.3	2,113	47.6	483	26.9	1,562	57.5
Insurance charges	190	3.9	170	3.0	359	8.1	161	9.0	195	7.2
Rental expenses on operating leases	551	11.3	–	–	–	–	–	–	–	–
Lease expenses – short term leases and low-value assets	–	–	231	4.1	226	5.1	175	9.7	134	4.9
Repair and maintenance	518	10.6	337	6.0	259	5.8	116	6.4	225	8.3
Staff welfare	282	5.8	261	4.7	423	9.5	258	14.4	115	4.2
Others ⁽¹⁾⁽²⁾	769	15.8	1,119	19.9	1,057	23.9	604	33.6	486	17.9
Total expenses	4,869	100.0	5,625	100.0	4,437	100.0	1,797	100.0	2,717	100.0

Notes:

- (1) Others relates to operating expenditures that individually constitute less than 5.0% of total other expenses. The amounts are aggregated from license fees, property, plant and equipment written-off, software charges, travelling and transportation, utilities and others as disclosed in Note 7 of Appendix A and Appendix B to this Offer Document.
- (2) Others as stated in Note 7 of Appendix A and Appendix B to this Offer Document relates to operating expenditures that are individually not material (approximately 1.0% or less of total other expenses). They include for example, staff recruitment advertisement, printing and stationery, property tax, union membership fees, donations, commission paid to property agents for sourcing accommodation for our Group's employees and tender fees in relation to project bidding.

Foreign Worker Levy in FY2018, FY2019, FY2020, 1H2020 and 1H2021 was S\$2.6 million, S\$3.5 million, S\$2.1 million, S\$0.5 million and S\$1.6 million respectively which accounted for approximately 52.6%, 62.3%, 47.6%, 26.9% and 57.5% of our total other expenses for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively. Our Group recognised Foreign Worker Levy rebates and waivers of S\$0.9 million in FY2020. As part of the Solidarity Budget, the Singapore Government provided companies who hire foreign workers on work permits and S-passes with Foreign Worker Levy waivers and Foreign Worker Levy rebates to ease the labour costs of such firms during the Circuit Breaker Period. The grant was disclosed as an offset against the Foreign Worker Levy.

Insurance charges relate to insurance premiums paid to cover our operational, human resource and fixed asset risks, including, among others, insurance for loss or damage to our properties by fire, public liability insurance, work injury compensation, group hospitalisation and surgical insurance for our employees, and motor vehicle insurance. Insurance charges accounted for approximately 3.9%, 3.0%, 8.1%, 9.0% and 7.2% of our total other expenses for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

Operating lease expenses relate mainly to expenses incurred for the rental of foreign worker housing and office equipment. Please refer to the section entitled "General Information on our Group – Properties and Fixed Assets" of this Offer Document for further details on the properties we lease for our business operations. Operating lease expenses accounted for approximately 11.3% of our total other expenses for FY2018. Lease expenses pertaining to short term leases and low-value assets accounted for approximately 4.1%, 5.1%, 9.7% and 4.9% of our total other expenses for FY2019, FY2020, 1H2020 and 1H2021 respectively.

Repair and maintenance expenses relate mainly to the expenses incurred from the upkeep and maintenance of our equipment and accounted for approximately 10.6%, 6.0%, 5.8%, 6.4% and 8.3% of our total other expenses for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

Staff welfare accounted for approximately 5.8%, 4.7%, 9.5%, 14.4% and 4.2% of our total other expenses for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Other expenses comprised mainly license fees, property, plant and equipment written-off, software charges, travelling expenses, utilities expenses, printing and stationery, commission, advertising, union membership fees, donations and other miscellaneous operating expenses. Other expenses in FY2018, FY2019, FY2020, 1H2020 and 1H2021 accounted for approximately 15.8%, 19.9%, 23.9%, 33.6% and 17.9% of our total other expenses for the respective periods.

Finance costs

Finance costs in FY2018, FY2019, FY2020, 1H2020 and 1H2021 comprised mainly of interest expenses for trade receivables factoring, term loan, lease liabilities and finance lease liabilities. Finance costs in FY2018, FY2019, FY2020, 1H2020 and 1H2021 accounted for approximately 0.8%, 0.7%, 0.7%, 0.7% and 0.5% of our total revenue in FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively.

Taxation

Overall effective tax rate was 25.2%, 17.5%, 1.2%, 2.3% and 5.6% for FY2018, FY2019, FY2020, 1H2020 and 1H2021 respectively. The Singapore statutory corporate tax rate in FY2018, FY2019, FY2020, 1H2020 and 1H2021 was 17.0%. Our effective tax rate for FY2018 was higher than the Singapore statutory corporate tax rate mainly due to provision of staff welfare which was not deductible for tax purposes in Singapore. Our effective tax rates for FY2020, 1H2020 and 1H2021 were lower than the Singapore statutory corporate tax rate mainly due to the Job Support Scheme grants provided, which were income tax exempted.

REVIEW OF RESULTS OF OPERATIONS

FY2018 vs FY2019

Revenue

Total revenue increased by approximately S\$5.6 million or 12.9% from S\$43.4 million in FY2018 to S\$49.0 million in FY2019. This increase was mainly attributed by:

- (i) S\$3.1 million contributed by two major contracts for customers in the public sectors which were secured in December 2018 and in FY2019 respectively; and
- (ii) S\$2.5 million from various existing and new contracts in both the public and private sectors for additional services rendered.

Other income

Other income increased by S\$0.1 million or 9.2% from S\$0.6 million in FY2018 to S\$0.7 million in FY2019. This was due to a gain on disposal of an investment property, 1 Bukit Batok Crescent #04-40 WCEGA Plaza Singapore 658064, in FY2019 to an unrelated third party. The disposal of this investment property was on a willing-buyer willing-seller basis, taking into consideration comparable property transactions and a valuation report on comparable units conducted in October 2019. The increase was offset partially by lower government grants income recognised in FY2019.

Direct operating costs

Direct operating costs increased by S\$4.1 million or 11.2% from S\$37.4 million in FY2018 to S\$41.5 million in FY2019. This was due to an increase in purchases and related costs as a result of increased contracts secured. The increase was also attributed to an increase in employee benefits amounting to S\$3.6 million or 12.9% from S\$28.0 million in FY2018 to S\$31.6 million in FY2019 due to an increase in headcount by 16.7% from approximately 1,800 employees in FY2018 to approximately 2,100 employees in FY2019. The increase was partially offset by an increase in grant income pertaining to the Special Employment Credit, the Wage Credit Scheme and other grants by S\$1.3 million from S\$1.3 million in FY2018 to S\$2.6 million in FY2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by S\$0.4 million or 78.5% from S\$0.6 million in FY2018 to S\$1.0 million in FY2019 due mainly to our Group's adoption of the new SFRRS(I) 16-Leases based on the modified retrospective approach with effect from 1 January 2019. The 'right-of-use' assets for our Group include leasehold buildings, office equipment and other equipment, which are depreciated over the lease term on a straight-line basis.

Depreciation of investment properties

Depreciation of investment properties remained approximately constant in FY2018 and FY2019.

Other expenses

Other expenses increased by S\$0.7 million or 15.5% from S\$4.9 million in FY2018 to S\$5.6 million in FY2019. The increase was mainly due to the increase in foreign worker levy as a result of the commencement of the Changi Airport Group project. The increase was offset partially by a decrease in repair and maintenance costs.

Finance costs

Finance costs remained approximately constant in FY2018 and FY2019.

Profit before income tax

Profit before income tax increased by approximately S\$0.3 million or 26.9% from S\$0.9 million in FY2018 to S\$1.2 million in FY2019 as a result of the above.

Income tax expense

Income tax expense remained approximately constant from FY2018 to FY2019.

FY2019 vs FY2020

Revenue

Total revenue increased by approximately S\$5.6 million or 11.4% from S\$49.0 million in FY2019 to S\$54.6 million in FY2020. This increase was mainly attributed to:

- (i) S\$2.0 million from a new contract secured from a new customer in the private sector in FY2020 for which works were substantially completed within the financial year;
- (ii) S\$2.2 million from two contracts secured in FY2019 from customers in the private sector
- (iii) S\$1.4 million contributed from existing contracts from FY2019 and various smaller contracts secured in FY2020.

Other income

Other income decreased by S\$0.4 million or 53.4% from S\$0.7 million in FY2019 to S\$0.3 million in FY2020. This was due to the absence of a gain on disposal of an investment property, 1 Bukit Batok Crescent #04-40 WCEGA Plaza Singapore 658064, in FY2019, coupled with lower government grants received in FY2020.

Direct operating costs

Direct operating costs decreased by S\$0.1 million or 0.2% from S\$41.5 million in FY2019 to S\$41.4 million in FY2020. This was due to an increase in grant income pertaining to the Jobs Support Scheme, of S\$6.5 million from nil in FY2019 to S\$6.5 million in FY2020. Other government grants, such as the Special Employment Credit, Wage Credit Scheme and other grants decreased by S\$0.9 million from S\$2.6 million in FY2019 to S\$1.7 million in FY2020. Consequently, there was a decrease in employee benefits amounting to S\$1.0 million in FY2020. The decrease was partially offset by the increase in purchases and related costs as a result of increased contracts secured in FY2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment increased by S\$0.4 million or 42.3% from S\$1.0 million in FY2019 to S\$1.4 million in FY2020 mainly due to the addition of leasehold buildings, tools and machinery, motor vehicle and office equipment in FY2020.

Depreciation of investment properties

Depreciation of investment properties remained approximately constant in FY2019 and FY2020.

Other expenses

Other expenses decreased by S\$1.2 million or 21.1% from S\$5.6 million in FY2019 to S\$4.4 million in FY2020. The decrease was mainly due to the decrease in foreign worker levy as our Group recognised foreign worker levy rebates and waiver in FY2020, which was disclosed as an offset against the foreign worker levy.

Finance costs

Finance costs remained approximately constant in FY2019 and FY2020.

Profit before income tax

Profit before income tax increased by approximately S\$6.0 million or 504.7% from S\$1.2 million in FY2019 to S\$7.2 million in FY2020 as a result of the above.

Income tax expense/(credit)

In FY2019, our Group recognised income tax expense of S\$0.2 million. In FY2020, our Group recognised income tax credit of S\$0.1 million. The income tax credit is due to adjustment for over-provision of deferred income tax in prior financial years.

1H2020 vs 1H2021

Revenue

Total revenue decreased by approximately S\$2.7 million or 9.8% from S\$28.2 million in 1H2020 to S\$25.5 million in 1H2021. This decrease was mainly attributable to the completion of two existing contracts from the private sector secured in previous financial years, which lapsed in FY2020. As a result, revenue in 1H2021 decreased by S\$2.3 million. This amount was partially offset by new contracts commencing in 1H2021.

Other income

Other income increased by S\$0.1 million or 111.9% from S\$0.2 million in 1H2020 to S\$0.3 million in 1H2021. This was due to higher work injury compensation insurance claims and government grant income. The "Others" stated under other income increased in 1H2021 to S\$53,681 from S\$12,629 in 1H2020 due to more income derived from the rental of property, plant and equipment which were on a temporary basis. Please refer to *Appendix B* of this Offer Document for more details.

Direct operating costs

Direct operating costs decreased by S\$1.4 million or 6.4% from S\$21.6 million in 1H2020 to S\$20.2 million in 1H2021. This was mainly attributed to the decrease in purchases and related costs by S\$1.9 million as a result of a decline in services rendered in 1H2021. The decrease was partially offset by the higher employee benefits recognised in 1H2021 by S\$0.6 million compared to 1H2020. This was due to a decrease in grant income pertaining to the Job Support Scheme by S\$2.0 million from S\$3.4 million in 1H2020 to S\$1.4 million in 1H2021. Other grants, such as the Special Employment Credit and the Wage Credit Scheme increased by S\$0.4 million from S\$0.9 million in 1H2020 to S\$1.3 million in 1H2021. As a result of the above, employee benefits increased from S\$15.3 million in 1H2020 to S\$15.9 million in 1H2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Depreciation expenses

Depreciation expenses relating to property, plant and equipment and investment properties remained approximately constant in 1H2020 and 1H2021.

Other expenses

Other expenses increased by S\$0.9 million or 51.2% from S\$1.8 million in 1H2020 to S\$2.7 million in 1H2021. The increase was due mainly to higher foreign worker levy paid as a result of the absence of one-time foreign worker levy rebates and waivers amounting to S\$0.9 million received from government in 1H2020, which was not disbursed in 1H2021.

The "Others" stated under other expenses increased from S\$91,303 in 1H2020 to S\$131,905 in 1H2021 mainly due to higher commission paid to the property agents as the Group rented more accommodation places for workers and an increase in the tender fees due to an increase in the number of projects bids submitted in 1H2021. Please refer to *Appendix B* of this Offer Document for more details.

Finance costs

Finance costs decreased by S\$0.1 million from S\$0.2 million in 1H2020 to S\$0.1 million in 1H2021. The decrease was mainly due to lower borrowings in 1H2021.

Profit before income tax

Profit before income tax decreased by approximately S\$2.1 million or 51.2% from S\$4.1 million in 1H2020 to S\$2.0 million in 1H2021 as a result of the above.

Income tax expense/(credit)

In 1H2020, our Group recognised income tax credit of S\$0.1 million. In 1H2021, our Group recognised income tax expenses of S\$0.1 million. The higher income tax expenses in 1H2021 is due to the absence of adjustments for over-provision of deferred income tax for prior financial years made in 1H2020.

REVIEW OF FINANCIAL POSITION

Changes in Group's financial position as at 31 December 2018, 2019 and 2020

Current assets

The change in our Group's current assets from S\$13.0 million in FY2018 to S\$19.7 million in FY2019 was due mainly to: (a) higher trade receivables outstanding as at 31 December 2019 by S\$4.0 million as a result of higher revenue recognised for FY2019 and longer average trade receivables' turnover days due to an initial period of adjustment upon the onboarding of a new major contract; and (b) government grant receivables of S\$1.3 million of which our Group was entitled to during FY2019 but received subsequent to FY2019. The change in our Group's current assets from S\$19.7 million in FY2019 to S\$23.9 million in FY2020 was due mainly to the increase in our Group's cash and bank balances by S\$5.4 million as our Group recorded a higher profit and improvement in working capital for FY2020.

Non-current assets

The change in our Group's non-current assets from S\$4.0 million in FY2018 to S\$7.2 million in FY2019 was due mainly to the capitalisation of leased assets as right-of-use assets following the adoption of SFRS(I) 16 by our Group on 1 January 2019. The change in our Group's non-current from S\$7.2 million in FY2019 to S\$6.7 million in FY2020 was due to recognition of depreciation of our Group's property, plant and equipment and investment properties for FY2020.

Current liabilities

The change in our Group's current liabilities from S\$9.3 million in FY2018 to S\$16.4 million in FY2019 was due mainly to: (a) an increase in trade and other payables by S\$4.3 million caused by higher outstanding trade payables of S\$1.9 million and an increase in the amount payable to director of S\$1.6 million as result of more purchases made by our Group in FY2019 and more payment made by the director on behalf of our Group; and (b) the increase in our Group's borrowings by S\$2.6 million for additional funding obtained and recognition of lease liabilities following the adoption of SFRS(I) 16 in FY2019. The change in our Group's current liabilities from S\$16.4 million in FY2019 to S\$13.9 million in FY2020 was mainly due to settlement of our Group's trade and other liabilities and borrowings in FY2020.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current liabilities

The change in our Group's non-current liabilities from S\$2.3 million in FY2018 to S\$4.0 million in FY2019 was due mainly to additional funding obtained and recognition of lease liabilities following the adoption of SFRS(I) 16 in FY2019. While the change in our Group's non-current liabilities from S\$4.0 million in FY2019 to S\$2.9 million in FY2020 was due mainly to repayment of borrowings and lease liabilities during FY2020.

As at 31 December 2020

Current assets

As at 31 December 2020, our current assets of S\$23.9 million accounted for approximately 78.2% of our total assets. Our current assets consisted of cash and bank balances and trade and other receivables.

As at 31 December 2020, our trade and other receivables of S\$16.6 million, constituted approximately 69.5% of our total current assets. Our trade and other receivables comprised mainly trade receivables from customers, advances to suppliers and government grant receivables pertaining to the Jobs Support Scheme and the Special Employment Credit. Advances to suppliers related to non-cash costs recoverable from suppliers in relation to the consumption of our Group's supplies and manpower by the suppliers in providing the services to our Group amounting to S\$1.2 million as at 31 December 2020.

Cash and bank balances as at 31 December 2020 amounted to approximately S\$7.3 million or 30.5% of our total current assets.

Non-current assets

As at 31 December 2020, our non-current assets of S\$6.7 million accounted for approximately 21.8% of our total assets. Our non-current assets comprise property, plant and equipment, investment properties and financial assets at FVPL.

Property, plant and equipment as at 31 December 2020 amounted to approximately S\$5.0 million or 74.3% of our total non-current assets. It comprises mainly leasehold buildings, furniture and fittings, motor vehicles, office equipment, renovation, tools and machinery and other equipment.

Investment properties as at 31 December 2020 amounted to approximately S\$0.9 million or 14.2% of our total non-current assets.

Financial assets, at FVPL amounted to approximately S\$0.8 million or 11.5% of our total non-current assets. These two individual life insurance policies were transferred to Mr Roger Tan, one of which had been transferred to him on 1 December 2021 and the other is in the process of being transferred to him as at the Latest Practicable Date. Please refer to the section entitled "Interested Person Transactions – Past Interested Person Transactions" of this Offer Document for further details.

Current liabilities

As at 31 December 2020, our current liabilities of S\$13.9 million accounted for approximately 82.6% of our total liabilities. Our current liabilities consisted of trade and other payables, borrowings and current income tax liabilities.

Trade and other payables, which comprised of trade payables, accruals and deferred grant income pertaining to the Jobs Support Scheme, amounted to S\$8.1 million or approximately 58.5% of our total current liabilities as at 31 December 2020.

As at 31 December 2020, our current borrowings consisted of lease liabilities, trade receivables factoring and term loans (secured) amounting to approximately S\$5.5 million, or 39.8% of our total current liabilities as at 31 December 2020.

Current income tax liabilities amounted to S\$0.2 million and amounted to approximately 1.6%, of our total current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-current liabilities

As at 31 December 2020, our non-current liabilities of S\$2.9 million accounted for approximately 17.4% of our total liabilities. Our non-current liabilities consist of borrowings and deferred income tax liabilities.

As at 31 December 2020, our borrowings consisting of lease liabilities and term loans (secured) amounted to approximately S\$2.8 million, or 96.0% of our total non-current liabilities as at 31 December 2020.

Deferred income tax liabilities, amounted to S\$0.1 million or approximately 4.0% of our total non-current liabilities as at 31 December 2020.

Shareholders' equity

As at 31 December 2020, our shareholders' equity amounted to S\$13.7 million comprising mainly S\$3.0 million of issued share capital and S\$10.7 million of retained profits.

As at 30 June 2021

Current assets

As at 30 June 2021, our current assets of S\$21.9 million accounted for approximately 74.8% of our total assets. Our current assets consist of cash and bank balances and trade and other receivables.

As at 30 June 2021, our trade and other receivables of S\$16.7 million, constituted 76.3% of our total current assets. Our trade and other receivables comprise mainly trade receivables from customers, advances to suppliers and government grant receivables pertaining to the Jobs Support Scheme and the Special Employment Credit. Advances to suppliers related to non-cash costs recoverable from suppliers in relation to the consumption of our Group's supplies and manpower by the suppliers in providing services to our Group amounting to S\$2.0 million as at 30 June 2021.

Cash and bank balances as at 30 June 2021 amounted to approximately S\$5.2 million or 23.7% of our total current assets.

Non-current assets

As at 30 June 2021, our non-current assets of S\$7.4 million accounted for approximately 25.2% of our total assets. Our non-current assets comprise property, plant and equipment, investment properties and financial assets at FVPL.

Property, plant and equipment as at 30 June 2021 amounted to approximately S\$5.7 million or 77.1% of our total non-current assets. It comprised mainly leasehold buildings, furniture and fittings, motor vehicles, office equipment, renovation, tools and machinery and other equipment.

Investment properties as at 30 June 2021 amounted to approximately S\$0.9 million or 12.5% of our total non-current assets.

Financial assets, at FVPL amounted to approximately S\$0.8 million or 10.4% of our total non-current assets. These two individual life insurance policies were transferred to Mr Roger Tan, one of which had been transferred to him on 1 December 2021 and the other is in the process of being transferred to him as at the Latest Practicable Date. Please refer to the section entitled "Interested Person Transactions – Past Interested Person Transactions" of this Offer Document for further details.

Current liabilities

As at 30 June 2021, our current liabilities of S\$16.0 million accounted for 83.3% of our total liabilities. Our current liabilities consisted of trade and other payables, borrowings and current income tax liabilities.

Trade and other payables, which comprise of trade payables, dividend payables, accruals and deferred grant income pertaining to the Jobs Support Scheme, amounted to S\$12.6 million or approximately 78.7% of our total current liabilities as at 30 June 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

As at 30 June 2021, our current borrowings consisting of lease liabilities, trade receivables factoring and term loans (secured) amounted to approximately S\$3.2 million, or 20.1% of our total current liabilities as at 30 June 2021.

Current income tax liabilities amounted to approximately S\$0.2 million and amounted to approximately 1.2%, of our total current liabilities.

Non-current liabilities

As at 30 June 2021, our non-current liabilities of S\$3.2 million accounted for approximately 16.7% of our total liabilities. Our non-current liabilities consisted of borrowings and deferred income tax liabilities.

As at 30 June 2021, our borrowings consisted of lease liabilities and term loans (secured) amounting to approximately S\$3.1 million, or 96.3% of our total non-current liabilities as at 30 June 2021.

Deferred income tax liabilities, amounted to S\$0.1 million or approximately 3.7% of our total non-current liabilities as at 30 June 2021.

Shareholders' equity

As at 30 June 2021, our shareholders' equity amounted to S\$10.1 million comprising mainly S\$3.0 million of issued share capital and S\$7.1 million of retained profits.

LIQUIDITY AND CAPITAL RESOURCES

During the Period Under Review, our Group has been financed through a combination of: (a) net cash generated from operations; (b) shareholders' equity (including retained earnings); and (c) bank borrowings. Our Group's principal uses of cash have been for (a) financing of working capital; (b) capital expenditures; (c) repayment of loans and bank borrowings with the incurred interest expenses; and (d) lease repayments.

Based on the unaudited interim condensed combined financial statements for the six-month period ended 30 June 2021, our Group has generated cash from operations of S\$2.7 million. Our shareholders' equity amount to S\$10.1 million. Our current assets amount to S\$21.9 million, with S\$5.2 million in cash and bank balances and S\$16.7 million in trade and other receivables. Our current liabilities amount to S\$16.0 million, with S\$12.6 million in trade and other payables, S\$3.2 million in current borrowings and S\$0.2 million in current income tax liabilities. Our net current asset position amounts to S\$5.9 million.

As at the Latest Practicable Date, our Group has cash and bank balances of S\$1.3 million and trade and other receivables of S\$19.8 million. Our current liabilities as at the Latest Practicable Date amount to S\$13.8 million. Accordingly, our net current asset position amounts to S\$7.3 million as at the Latest Practicable Date.

As at the Latest Practicable Date, our Group was also in the process of disposing two (2) keyman insurance policies to Mr. Roger Tan based on the surrender values of such policies, which will result in a net cash inflow of S\$0.3 million. As at the date of this Offer Document, such transfers have been completed and the consideration paid by Mr. Roger Tan has been received by our Group.

Taking into consideration the above, our Group would have adjusted cash and bank balances of S\$1.6 million as at the Latest Practicable Date.

On top of non-factored account receivables amounting to S\$10.9 million as at the Latest Practicable Date, our Group has accounts receivable factoring facilities amounting to approximately S\$13.5 million, of which approximately S\$9.5 million and temporary bridging loan of S\$3.0 million remains unutilised; where (a) and a portion of (b) after netting off accounts payables will supplement the working capital requirements of our Group. Our Directors also believe that our Group may be able to obtain additional bank borrowings to supplement our Group's existing capital requirements, if required.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Our Group will be paying a dividend amounting to S\$3.5 million, which has been declared and is payable in the fourth quarter of FY2021.

Our Directors are of the reasonable opinion that, after taking into account: (a) the cash flow generated from our Group's operations; (b) our Group's cash and bank balances as at the Latest Practicable Date; (c) our non-factored account receivables as at the Latest Practicable Date; (d) the available credit facilities from financial institutions after netting off accounts payables and temporary bridging loan; (e) amounts payable under the facilities that are due in the next 12 months after Listing; (f) the payment of the declared interim dividends of S\$3.5 million; and (g) government grants that have been officially announced to be available as at the date of lodgement of this Offer Document and for at least 12 months after the listing of our Company on Catalist, and which there is no uncertainty that the Group may be eligible for these government grants, and these government grants are due to be received from the Government without a need to go through an application process, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist. For the avoidance of doubt, where any government grant is due to expire during the period from the date of lodgement of this Offer Document and 12 months after the listing of our Company on Catalist and no extension of such grant has been announced, such grants have not been taken into consideration in arriving at our Directors' opinion set out in this paragraph.

The Issue Manager and Full Sponsor is of the reasonable opinion that, after taking into account: (a) the cash flow generated from our Group's operations; (b) our Group's cash and bank balances as at the Latest Practicable Date; (c) our non-factored account receivables as at the Latest Practicable Date; (d) the available credit facilities from financial institutions after netting off accounts payables; (e) amounts payable under the facilities that are due in the next 12 months after Listing; and (f) the payment of the declared interim dividends of S\$3.5 million; and (g) government grants that have been officially announced to be available as at the date of lodgement of this Offer Document and for at least 12 months after the listing of our Company on Catalist, and which our Group is eligible for, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for their present requirements and for at least 12 months after the listing of the Company on Catalist. For the avoidance of doubt, where any government grant is due to expire during the period from the date of lodgement of this Offer Document and 12 months after the listing of our Company on Catalist and no extension of such grant has been announced, such grants have not been taken into consideration in arriving at the Issue Manager and Full Sponsor's opinion set out in this paragraph.

The following table sets out a summary of our Company's cash flows for FY2018, FY2019, FY2020, 1H2020 and 1H2021.

	Audited			Unaudited	
	FY2018	FY2019	FY2020	1H2020	1H2021
(\$'000)					
Net cash provided by/ (used in) operating activities	2,039	(1,104)	10,919	7,127	2,590
Net cash used in investing activities	(464)	(2,629)	(346)	(49)	(445)
Net cash provided by/ (used in) financing activities	(625)	3,866	(4,848)	(4,417)	(4,250)
Net increase/(decrease) in cash and bank balances	950	133	5,725	2,661	(2,105)
Cash and bank balances at the beginning of the year/period	492	1,442	1,575	1,575	7,300
Cash and bank balances at the end of the year/period	1,442	1,575	7,300	4,236	5,195

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2018

In FY2018, we recorded a net cash inflow from operating activities of S\$2.0 million, which was a result of operating profit before reinvestment in working capital of S\$1.9 million, adjusted for working capital inflows of S\$0.2 million and income tax paid of S\$0.1 million. The net cash generated from working capital of S\$0.2 million was mainly due to a decrease in trade and other receivables of S\$0.5 million, offset by a decrease in trade and other payables of S\$0.3 million.

Net cash outflow used in investing activities amounted to S\$0.5 million, which was attributable to additions of property plant and equipment.

Net cash flow used in financing activities amounted to S\$0.6 million, which was attributable to repayment of lease liabilities and borrowings, interest paid and payments to a director. The amount was offset by the proceeds from trade receivables factoring.

As at 31 December 2018, our cash and cash equivalents were S\$1.4 million.

FY2019

In FY2019, we recorded a net cash outflow from operating activities of S\$1.1 million, which was a result of operating profit before reinvestment in working capital of S\$2.4 million, adjusted for working capital outflows of S\$3.5 million. The net cash used in working capital of \$3.5 million was mainly due to the increase in trade and other receivables of S\$6.2 million and increase in trade payables of S\$2.7 million.

Net cash outflow from investing activities amounted to S\$2.6 million, which was attributable to additions of property plant and equipment, offset partially by proceeds from the disposal of investment properties.

Net cash flow provided by financing activities amounted to S\$3.9 million which was attributable to proceeds from borrowings and trade receivables factoring and receipts from a director. The amount was offset by bank deposit pledges, repayment of lease liabilities and borrowings and interest paid.

As at 31 December 2019, our cash and cash equivalents were S\$1.6 million.

FY2020

In FY2020, we recorded a net cash inflow from operating activities of S\$10.9 million, which was a result of operating profit before reinvestment in working capital of S\$9.0 million, adjusted for working capital inflows of S\$2.0 million and income tax paid of S\$0.1 million. The net cash used in working capital of S\$2.0 million was mainly due to a decrease in trade and other receivables of S\$1.2 million and an increase in trade payables of S\$0.8 million.

Net cash outflow from investing activities amounted to S\$0.3 million, which was attributable to additions of property plant and equipment of S\$0.4 million. This amount was offset partially by the proceeds from the disposal of property, plant and equipment.

Net cash flow used in financing activities amounted to S\$4.8 million, which was attributable to payments to a director, repayments of borrowings and lease liabilities, interest paid and repayment of trade receivables factoring. The decrease was offset by the release of bank deposits pledged.

As at 31 December 2020, our cash and cash equivalents were S\$7.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

1H2020

In 1H2020, we recorded a net cash inflow from operating activities of S\$7.1 million, which was a result of operating profit before reinvestment in working capital of S\$5.0 million, adjusted for working capital inflows of S\$2.1 million. The net cash used in working capital of S\$2.1 million was due mainly to an increase in trade and other receivables of S\$0.5 million and an increase in trade payables of S\$2.6 million.

Net cash outflow from investing activities was less than S\$0.1 million.

Net cash flow used in financing activities amounted to S\$4.4 million, which was attributable to payments to a director, interest paid, repayments of borrowings, lease liabilities and trade receivables factoring. The decrease was offset by the release of bank deposits pledged.

As at 30 June 2020, our cash and cash equivalents were S\$4.2 million.

1H2021

In 1H2021, we recorded a net cash inflow from operating activities of S\$2.6 million, which was a result of operating profit before reinvestment in working capital of S\$2.9 million, adjusted for working capital outflows of S\$0.1 million and income tax paid of S\$0.1 million. The net cash used in working capital of S\$0.1 million was mainly due to a decrease in trade and other receivables of S\$0.1 million. Trade payables remained relatively constant.

Net cash outflow from investing activities amounted to S\$0.5 million, which was attributable to additions of property plant and equipment of S\$0.5 million.

Net cash flow used in financing activities amounted to S\$4.2 million, which was attributable to payments to a director, interest paid, repayments of borrowings and lease liabilities, trade receivables factoring and dividends paid to Mr. Roger Tan and Ms. Tan Wei Ying, then shareholders of the company.

As at 30 June 2021, our cash and cash equivalents were S\$5.2 million.

INFLATION

Our Group's financial performance for the Period Under Review was not materially affected by inflation.

CAPITAL EXPENDITURE AND DIVESTMENTS AND COMMITMENTS

Capital Expenditure

The capital expenditures made by our Group during the Period Under Review were as follows:

(\$'000)	FY2018	FY2019	FY2020	1H2021	1 July 2021 up to the Latest Practicable Date
Leasehold properties	–	3,129	340	726	500
Tools and machinery	387	723	55	128	216
Motor vehicles	85	255	345	–	166
Other equipment	–	30	73	260	–
Office equipment	6	202	116	400	20
Furniture and fittings	22	40	5	1	2
Renovation	17	74	8	–	101
Total	517	4,453	942	1,515	1,005

The above capital expenditures were primarily financed by internally generated resources and were all made in Singapore.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Divestments

The divestments made by our Group during the Period under Review were as follows:

(\$'000)	FY2018	FY2019	FY2020	1H2021	1 July 2021 up to the Latest Practicable Date
Tools and machinery	5	–	17	–	–
Motor vehicles	1	–	–	–	6
Office equipment	26	–	13	7	–
Furniture and fittings	–	6	–	–	–
Renovation	–	11	–	–	–
Investment Property	–	624	–	–	–
Total	32	641	30	7	6

Capital Commitments

No material capital commitment was made by our Group during the Period under Review except for minor renovation works conducted in FY2021 and software upgrades financed by internally generated resources.

Contingent Liabilities

As at the Latest Practicable Date, we do not have any material contingent liabilities.

SIGNIFICANT ACCOUNTING POLICY CHANGES

On 1 January 2018, our Group adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are mandatory for application for the financial year. Changes to our Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to our Group’s accounting policies and had no material effect on the amounts reported for the financial years ended 31 December 2018, 2019, and 2020 except for the following:

A. Adoption of SFRS(I) 9 – Financial Instruments

SFRS(I) 9 includes guidance on: (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace SFRS(I) 1-39 incurred loss model.

B. Adoption of SFRS(I) 15 – Revenue from Contracts with Customers

SFRS(I) 15 applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

C. Adoption of SFRS(I) 16 – Leases

SFRS(I) 16 resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

Please also refer to the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020” and the “Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021” as set out in Appendix A and Appendix B to this Offer Document for more details on our accounting policies.

As at the Latest Practicable Date, our Group has no intention to change accounting policies that will result in material adjustments to the “Independent Auditor’s Report and Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 31 December 2019 and 31 December 2020” as set out in Appendix A of this Offer Document. As at the Latest Practicable Date, our Group does not expect the new standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for FY2020, to result in material adjustments to the “Independent Auditor’s Report and Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 31 December 2019 and 31 December 2020” as set out in Appendix A of this Offer Document, post-Listing.

GENERAL INFORMATION ON OUR GROUP

HISTORY OF OUR GROUP

Our Company was incorporated in Singapore as a private limited company under the Companies Act on 18 June 2020 under the name LS 2 Pest Management Pte. Ltd.. On 29 March 2021, to better reflect the nature of the business of our Company and in anticipation of the Restructuring Exercise, our Company changed its name to LS 2 Holdings Pte. Ltd.. Following the completion of the Restructuring Exercise, our Company owned the entire issued share capital of each of LS 2 Services, LS 2 Management and LS 2 Facilities. Subsequently, on 25 November 2021, our Company was converted into a public company and our name was changed to LS 2 Holdings Limited. Please refer to the section entitled “Restructuring Exercise” of this Offer Document for further details on the restructuring exercise undertaken by our Group.

LS 2 Services was incorporated on 11 November 1993 by our former directors and shareholders, Mr. Loo Kwee Lam and Mr. Lum Lock Seng. On 11 May 2000, our Executive Chairman and Executive Director, Mr. Roger Tan became the majority shareholder through the acquisition of a majority of the shares of LS 2 Services from the then shareholders, and was appointed a director of LS 2 Services. On 16 December 2010, Mr. Roger Tan became the sole shareholder of LS 2 Services. None of the former directors or shareholders of LS 2 Services are presently involved in LS 2 Services.

A summary of the significant milestones in our history is set out below:

1993	LS 2 Services commenced operations, offering facilities cleaning and conservancy services.
2000	Mr. Roger Tan became the majority shareholder of LS 2 Services. We were awarded our first contract for conservancy services after the acquisition of LS 2 Services by Mr. Roger Tan at Tampines Town Council (Zone TA9).
2003	We renewed our MW02 (now renamed FM02) ⁽¹⁾ L6 BCA contractor registration.
2008	We obtained ISO 9001:2015 certification for quality management system for housekeeping, cleaning, desilting and conservancy services.
2009	We were awarded BizSAFE Level 3 certification by the Workplace Safety and Health Council in recognition that our Group had conducted risk assessments for every work activity and process in our workplace, in compliance with regulatory requirements.
2010	Mr. Roger Tan became the sole shareholder of LS 2 Services. We commenced providing services to Sport Singapore, PowerSeraya and Singapore Management University.
2011	We commenced providing road and beach cleaning services.
2012	We obtained OHSAS 18001 (now known as ISO 45001:2018) certification for occupational health and safety management for housekeeping, cleaning, desilting and conservancy services. We were awarded BizSAFE STAR certification by the Workplace Safety and Health Council in recognition that our Group’s Workplace Safety and Health Management System identifies, manages and controls workplace risks or hazards in compliance with the Workplace Safety and Health Act 2006 and international standards such as ISO 45001:2018.
2013	We were awarded the Clean Mark Silver Award by the NEA.
2014	We were awarded our cleaning business licence by NEA. This was the first year the NEA introduced the cleaning business licence regime.

GENERAL INFORMATION ON OUR GROUP

2016	<p>We were first awarded the Clean Mark Gold Award by the NEA, which we have consistently maintained to date</p> <p>We were awarded a tender by the Singapore Land Authority for the provision of office cleaning services</p>
2017	<p>We were awarded ISO 14001:2015 certification for environmental management systems for housekeeping, cleaning, desilting and conservancy services.</p> <p>We were awarded a tender by MOE for the provision of cleaning services for more than 120 schools in three (3) school zones.</p>
2018	We obtained FM03 ⁽²⁾ L1 and FM04 ⁽³⁾ L1 BCA contractor registration.
2019	<p>We obtained ISO 22301:2012 certification for business continuity management systems for provision of cleaning services for public and private sectors.</p> <p>We were awarded a tender by the NEA for the provision of cleaning services for NEA offsite offices.</p> <p>We were awarded a tender by Changi Airport Group for the provision of cleaning services for the departure and transit areas of Changi Airport Terminal 1.</p>
2020	We commenced offering pandemic disinfection services to cater to demand arising from the COVID-19 pandemic.
2021	We participated as a sponsor in NEA's Industry Scholarship Programme for Environmental Services.

Notes:

- (1) FM02: Workhead for Housekeeping, Cleansing, Desilting and Conservancy Service under the BCA's contractors registration system.
- (2) FM03: Workhead for Landscaping under the BCA's contractors registration system.
- (3) FM04: Workhead for Pest Control under the BCA's contractors registration system.

OUR GROUP STRUCTURE

The following diagram summarises our Group structure as at the date of this Offer Document:



GENERAL INFORMATION ON OUR GROUP

OUR SUBSIDIARIES

The table below sets forth details of our subsidiaries as at the date of this Offer Document:

No.	Company Name	Date of Incorporation	Country of Incorporation and Principal Place of Business	General Nature of Business ⁽¹⁾	Ownership Interest
1.	LS 2 Services	11 November 1993	Singapore, Singapore	General cleaning services (including cleaning of public areas, offices and factories) except household cleaning; and Pest control services not in connection with agriculture	100.0%
2.	LS 2 Management ⁽²⁾	18 June 2020	Singapore, Singapore	Other holding companies	100.0%
3.	LS 2 Facilities ⁽²⁾	8 July 2021	Singapore, Singapore	Facilities management for buildings and offices	100.0%

Notes:

- (1) The description of the general nature of business is based on the principal activities set out in the respective company's business profile issued by ACRA.
- (2) As at the Latest Practicable Date, LS 2 Management and LS 2 Facilities have not commenced business and are dormant entities.

The directors and auditors of our subsidiary whose latest audited consolidated pre-tax profits (excluding the minority interest relating to that subsidiary) accounted for 20.0% or more of such latest audited consolidated pre-tax profits of our Group (excluding the minority interest relating to that subsidiary) are:

Subsidiary	Directors	Auditors
LS 2 Services	Mr. Roger Tan ⁽¹⁾ Ms. Tan Wei Ying ⁽¹⁾	Nexia TS Public Accounting Corporation

Note:

- (1) Our Chief Operating Officer, Ms. Tan Wei Ying, is the daughter of our Executive Chairman and Executive Director, Mr. Roger Tan.

GENERAL INFORMATION ON OUR GROUP

BUSINESS OVERVIEW

We are an integrated environmental services provider, specialising in cleaning services. We also provide pest control and waste management services. We leverage our decades of experience, network of subcontractors, well-trained workforce and adopted technologies to provide one-stop solutions to meet the environmental needs of our customers. Our principal business is cleaning services and our operations are based in Singapore.

We are an established brand with a track record of more than 20 years. Our decades of experience in the industry have enabled us to fine-tune our methods and processes to understand and meet the environmental needs of our customers. We believe in adopting innovative solutions in the provision of our services to enhance productivity and deliver consistent and quality cleaning outcomes to our customers. We have invested, and intend to further invest, in equipment and technology for the management and automation of cleaning processes. In line with our approach of adopting innovative solutions, our management team includes young and qualified personnel who we believe bring a fresh perspective to the management and operations of our Group.

We specialise in the provision of cleaning services, including conservancy services, facilities cleaning services, housekeeping services, school cleaning services, road and beach cleaning services, pandemic disinfection services, façade cleaning services and F&B cleaning services to our customers in both the public and private sectors in Singapore. In addition to the cleaning services that we specialise in, we also have an established network of subcontractors whom we work with to deliver integrated environmental services such as waste management services to our customers. Such network of partners also supplement the cleaning services we provide, such as in the areas of external façade cleaning where specialised licences, equipment and manpower are required.

Our customers comprise entities from both the private and public sectors in Singapore and include town councils, facilities managers for commercial and private residential properties, public and private education institutions and private companies. Our subsidiary, LS 2 Services, has obtained FM02 L6 registration for housekeeping, cleansing, desilting and conservancy services under the BCA's contractors registration system and is a registered government supplier of cleaning services under the financial grade S10, both of which are not subject to tendering limits. In FY2018, FY2019, FY2020 and 1H2021, approximately 86.6%, 84.2%, 85.7% and 83.1% of our revenue was generated by public sector projects.

We have a workforce of about 2,000 workers. This allows us to ensure efficient day-to-day deployment of such workers to various project sites across Singapore and also maintain "floating" teams which can respond effectively and at short notice to emergencies which require additional manpower and/or to fill any unplanned manpower gaps. Our investments in equipment and technology for the management and automation of cleaning processes also enable us to ease the manual workload of our workers and increase the efficiency and productivity of our services to provide consistent and quality cleaning outcomes.

Our Services

We specialise in the provision of cleaning services, including conservancy services, facilities cleaning services, housekeeping services, school cleaning services, road and beach cleaning services, pandemic disinfection services, façade cleaning services and F&B cleaning services. As part of our full suite of integrated environmental services, we also provide pest control and waste management services to our customers. For such aspects of our services, we work with subcontractors who have experience in providing such services. This has enabled our Group to offer our customers a full suite of services, while focusing on our core capability of providing cleaning services. Going forward, we intend to diversify our service offerings to directly provide our customers with a full range of environmental services, by training our workers and engaging in strategic acquisitions of, and joint venture partnerships with, parties who have a strong track record in such areas. Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" for further information on our plan to expand the scope of our service offerings.

GENERAL INFORMATION ON OUR GROUP

Cleaning Services

- **Conservancy Services**

Our Group provides conservancy services which comprise the cleaning and maintenance of common property within public housing estates. Our conservancy services include the cleaning of lifts, common corridors, bin centres and compounds, void decks and open spaces, playgrounds, surface and multi-storey carparks within public housing estates and minor maintenance and repairs of common property. Our customers for conservancy services comprise town councils which are responsible for the day-to-day operations in managing the common property of HDB residential flats and commercial property within a town. We deploy experienced workers, including field technicians and cleaners to provide conservancy services. Such workers are equipped with appropriate machinery, including mechanical road sweepers and high-pressure water sprays, which enable them to conduct thorough and effective cleaning of our assigned areas.



In providing certain of our conservancy services, we utilise mobile applications to create, assign, monitor and report scheduled and ad hoc maintenance tasks that are carried out onsite. Our conservancy workers are able to use the mobile application to perform both routine and ad hoc jobs, check in and out of the project sites with date and time stamps, take before and after photos of the project site and access their checklists of tasks. Through the mobile application, each of our conservancy workers has access to a personalised checklist of tasks for completion. Our contracts for conservancy services with the respective town councils are generally outcome-based, where our service performance is assessed based on desired outcomes and service quality instead of requiring a prescribed headcount of workers to be present on site. Please refer to the section entitled “General Information on our Group – Quality Assurance and Quality Control” of this Offer Document for more information on the outcome-based approach.

As at the Latest Practicable Date, we are engaged to provide conservancy services for 10 projects in eight (8) out of the 17 town councils, across Singapore and at various industrial estates for a statutory board.

GENERAL INFORMATION ON OUR GROUP

- **Facilities Cleaning Services**

Our Group provides facilities cleaning services which comprise the cleaning of commercial properties and offices within commercial buildings. Such properties include shopping centres, sports complexes, industrial buildings and Changi Airport. Our facilities cleaning services include area vacuuming, dusting, refuse disposal, toilet cleaning and disinfecting, window cleaning, carpet shampooing, scrubbing, sealing and polishing of floors, high pressure jetting and regular cleaning and disinfecting of commonly touched surfaces to maintain a high standard of cleanliness. Our customers for facilities cleaning services mainly comprise private companies. We also clean the office premises of some government and statutory bodies.

For our facilities cleaning services, we deploy machinery such as autonomous scrubbers and smart compactor bins, which reduce the manual workload of our workers, enabling them to clean a larger area in the same span of time and helping to create a safer working environment. Please refer to the section entitled “General Information on our Group – Business Overview – Adoption of Technology” of this Offer Document for more details on some of the equipment we deploy.



Currently, our contracts for facilities cleaning services are generally headcount-based where we are required to ensure that an agreed number of workers are present on site to provide cleaning services during the tenure of the project. However, in line with industry practice, we are experiencing increasing demand for an outcome-based approach. Please refer to the section entitled “General Information on our Group – Quality Assurance and Quality Control” of this Offer Document for more information on the outcome-based approach.

As at the Latest Practicable Date, we have been engaged to provide facilities cleaning services for 36 projects.

GENERAL INFORMATION ON OUR GROUP

- **Housekeeping Services**

We provide housekeeping services which comprise the cleaning of commercial accommodation. Our housekeeping services include vacuuming of floors, changing of bedsheets, laundry services and cleaning of pantry areas. Our customers for housekeeping services comprise primarily student hostels and workers dormitories.

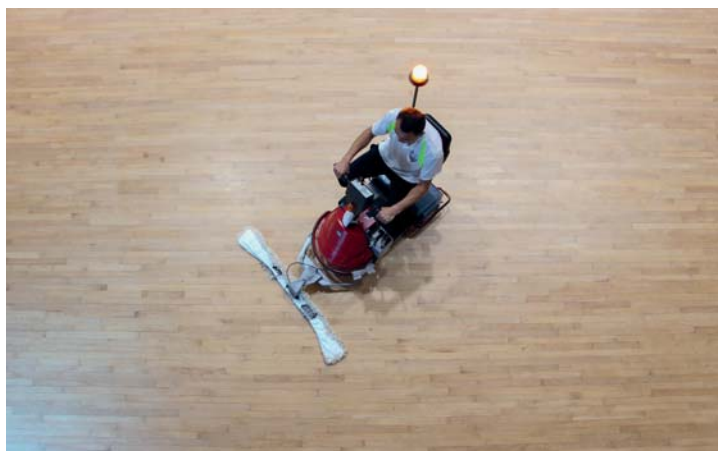


As at the Latest Practicable Date, we have been engaged to provide for five (5) projects.

- **School Cleaning Services**

We provide school cleaning services which comprise the cleaning of both indoor and outdoor areas within school grounds. Our school cleaning services include cleaning and sanitising of classrooms, auditoriums, sports halls, canteens, offices and outdoor fields. Our customers for school cleaning services include both public and private education institutions at all levels, including kindergartens. For cleaning of kindergartens, we are required to adopt a more stringent cleaning regime in line with the requirements of our customers, including higher frequency of sanitising of toys and other high touch surfaces.

For our school cleaning services, we deploy machinery and technology such as autonomous scrubbers, smart compactor bins and other IoT devices which increase the effectiveness and efficiency of the cleaning process. Please refer to the section entitled “General Information on our Group – Business Overview – Adoption of Technology” of this Offer Document for more details on some of the equipment and technology we employ.



As at the Latest Practicable Date, we are engaged to provide school cleaning services for more than 120 schools, comprising institutions of higher learning, institutes of technical education, international schools, kindergartens, primary schools and secondary schools across three (3) school zones.

GENERAL INFORMATION ON OUR GROUP

- **Road and Beach Cleaning Services**

Our Group provides road and beach cleaning services which comprise all aspects of cleaning specific beach zones and roads around such beach zones. Our road and beach cleaning services include ensuring that the beach is free from debris, cleaning the toilets at the relevant beach zones, as well as cleaning the carpark and other surrounding roads for such beach zones.



For our road cleaning services, we deploy machinery including road sweepers and ride on scrubbers. For beach cleaning services, we deploy beach cleaning machines which are able to work on both dry and wet sand to remove rubble, stones, flotsam, driftwood, seaweed, encroachment grass, litter, cans, bottles and cigarette butts, and able to repair potholes in the sand. Workers who operate our beach cleaning machine must be licensed and trained to do so. Workers who operate our beach cleaning machines must attend training provided by the vendor of our beach cleaning machine and obtain a Class 3A driving licence. Our Group maintains, on an ongoing basis, at least two (2) workers who are licensed and trained to operate our beach cleaning machine.

GENERAL INFORMATION ON OUR GROUP

- **Pandemic Disinfection Services**

Our Group provides pandemic disinfection services which comprise the cleaning and disinfection of areas exposed or potentially exposed to confirmed cases of COVID-19 and venues used by the Singapore Government as isolation facilities for COVID-19 positive cases. Such pandemic disinfection services include the cleaning of dirt and debris with special cleaning agents as well as disinfection of areas to render the virus inactive in the event such areas have been contaminated. Our customers for pandemic disinfection services include the operators of isolation facilities, and other entities or organisations which require the disinfection services of an approved provider following the exposure of an area to COVID-19.



Our subsidiary, LS 2 Services, is listed by the NEA as a company which can carry out disinfection works under its Guidelines for Environmental Cleaning and Disinfection of Areas Exposed to Confirmed Case(s) of COVID-19 in Non-Healthcare Premises. In order to be listed by the NEA as being eligible to provide such services, an entity must ensure that the personnel responsible for disinfection work have been trained to carry out their duties including the use and preparation of equipment and disinfectant, donning and doffing of personal protective equipment, cleaning procedures, potential disinfectant hazards and disposal of waste. Our Group has been listed by the NEA as a company which can carry out disinfection works since March 2020. Please refer to the section entitled “Directors, Executive Officers and Staff – Staff – Staff Training” of this Offer Document for more information on our training regime.

Since being engaged to provide COVID-19 related cleaning and disinfection services, LS 2 Services has introduced more stringent health and safety measures to safeguard the health of our workers including the introduction of new measures and cleaning techniques. Upon our engagement to clean an area exposed to COVID-19, our pandemic disinfection team will survey all affected areas, by assessing the work site layout and identifying key areas for cleaning and site areas for donning and doffing of personal protective equipment, before our workers are permitted to commence work. Our workers who are deployed to provide such COVID-19 related cleaning and disinfection services are required to don full personal protective equipment before entering the affected area. Special disinfectants and cleaning agents are prepared which our workers use to mist and wipe down high-touch areas to block possible routes of transmission for the virus. The process of cleaning removes matter, such as dirt and debris, that might be contaminated with COVID-19, whereas the process of disinfection breaks down components of the virus, such as its membrane and protein structures, rendering it inactive.

GENERAL INFORMATION ON OUR GROUP

- **Façade Cleaning Services**

Our Group provides façade cleaning services as part of our full suite of integrated environmental services. Such services are provided on an ad hoc basis to existing customers upon request. Façade cleaning services include the cleaning and maintenance of both internal and external facades of buildings including glass facades, skylight, canopies and atriums, roof gutter cleaning, plant removal from crevices, and window cleaning. Where the façade cleaning services require rope access cleaning, we will work with a licensed vendor who employs a team of licensed rope access specialists to provide such services through abseiling which is also known as “spider man climb”. Where the façade cleaning services involve the use of scissors and/or boom lifts, we will provide such equipment or procure the same from our vendors. Our workers who are assigned to provide such services will receive safety and operational training from the equipment vendors prior to its use. Our Group procures all necessary scaffolding or personal lifting machines including telescopic water fed equipment, approved cleaning agents and all necessary tools required to complete the project. Installation of scaffolding and the usage of mobile elevated work platforms must comply with the Workplace Safety and Health Council’s Code of Practice for Working Safely at Heights. A trained and qualified supervisor with the requisite WSH qualifications supervises the cleaning work on site at all times, and work areas are cordoned off and demarcated with safety cones to protect the health and safety of people in the area. Where the work involves rope access cleaning, our licensed vendor will deploy rope access specialists to survey the façade and identify suitable rope access anchor points on the structure according to MOM safety requirements.



Our customers who engage our façade cleaning services include the Changi Airport Group for the cleaning of the facades at Changi Airport.

GENERAL INFORMATION ON OUR GROUP

- **F&B Cleaning Services**

Our Group provides F&B cleaning services as part of our full suite of integrated environmental services. Such services include dishwashing and the cleaning of tables and common areas at F&B establishments. We currently provide such services to a public hawker centre.

Pest Control Services and Waste Management Services

Our Group provides pest control services and waste management services as part of our full suite of integrated environmental services. Such services are provided on an ad hoc basis to customers of our cleaning services upon request. Our pest control services comprise rubbish chute cleaning and fogging, and our waste management services comprise the collection of inorganic and recyclable waste for commercial and industrial premises. Our workers who are deployed to provide pest control services must obtain a vector control technician licence or a vector control worker certification, both issued by the NEA. Vector control technicians are responsible for supervising vector control work, whereas vector control workers carry out such work under the supervision of a vector control technician. All vector control work in Singapore must be carried out in accordance with the Code of Practice for Vector Control Operator, Technician and Worker. For our waste management services, we work with licensed subcontractors who have experience in providing such services. Our customers who engage our pest control services and our waste management services comprise primarily town councils.



Adoption of Technology

We believe in adopting technology in the provision of our services to enhance productivity and deliver consistent and quality cleaning outcomes to our customers. We also believe that technology is an important enabler to redesigning workflow processes and enhancing efficiency and productivity notwithstanding that the environmental services industry generally suffers from a high turnover rate and there is a constant demand for new workers to replace workers leaving the industry. Our Group has invested in equipment and technology for the management and automation of cleaning processes which have enabled us to ease the manual workload of our workers and increase the efficiency and productivity of our services to provide consistent and quality cleaning outcomes at some of our project sites. Such investments have also allowed us to upskill our workers, enhance their technological know-how and enable them to be more efficient and productive.

We employ equipment and technology to enhance the quality and efficiency of our services, including:

GENERAL INFORMATION ON OUR GROUP

- **Mobile applications**

We utilise workforce management mobile applications to create, assign, monitor, evaluate and report scheduled and ad hoc cleaning and maintenance tasks that are carried out by our workers onsite. Under our conservancy services, we use a mobile application provided by certain of our town council customers to manage and retain oversight over various aspects of the project. For our other non-conservancy projects, we may employ an in-house mobile application for such purposes.

As an example, our in-house mobile application is equipped with an e-inspection system, which allows us, together with our customers, to conduct internal audits, track our performance and to monitor our project sites more effectively. Our supervisors and our clients are able to access our e-inspection system to evaluate cleanliness levels such as by assigning scores, adding remarks and uploading photographs. Submitted evaluations are location-tagged, and date and time-stamped to ensure the integrity of the evaluations.



- **Autonomous cleaning robots**

We employ autonomous cleaning robots including autonomous scrubbers which enable us to adopt a lean manpower approach in project resourcing. Our autonomous cleaning robots increase our productivity and efficiency, with reduced reliance on manpower for the cleaning process and without requiring breaks. Cleaning reports are generated after every cleaning session which aids in providing measurable, reliable and consistent cleaning quality. Our autonomous cleaning robots include a remote monitoring and reporting system which is able to generate real-time reports such as the location of the robots, operator identity, running times, actual cleaning areas, dates and total utilisation since the robots were deployed. Such capabilities allow us to quantify and monitor cleaning performance and we can quickly identify and rectify factors that adversely affect our operations.

GENERAL INFORMATION ON OUR GROUP

In deciding whether to deploy autonomous cleaning robots for a particular project, we consider factors such as the layout of the area to be cleaned and safety considerations. Autonomous cleaning robots work more efficiently in large areas that do not contain many obstructions such as larger facilities with wide corridors and large empty spaces such as halls. An area with high human traffic may be less suited to the deployment of autonomous cleaning robots as people are more likely to walk into the robots.



- **Smart compactor bins**

We deploy smart compactor bins which reduce instances of overflowing litter and the frequency of waste collections. Smart compactors bins provide data on the volume of waste in the bin and compact the waste to create more storage. At the same time, their enclosed design prevents garbage from spilling out. The smart compactor bins are powered by traditional power-points or via solar panels which are located on top of the bins. The solar power, compaction technology and live-feed data allow for time and energy efficient waste management and removal. Each smart compactor bin unit notifies the assigned staff when it needs to be emptied via email or text messages and our staff can monitor fill levels of each unit in real-time.



GENERAL INFORMATION ON OUR GROUP

- **IoT**

We utilise IoT technology to provide our services in a more timely and efficient manner. An example of this is our deployment of smart toilet systems which allows our cleaning supervisors to deploy resources and respond to cleaning requests in a more targeted manner. The smart toilet system which we deploy are able to monitor the conditions, track the utilisation of the toilets, and obtain immediate feedback from toilet users in real-time. The data and information collected by the system is used by our staff to plan cleaning schedules and provide a targeted, timely and effective cleaning regime, including the effective and efficient deployment of cleaners. As part of the smart toilet system, we may install a feedback panel in each toilet which allows toilet users to rate their experience and feedback on the condition of the toilets. If the condition of the toilets fall short of any quality thresholds, the smart toilet system will alert our cleaning team to carry out the necessary cleaning.

- **E-learning programme**

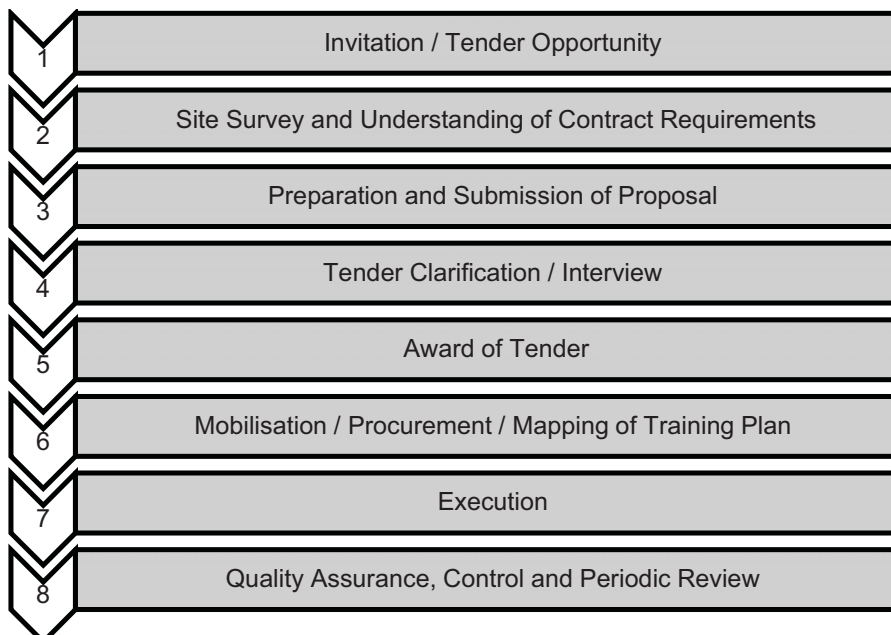
As part of our training regime, our workers participate in an e-learning programme which includes modules such as toilet cleaning, personal protective equipment, disinfection, trolley cleaning, common area cleaning and supervisory training. Our e-learning platform requires each worker to login with a unique username and password and demonstrate competency through assessment exercises conducted through the platform during such worker's probation period. We believe in adopting innovative solutions to enhance productivity and deliver consistent and quality cleaning outcomes to our customers. In June 2019, our Group engaged a vendor to enhance our e-learning platform, enabling our workers to participate in virtual visits to the specific project sites to which they have been assigned. Such virtual visits show our workers a 360-degree view of the actual project site and illustrate the correct methods for specific completing specific tasks.

Our quality manager is responsible for conducting machinery audits to maintain our equipment and tools in good working condition and to identify areas for improvement including the adoption of technology to improve productivity.

We believe that the automation of our cleaning processes has eased the manual workload of our workers, increased the efficiency and productivity of our services, resulting in consistent and quality cleaning outcomes, in line with the requirements of our customers. In addition, we believe that the adoption of such equipment and technology enables us to attract younger workers and creates an easier, safer and more efficient job for our workers.

Our Business Process

The following is an overview of our business process:



GENERAL INFORMATION ON OUR GROUP

Invitation / Tender Opportunity

The prospective customer issues an invitation to tender or a request for proposal which outlines the preliminary requirements for the project, the selection process, the evaluation criteria and the contract terms.

Our Executive Officers together with our sales and marketing team are responsible for generating new customer accounts. Our team looks out for tender opportunities on the Singapore Government's procurement portal, GeBIZ, newspapers, the Internet, through key suppliers and by general word-of-mouth. For private sector projects, we also maintain close relationships with various stakeholders in the environmental services industry to keep apprised of subcontracting and tender opportunities as and when they arise. Our existing customers have awarded us repeated projects and may also refer us to other prospective customers.

Our subsidiary, LS 2 Services, has obtained FM02 L6 registration for housekeeping, cleansing, desilting and conservancy services under the BCA's contractors registration system and is a registered government supplier of cleaning services under the financial grade S10, both which are not subject to tendering limits.

Site Survey and Understanding of Contract Requirements

Our management decides whether to participate in the tender or request for proposal, considering factors such as the creditworthiness of the prospective customer, the requirements of the proposed project and our Group's capabilities and capacity. In deciding whether to participate in a tender, our management also considers both qualitative and quantitative factors such as the contract sum, tenure of the project, minimum headcount required and the reputation of the customer. If the project is shortlisted by our Group, our management will indicate our interest in tendering for the project and may attend a site survey of the proposed project site and review the tender specifications to understand the scope of work required. For tenders where no site survey is arranged by the customer, our management will review the floor plans including the floor area and the specific areas to be cleaned and consider factors such as the accessibility of the project site. Our management would then consider the project requirements, including its technical requirements and the project's price-quality matrix.

Preparation and Submission of Proposal

Based on whether a tender or request for proposal is more price-sensitive and/or headcount-based, we would employ an appropriate level of equipment and technology in our proposal. Where the invitation to tender or request for proposal focuses on the quality of services or is outcome-based, we would consider how we may deploy the available equipment and technology to meet the desired outcomes. These include autonomous scrubbers, smart toilet systems or workforce management systems which reduce our reliance on manpower and streamlines the cleaning processes.

Certain invitations to tender or requests for proposal may also specify the equipment and technology to be deployed for the project, and our management will consider whether such requests can be accommodated within the price range sought. As part of the cost-estimation exercise, our management will obtain quotes from a range of vendors so as to factor their costs into our final estimate. Other considerations taken into account in arriving at our proposed price are the nature and complexity of the project, whether there is an element of urgency, and the prevailing market conditions.

Once the proposal has been finalised, it will be submitted to the prospective customer. The process of preparing and submitting our proposal usually spans two (2) weeks.

Tender Clarification / Interview

Where we are shortlisted for a project, the prospective customer typically conducts an interview with our management team to further assess our experience and capabilities in providing the requested services.

GENERAL INFORMATION ON OUR GROUP

Award of Tender

The tender or the contract is generally awarded, one (1) month before the commencement of services during which time there is a period of transition from the customer's existing contractor to our Group. During the handover period, matters relating to human resources, procurement, operations and the transition between technologies are addressed between our Group and the customer's existing contractor. For certain projects, we are concurrently provided with the opportunity to meet the customer's existing contractor to facilitate the handover. During such meetings, we seek to further understand the project requirements, to identify any potential issues and to highlight areas for rectification by the existing contractor prior to handover. When we are awarded a tender, the transition from the previous service provider to our Group is facilitated by the customer to ensure that information is communicated accurately.

Mobilisation / Procurement / Mapping of Training Plan

Once we are awarded a project, a project team is formed and briefed on the specific requirements of the project. A project manager is appointed from among the team or one of our subcontractors, with overall responsibility for coordination and oversight of the project. A project plan is prepared, which sets out, among others, the scope of services involved, the headcount, equipment and technology required, the training to be undertaken by our workers in preparation for the project, the subcontractors to be appointed and the schedule for the provision of such services.

A budget for the project is then set, the necessary resources are set aside and our Group will commence recruiting workers for the project, taking into consideration our foreign worker quota, and the operational requirements of our Group's other ongoing projects. Workers employed by our Group under other projects which are winding down may be redeployed to the new project. At this stage, we will also place orders for the appropriate cleaning supplies and equipment for the project based on the quotations received from suppliers at the preparation and submission of proposal stage.

Execution

During the tenure of the project, the project manager retains oversight of the project to ensure adherence to our standard operating processes, any site or customer-specific processes and applicable government regulations. Other aspects monitored by the project manager include manpower, project site safety, environment management, resource optimisation, efficiency maximisation, staff retention and quality control of materials. The project manager is also tasked with conducting monthly project site inspections and ad hoc troubleshooting. In the event of any unforeseen delays or disruptions due to reasons beyond our control, the project manager will resolve such issues upon discussion with our customers, subject to the approval of our management.

Quality Assurance, Control and Periodic Review

As part of our quality assurance and quality control procedures, our project managers conduct stringent quality checks throughout the duration of the project to ensure that the work is carried out in accordance with key performance indicators. Our project managers conduct joint monthly inspections and feedback sessions, together with the relevant customers, at such customer's discretion. We also regularly survey our customers to promptly identify any service lapses. For further details on the quality assurance function of our Group, please refer to the section entitled "General information on our Group – Quality Assurance and Quality Control" of this Offer Document. Additionally, our Executive Officers conduct periodic site visits and progress meetings with our project managers to ensure that projects proceed as scheduled and in accordance with the execution plan, and that project costs are kept within budget.

GENERAL INFORMATION ON OUR GROUP

Pursuant to the agreements entered into with our customers, services lapses, including a failure to meet the agreed key performance indicators, whether on a headcount-basis or an outcome-basis, may require us to pay liquidated damages to our customers. As at the Latest Practicable Date, the liquidated damages paid by our Group to our customers pursuant to such agreements are not material in nature. Where we work with subcontractors for certain aspects of a project, our agreements with such subcontractors provide for a back-to-back indemnity pursuant to which where our Group is held liable for any failure to perform our duties or obligations as a result of such subcontractor's failure to perform the duties and obligations assumed by the subcontractor under our agreement with such subcontractor, the subcontractor shall be bound to reimburse our Group with any liquidated damages, penalties and/or other losses paid by our Group. In addition, if we are held liable for any breach of terms and conditions with our customers as a result of the subcontractor's breach of such terms and conditions which it has agreed to be similarly bound to our Group pursuant to the subcontractor agreement, it shall be bound to reimburse us with any liquidated damages, penalties and/or other losses paid by our Company. The subcontractor is also typically responsible for the costs for insurance coverage for the project.

Impact of COVID-19 on our Business

During the course of the COVID-19 pandemic the Singapore Government has instituted the Circuit Breaker Measures to stem the spread of COVID-19 in the community. Such Circuit Breaker Measures have included the closure of non-essential physical workplace premises and, save for limited exceptions, requiring residents to stay at home. As our Group is a provider of cleaning services, which are classified under the relevant regulations as "essential services" and which were permitted to be provided notwithstanding the Circuit Breaker Measures, our operations have not been significantly disrupted by the Circuit Breaker Measures and other similar measures subsequently imposed.

The impact of COVID-19 on our business is set out below.

Increase in demand for our services

The COVID-19 pandemic has resulted in a higher and more stringent demand for disinfection and cleaning services. Due to the heightened concerns regarding cleanliness and hygiene arising from the COVID-19 pandemic, our existing conservancy services and facilities cleaning services customers have requested for more frequent cleaning and disinfection under their existing agreements with us. For instance, where our workers might have been scheduled to disinfect the lift buttons in an office building once a day pre-COVID-19, disinfection is now carried out at least three (3) times daily for such high-touch surfaces.

Creation of new service offerings

Following the onset of the COVID-19 pandemic, our Group has commenced providing pandemic disinfection services which comprise the cleaning and disinfection of areas exposed to confirmed case(s) of COVID-19 and venues used by the Singapore Government as isolation facilities for COVID-19 positive cases. Our subsidiary, LS 2 Services, is listed by the NEA as a company which can carry out disinfection works under its Guidelines for Environmental Cleaning and Disinfection of Areas Exposed to Confirmed Case(s) of COVID-19 in Non-Healthcare Premises. Upon the approval of LS 2 Services as a provider of disinfection works, our Group designated a specific team for the provision of pandemic disinfection services, who then received government-subsidised training on the relevant disinfection methods.

Increased difficulty in obtaining work passes

Since the onset of the COVID-19 pandemic, we have experienced delays in obtaining the necessary permits and approvals for our incoming foreign workers and many of such foreign workers have had their applications for such permits and approvals rejected by the relevant government authorities. As approximately 25.0% of our workforce comprises foreign nationals from countries including Malaysia, Vietnam, India, Bangladesh and China, such delays and rejections have affected our ability to replenish our workforce, which generally has a high turnover rate. To address such shortfall in the supply of foreign labour, we offered more attractive employment packages to local workers which were offset by government subsidies including the JSS.

GENERAL INFORMATION ON OUR GROUP

MAJOR CUSTOMERS

The following are the customers who accounted for 5.0% or more of our revenue during the Period Under Review:

Customer	Service supplied	As a percentage of total revenue (%)			
		FY2018	FY2019	FY2020	1H2021
Ministry of Education	School cleaning services	41.4	36.4	36.1	39.6
Sport Singapore	Facilities cleaning services	10.7	9.5	6.4	0.3
Singapore Management University	School cleaning services	5.9	5.5	5.4	5.8
Changi Airport Group (Singapore) Pte Ltd	Facilities cleaning services	–	4.5	6.9	5.8

Save as disclosed, there are no individual customers who each accounted for 5.0% or more of our Group's revenue during the Period Under Review. Our revenue is largely project-based and the revenue contribution from our Group's major customers varies from year to year depending on the number of projects, scope of work and contract value in each of the financial years/period. The percentage revenue contribution of Sport Singapore has decreased since FY2020 as our initial contract with Sport Singapore ended in August 2020. When Sport Singapore initiated the new tender process after the expiry of our initial contract, we were awarded the tender of a smaller contract sum compared with what we were awarded under the preceding tender exercise. Our Group only commenced providing services to Changi Airport Group (Singapore) Pte Ltd from August 2019 onwards. Save as set out above, we are of the view that our business and profitability is currently not dependent on any particular industrial, commercial or financial contract with any customer.

To the best of our Directors' knowledge, as at the Latest Practicable Date, we are not aware of any information or arrangement, which would lead to a cessation or termination of our relationship with any of our major customers.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders, Executive Officers, or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of, any of our major customers.

To the best of our Directors' knowledge and belief, there are no arrangements or understandings with any customers pursuant to which any of our Directors and Executive Officers were appointed.

GENERAL INFORMATION ON OUR GROUP

MAJOR SUPPLIERS

The following are the suppliers who accounted for 5.0% or more of our purchases and related costs and other expenses during the Period Under Review:

Supplier	Product / service supplied	As a percentage of purchases and related costs and other expenses (%)			
		FY2018	FY2019	FY2020	1H2021
Extol Services Pte. Ltd. ⁽¹⁾	Project Management Services	30.5	24.3	25.9	17.9
Clean City (1995) Pte. Ltd.	Project Management Services	10.3	9.6	10.7	13.8
Advance Cleaning Pte Ltd ⁽²⁾	Project Management Services	1.2	2.9	5.5	4.2

Notes:

- (1) During the Period Under Review, our Executive Chairman and Executive Director, Mr. Roger Tan, was a shareholder of Extol Services Pte Ltd from 7 May 2019 to 9 July 2020 holding approximately 20.0% of the shares of Extol Services Pte. Ltd. He was also a director of Extol Services Pte. Ltd. from 28 February 2014 to 6 December 2016. On 9 July 2020, Mr. Roger Tan transferred his entire shareholdings in Extol Services Pte. Ltd. to an unrelated third party in order to focus on the operations of our Group and the expansion of our business, taking into account, amongst others, the new contracts awarded by Changi Airport Group as well as our expansion into pandemic disinfection services.
- (2) During the Period Under Review, our Executive Chairman and Executive Director, Mr. Roger Tan, was a director of Advance Cleaning Pte Ltd from 22 May 2019 to 6 September 2019 in order to support a tender proposal by Advance Cleaning Pte Ltd for a project. Advance Cleaning Pte Ltd was subsequently not awarded the tender proposal and Mr. Roger Tan ceased to be a director.

Save as disclosed above, there is no other supplier who accounted for 5.0% or more of our purchases and related costs and other expenses during the Period Under Review.

Our percentage of purchases and related costs and other expenses paid to Extol Services Pte. Ltd. decreased from FY2020 in tandem with our revenue from Sport Singapore as the services provided by Extol Services Pte. Ltd. to our Group comprised project management services in connection with our projects with Sport Singapore. Our percentage of purchases and related costs and other expenses paid to Clean City (1995) Pte. Ltd. ("**Clean City**") increased from 1H2021 due to an increase in services provided to one of our customers as the services provided by Clean City to our Group comprised project management services in connection with our projects with such customer.

GENERAL INFORMATION ON OUR GROUP

All our major suppliers are project management firms who we engage to manage certain of our projects, including the management of our workers, vendors and project timelines. This may arise for strategic reasons or if we are short of resources at the relevant time. We enter into back-to-back agreements with such project management firms for the management of projects and pursuant to the terms of the agreements with such project management firms, we agree to pay the project management firms an agreed amount 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 we actually pay to the project management firm comprises only the Management Fees. As such, the amounts set out in the table above comprises only the Management Fees paid to the relevant project management firms during the Period Under Review. Where there is any variation or termination of the agreements with our customers, we will seek to correspondingly vary the back-to-back agreements with the relevant project management firm to reflect such new scope. In the event the relevant project management firm is unwilling to agree to such variation, we may exercise our rights to terminate the agreement with such project management firm by providing the required notice of termination. We have not experienced any inability to correspondingly vary our agreements with our project management firms in the event any relevant project is terminated or varied. Notwithstanding this, we remain liable to pay the project management firm the total agreed amount (comprising both the Project Costs and Management Fees) even if our customers default on their payment to us. Save as disclosed in the section entitled “General Information on Our Group – Credit Policy” of this Offer Document, we have not experienced any default in payment by our customers. By engaging the services of project management firms, we are able to outsource the management of certain projects and to leverage on the strategic relationships of such project management firms within the industry. Going forward, our Group intends to continue engaging project management firms. Our Group only engages the services of our suppliers when we have secured a project and on an as-required ongoing basis. We select our suppliers based on, amongst others, our past working experiences with them and their performance and competitiveness in terms of their pricing.

We believe that our business and profitability will not be materially affected by the loss of any single supplier nor are we dependent on any particular industrial, commercial or financial contract with any supplier as we are able to procure services from other project management firms.

Due to the project-based nature of our business and where our major suppliers have offered us favourable pricing terms, we may enter into agreements or arrangements with our major suppliers for the full project term, which is typically for a duration of between one (1) to three (3) years. This provides us with a degree of certainty as to costs as our agreements with our customers generally provide for a fixed contract sum that is agreed upon at the point of tender or quotation.

To the best of our Directors’ knowledge, as at the Latest Practicable Date, we are not aware of any information or arrangement, which would lead to a cessation or termination of our relationship with any of our major suppliers.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or Executive Officers or their respective Associates has any interest, direct or indirect, in, and/or are involved in the management of, any of the above major suppliers. Please refer to the section entitled “Interested Person Transactions” of this Offer Document for more details.

To the best of our Directors’ knowledge and belief, there are no arrangements or understandings with any suppliers pursuant to which any of our Directors and Executive Officers were appointed.

GENERAL INFORMATION ON OUR GROUP

PROPERTIES AND FIXED ASSETS

Properties

As at the Latest Practicable Date, save for the properties at WCEGA Plaza which we own, we currently lease all of the other properties that we use to operate our business. Our principal place of business is located at 1 Bukit Batok Crescent #04-09, #04-10, #04-11 and #04-17 WCEGA Plaza S658064. We occupy and use these premises as our office space and warehouse with an aggregate gross floor area of approximately 996 square metres. The premises are owned by our Group.

The details of the properties owned by our Group are set out below:

Owner	Location	Tenure	Approximate gross area (m ²)	Usage	Encumbrance
LS 2 Services	1 Bukit Batok Crescent #04-09 WCEGA Plaza S658064	Leasehold expiring on 12 March 2057	252	Office	Mortgage in favour of Maybank Singapore Limited.
LS 2 Services	1 Bukit Batok Crescent #04-10 WCEGA Plaza S658064	Leasehold expiring on 12 March 2057	252	Office	Mortgage in favour of DBS Bank Ltd.
LS 2 Services	1 Bukit Batok Crescent #04-11 WCEGA Plaza S658064	Leasehold expiring on 12 March 2057	252	Office	Mortgage in favour of DBS Bank Ltd.
LS 2 Services	1 Bukit Batok Crescent #04-17 WCEGA Plaza S658064	Leasehold expiring on 12 March 2057	240	Warehouse	Mortgage in favour of United Overseas Bank Ltd.

We do not lease any properties which are material to our business. However, from time to time, we lease office and storage space from certain customers on their premises where we provide services to facilitate the provision of such services to them, or as required pursuant to our agreements with such customers. We also lease properties as residences for some of our foreign workers. These properties generally comprise Housing and Development Board flats leased on a short-term basis of between one (1) to two (2) years depending on our needs. Some of these leases may contain provisions whereby the lessor has the right to terminate the lease unilaterally under certain circumstances. Notwithstanding this, our Directors are of the view that none of our leases comprise material tangible fixed assets of our Group and therefore any unilateral termination by any lessor is unlikely to have a material impact on our Group's business or operations as we believe that we will be able to secure leases for alternative premises in such event.

As at the Latest Practicable Date, our Directors are not aware of any existing breach of any of the terms and conditions of, or any obligations under the above-mentioned lease agreements that would result in the termination by the lessors or non-renewal, if required, when they expire.

Fixed Assets

As at the Latest Practicable Date, our fixed assets including cleaning equipment such as road sweepers, scrubbers, leaf blowers, vacuums, rotary washers, high pressure jets, cold foggers, boom lifts and a fleet of 27 vehicles which amounted to an aggregate carrying amount of S\$1.5 million. Please refer to the sections entitled "Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020" and "Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021" as set out in Appendix A and Appendix B of this Offer Document respectively for further information on our fixed assets. Certain of our fixed assets are subject to hire purchase arrangements. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further information on our hire purchase agreements.

GENERAL INFORMATION ON OUR GROUP

To the best of our Directors' knowledge, save for the licences, permits, registrations and approvals as set out in the section entitled "General Information on our Group – Material Licences, Permits, Registrations and Approvals" in this Offer Document, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets.

As at the Latest Practicable Date, save as set out above and in the section entitled "Capitalisation and Indebtedness" of this Offer Document, none of the properties owned or leased by our Group and none of our fixed assets was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowing.

AWARDS, ACCREDITATIONS AND GRANTS

Our subsidiary, LS 2 Services, was awarded the Clean Mark Silver Award in 2010 and, subsequently, the Clean Mark Gold Award in 2016 by the NEA. The award is valid for one (1) year and is renewable upon re-assessment. LS 2 Services has consistently maintained the Clean Mark Gold Award since 2016. The NEA Clean Mark Accreditation Scheme was launched in 2010 and recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes, and fair employment practices. The scheme currently focuses on the provision of cleaning services in three (3) cleaning sub-sectors, being office and commercial buildings, food and beverage establishments, and conservancy. Assessment criteria for the Clean Mark Accreditation Scheme include professional and regulatory cleaning standards, environmental health and cleanliness standards, operation planning, support and delivery, training and quality of manpower, and general working conditions.

In March 2021, LS 2 Services was awarded the Plaque of Commendation Award by the NTUC Central Committee, which is conferred on organisations that have promoted and supported the labour movement. LS 2 Services received the award, based on the recommendation of BATU, for its continued support and contributions towards good labour-management relations, workers' welfare and NTUC initiatives.

In August 2021, LS 2 Services was awarded the SkillsFuture Employer Award, a tripartite initiative that recognises employers who have invested significant efforts in their employees' skills development and demonstrated exemplary support for SkillsFuture efforts. The receipt of such award is a testament to the efforts of LS 2 Services in building a lifelong learning culture in its workplace and its contribution to the national SkillsFuture movement.

In addition to the JSS, LS 2 Services has also received several grants including, grants for pre-scoped productivity solutions from the NEA and for innovation and productivity from Enterprise Singapore. In FY2018, FY2019, FY2020 and 1H2021, our Group received grants amounting to S\$484,000, S\$302,000, S\$134,000 and S\$105,000, respectively. Please refer to the section entitled "Government Regulations" for further information on the grants received by our Group.

RESEARCH AND DEVELOPMENT

Due to the nature of our business, we do not carry out, and have not incurred any expenses in connection with, any research and development activities. We may allocate appropriate resources, apply for relevant government grants and collaborate with third parties who have the relevant expertise, to conduct research on and to develop, equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes in the future. Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" for further information on our plan to invest in equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes.

INVENTORY

Due to the nature of our Group's business, we do not carry inventory, and we purchase cleaning products from our suppliers on an as-required basis.

GENERAL INFORMATION ON OUR GROUP

CREDIT POLICY

Credit terms to our customers

Our Group generally extends credit terms of 30 to 60 days to our customers from the date of our invoice. The credit terms and limits are granted to our customers based on a number of factors, such as the customer's financial background and creditworthiness, the contract value, payment history and the length of relationship with us.

Our Group has put in place credit control policies and procedures to manage our credit exposure and our management periodically evaluates the creditworthiness of our customers. Our finance team monitors collections from our customers regularly and follows up on any overdue amounts. For customers who have overdue amounts, we will decide, on a case-by-case basis, on the actions to be taken to recover the debt. Such actions include, but are not limited to, escalating the issue of non-payment to their management.

We review and assess the need to make allowance for our overdue debts periodically. Specific allowance or write-off will be made when we are of the view that our customer is in severe financial difficulty and there is no realistic prospect of recovery. This is assessed on a case-by-case basis, based on, among others, the customer's current financial position and the past default experience of the customer. As at the end of FY2018, FY2019, FY2020 and 1H2021, our trade receivables which were past due but not impaired amounted to approximately S\$4.3 million, S\$5.8 million, S\$6.6 million and S\$4.8 million, respectively. As at the Latest Practicable Date, we have collected S\$4.7 million out of the S\$4.8 million of trade receivables which were past due but not impaired as at the end of 1H2021.

Our Group wrote off uncollectible debts of S\$41,000 in FY2020. This arose as a result of the winding up of a private sector customer during the COVID-19 pandemic. Save for the foregoing, during the Period Under Review, we have not made any allowance for doubtful debts or written off any bad debts arising from trade receivables. As at the Latest Practicable Date, our Group has assessed the expected credit losses based on the requirements of SFRS(I) 9 Financial Instruments taking into account the 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 and concluded that no credit loss allowances are required for the remaining uncollected trade receivables past due.

Our average trade receivables' turnover days for the Period Under Review were as follow:

	FY2018	FY2019	FY2020	1H2021
Average trade receivables' turnover days ⁽¹⁾	85	105	87	90

Note:

- (1) The trade receivables' turnover days for FY2018, FY2019 and FY2020 is calculated on the basis of trade receivables (net of allowance for doubtful debts, if any) divided by revenue multiplied by 365 days. The trade receivables' turnover days for 1H2021 is calculated on the basis of trade receivables (net of allowance for doubtful debts, if any) divided by revenue multiplied by 182.5 days.

Our trade receivables' turnover days increased in FY2019 due to an initial period of adjustment upon the onboarding of a new major contract. From time to time, our major customers may exceed the credit terms granted to them due to their stringent internal administrative requirements, however such customers mainly comprise public sector entities with low credit risk and good reputations.

GENERAL INFORMATION ON OUR GROUP

While our trade receivables turnover days ranged from 85 to 105 days during the Period Under Review, we typically pay salaries to our employees (in particular, the site operators comprising approximately 98.0% of our total workforce) twice in the same month. To the best of our Directors' knowledge, it is not common for operators in the cleaning industry to obtain upfront payment from customers as invoicing is usually done on a monthly basis for work done in order for customers to determine whether such operator has satisfied its obligations and the amounts payable for that month. However, it is also industry practice for workers in the cleaning services industry to be paid twice a month. As such, we engage in trade receivables factoring as a financing tool to assist our Group in minimising the timing mismatch of our receivables from our customers and the payment of our employees. We intend to continue engaging in such trade receivables financing going forward, taking into account that most of our customers who exceed the credit terms granted to them mainly comprise public sector entities with low credit risk and good reputations. Further, during the Period Under Review, we have not made any allowance for doubtful debts or written off any bad debts arising from trade receivables save for a one-off write off of uncollectible debt of S\$41,000 in FY2020.

Our trade receivables as at the Latest Practicable Date amounted to S\$17.6 million. The aging schedule for our trade receivables as at the Latest Practicable Date was as follows:

Age of trade receivables	Percentage of total trade receivables (%)
Not past due	35.6
Less than 30 days overdue	18.6
30 to 60 days overdue	29.7
More than 60 days overdue	16.1
	100.0

Credit terms from our suppliers

Trade payables are recorded when invoices are received from suppliers in accordance with the purchase order or contract as agreed between ourselves and our suppliers.

The payment terms granted by our suppliers vary and are dependent on various factors, such as the contract value, past transactions with the suppliers and the length of our relationship with them. Generally, the credit terms granted by our suppliers range from 30 to 60 days.

Our average trade payables' turnover days for the Period Under Review were as follow:

	FY2018	FY2019	FY2020	1H2021
Average trade payables' turnover days ⁽¹⁾	19	46	29	43

Note:

- (1) The trade payables' turnover days for FY2018, FY2019 and FY2020 is calculated on the basis of trade payables less costs recoverable from suppliers as disclosed in Note 12 to the Independent Auditor's Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020" as set out in Appendix A of this Offer Document divided by purchases and related costs and other expenses multiplied by 365 days. The trade payables' turnover days for 1H2021 is calculated on the basis of trade payables less costs recoverable from suppliers as disclosed in Note 12 to the Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021" as set out in Appendix B of this Offer Document divided by purchases and related costs and other expenses multiplied by 182.5 days.

The higher trade payables' turnover days in FY2019 was a result of a longer payment period for settlement to a supplier, which was brought forward from FY2018 and was subsequently settled in FY2020.

GENERAL INFORMATION ON OUR GROUP

PERSONAL DATA PROTECTION

Due to the nature of our business, we routinely collect, process and retain information pertaining to our employees. Our Group collects the personal information of our employees, with the consent of such employees, via hard copy forms which are stored securely at our office premises. Access to such personal information is restricted to our management and human resources executives assigned to each project. Our Group has in place appropriate processes to safeguard the personal data and confidential information in our possession against accidental or unlawful loss or modification, unauthorised access or use, in compliance with our obligations under the PDPA, including:

- (a) Appointment of a data protection officer (“DPO”) who, among others, directs and coordinates the data protection activities of our Group, including the formulation, implementation and updating of data protection and related policies. Our DPO is also responsible for handling queries or complaints on matters relating to data protection;
- (b) Implementation of disciplinary consequences for breaches of our data protection policy;
- (c) Destruction of personal data after a reasonable period from the time when it becomes outdated or is no longer required for the purpose for which it was collected; and
- (d) Defined parameters for which personal data collected by our Group can be used.

HEALTH AND SAFETY

Our Group has established health and safety management policies.

Our Operations Director, Mr. Joseph Mah, assisted by our health and safety manager, bears overall responsibility for ensuring adherence to our health and safety management policies. Our Group has set the operational health and safety objectives of zero fatal accidents in the workplace, not more than two (2) accidents monthly per division and zero violations and fines from the relevant authorities arising from workplace safety and health issues. Our operational health and safety measures include:

- (a) conducting a health and safety orientation for each new employee covering the company’s health and safety policy, objectives, risk-based thinking, risk assessment, environmental aspect and impact assessment, relevant procedures, operation controls and legal and other requirements;
- (b) conducting risk assessments and establishing safe work procedures for all activities and periodically reviewing our risk assessments and safe work procedures with the aim of eliminating hazards, reducing operational health and safety risks to adapt to significant changes to our scope of work and legal requirements;
- (c) conducting inspections of our office, store and project sites and reporting any equipment defects, unsafe acts and conditions and potential adverse environmental impact for rectification;
- (d) providing safe and healthy working conditions appropriate to our scope of services, operational health and safety risks and prevention of work-related injuries and ill health; and
- (e) communication, publicity and disclosure of our health and safety policies to our employees, suppliers, contractors, visitors and other stakeholders.

As a testament to our commitment to high safety standards, we have received the following certifications:

Certificate	Scope	Certifying Authority	Entity	Expiry Date
BizSAFE STAR	Workplace Safety and Health Management System	Workplace Safety and Health Council	LS 2 Services	30 July 2024
ISO 45001:2018	Occupational Health and Safety	Guardian Independent Certification Ltd	LS 2 Services	30 July 2024

GENERAL INFORMATION ON OUR GROUP

Accordingly, our workplace health and safety policies and procedures are independently audited as part of our renewal of our workplace health and safety certifications. For instance, our ISO 45001:2018 certification is renewed every three (3) years. In order to achieve such renewal, the certifying body, Guardian Independent Certification Ltd, will confirm the continued conformity and effectiveness of our health and management system as a whole and its continued relevance and applicability for the scope of certification, and identify areas of potential improvement. The certifying body, Guardian Independent Certification Ltd, also conducts yearly surveillance audits to ensure that we maintain the standards as required for such ISO 45001:2018 certification. In the most recent surveillance audit conducted in July 2020, the audit report concluded that our management system conforms to the relevant standard and has been effectively implemented. There was no nonconformance identified in the audit. It was also noted that the management of LS 2 Services is supportive and committed to the implementation of the management system and that it had displayed full cooperation throughout the audit process. In the most recent recertification audit conducted in June 2021, the audit report concluded that our occupational health and safety management system overall demonstrated effectiveness and conformance with the requirements of the applicable standard based on random sampling, and the certification scope remains appropriate and in line with our actual activities. There was also no non-conformance identified in the audit. It was also noted that our team demonstrated full cooperation and commitment throughout the audit process, and there was good and adequate documented information in place to provide evidence of the effective implementation of our occupational health and safety management system.

QUALITY ASSURANCE AND QUALITY CONTROL

We believe that our brand is built on our reputation and track record of providing quality services and therefore quality assurance is a key area of focus for our Group. Our quality assurance policies are applicable at all levels throughout our Group from our senior management to our project managers, supervisors, cleaners and administrative staff.

In line with industry practice, our Group has increasingly adopted an outcome-based approach in the provision of environmental services to our customers. This is in contrast with the traditional headcount-based approach commonly used in the environmental services industry, where agreements with our customers would prescribe the number of workers required to be on site. Under such an approach, we are contractually required to ensure that the contractually agreed number of workers is on site at all times regardless of the amount of cleaning to be done. Any shortfall in the agreed number of workers may result in our Group having to pay liquidated damages to the relevant customer.

Under the outcome-based approach, our agreements with our customers prescribe key performance indicators to be met as an outcome of the services provided, generally based on routine cleaning inspections and/or agreed quality benchmarks. For example, a specified cleaning outcome for the lobby area of a building may include that the floor is free of visible dirt and stain, rubbish bins are free from dust, stains, smells and are less than three quarters full and that lighting units are free from dust, stains and cobwebs. Our outcome-based agreements typically include an inspection audit checklist which sets out the key performance indicators to be met and a point rating system. Under the outcome-based approach, any failure to meet the minimum number of points as prescribed in such agreements may result in our Group having to pay liquidated damages to the relevant customer.

For projects where we agree on an outcome-based approach with our customers, we generally employ more technology and equipment to ensure that the outcomes are in line with our customers' expectations, and in line with our contractual obligations. In addition, our outcome-based agreements typically include an incentive payment model which pegs the monthly pay-outs to the performance score of the service provider, such as rewarding the exceeding of performance targets by paying monetary incentives in addition to the full payment of the monthly contract sum and paying less than the full monthly contract sum for underperformance. Such measures incentivise us to meet and exceed the prescribed key performance indicators, improve productivity and service quality.

GENERAL INFORMATION ON OUR GROUP

Our Group has set the quality objectives of achieving at least 75.0% customer satisfaction and not having more than five (5) customer complaints per year. To ensure that we are able to provide consistent and quality services to our customers, our Group has in place the following measures:

- (a) monthly scheduled and unscheduled site inspections by our project managers to ensure that our standard operating processes and any site or customer-specific processes are adhered to;
- (b) regular education and training of staff on matters relating to, among others, our quality control policies with an emphasis on the importance of fulfilling customer requirements and customer satisfaction;
- (c) monthly monitoring of quality outcomes and adapting operational procedures to facilitate quality performance;
- (d) following up with customers to receive feedback on the quality of the services;
- (e) regular machinery audits by our quality manager to maintain our equipment and tools in good working condition and to identify areas for improvement;
- (f) maintenance of commonly used equipment on standby for deployment within an average turnaround time of one (1) day in the event of any faulty equipment or tools; and
- (g) evaluating the quality of the products and services of new suppliers and subcontractors prior to engagement of their services.

The following ISO certifications we have obtained are a testament to our commitment to providing quality services:



Certificate	Scope	Certifying Authority	Entity	Expiry Date
ISO 9001:2015	Quality Management System	Guardian Independent Certification Ltd	LS 2 Services	4 August 2023
ISO 14001:2015	Environmental Management System	Guardian Independent Certification Ltd	LS 2 Services	7 September 2023
ISO 45001:2018	Occupational Health and Safety	Guardian Independent Certification Ltd	LS 2 Services	30 July 2024
ISO 22301:2012	Business Continuity Management System	Guardian Independent Certification Ltd	LS 2 Services	17 July 2022

INTELLECTUAL PROPERTY RIGHTS

We believe that our brands and trademarks are one of the key elements of the success of our business, and we depend on their increased recognition for the continuing success in branding and marketing our services to our customers. Save as disclosed in the section entitled “Major Customers” of this Offer Document, our business or profitability is not materially dependent on any patent or licence, industrial, commercial or financial contract (including a contract with a customer or supplier) or new manufacturing process.

GENERAL INFORMATION ON OUR GROUP

As at the Latest Practicable Date, our Company has applied to use the following trademarks:

Trademark	Registered Proprietor	Class Code	Application Date	Country of Application	Status	Application Number
LS 2	Our Company	37 ⁽¹⁾	8 September 2021	Singapore	Pending	40202121512Q
	Our Company	37 ⁽¹⁾	8 September 2021	Singapore	Pending	40202121513W
	Our Company	37 ⁽¹⁾	8 September 2021	Singapore	Pending	40202121514U

Note:

- (1) Class 37: Disinfection services; disinfection of premises; cleaning services; office cleaning services; industrial cleaning services; building cleaning; cleaning of building exteriors; cleaning of windows; clearing and cleaning of gutters; house cleaning services; pest control for residential homes; pest control, other than for agricultural purposes, aquaculture, horticulture and forestry; fumigation; road sweeping; waste removal.

MATERIAL LICENCES, PERMITS, REGISTRATIONS AND APPROVALS

As at the Latest Practicable Date, our Group has the following licences, permits, registrations and approvals which are material to our business and operations:

Licence Name / Authority / Reference Number	Licence Holder	Effective Date	Expiry Date
Registration of Vector Control Operators / National Environment Agency / VCO20200006	Our Company	31 August 2020	30 August 2023
Registration of Contractors / Building and Construction Authority / Workhead reference FM02 ⁽¹⁾	LS 2 Services	July 2003 ⁽⁷⁾	1 August 2024
Registration of Contractors / Building and Construction Authority / Workhead reference FM03 ⁽²⁾	LS 2 Services	31 October 2018	1 August 2024
Registration of Contractors / Building and Construction Authority / Workhead reference FM04 ⁽³⁾	LS 2 Services	31 October 2018	1 August 2024
Government supplier registration under supply heads EPU/SER/34 ⁽⁴⁾ and EPU/SER/46 ⁽⁵⁾	LS 2 Services	2018	23 October 2022
Cleaning Business Licence / National Environment Agency / NEA210549/7477M/R07	LS 2 Services	18 April 2021	19 April 2022
Registration of Vector Control Operators / National Environment Agency / NEA199307477M	LS 2 Services	4 May 2020	5 May 2023
Permit to Store and Use Hazardous Substances	LS 2 Services	27 October 2020	26 October 2022
Class A ⁽⁶⁾ General Waste Collector Licence / National Environment Agency / A-08-016J-000	LS 2 Services	12 May 2021	31 May 2022

Notes:

- (1) FM02: Workhead for Housekeeping, Cleansing, Desilting and Conservancy Service under the BCA's contractors registration system.
- (2) FM03: Workhead for Landscaping under the BCA's contractors registration system.
- (3) FM04: Workhead for Pest Control under the BCA's contractors registration system.

GENERAL INFORMATION ON OUR GROUP

- (4) EPU/SER/34: Supply head for consultancy services under the government supplier registrations system.
- (5) EPU/SER/46: Supply head for cleaning services under the government supplier registrations system.
- (6) Holders of Class A General Waste Collector Licences are permitted to handle inorganic waste (e.g. construction and renovation debris, tree trunks and branches, discarded furniture, electrical appliances, wooden crates, pallets and other bulky items destined for disposal) and recyclable waste (excluding food waste).
- (7) Based on an email confirmation from the BCA, the first renewal on record of the FM02 registration for LS 2 Services was in July 2003, as pre-2003 data has been archived.

As at the Latest Practicable Date, our Directors confirm that, to the best of their knowledge, our Group has obtained all requisite licences, permits, registrations and approvals which are material for our current operations. As at the Latest Practicable Date, none of the aforesaid licences, permits, registrations and approvals obtained by our Group have been suspended or revoked and to the best of our knowledge and belief, there are at present no facts or circumstances which would cause such licences, permits, registrations and approvals to be suspended or revoked, or for any applications for, or for the renewal of, any of these licences, permits, registrations and approvals to be rejected by the relevant authorities.

INSURANCE

As at the Latest Practicable Date, our Group maintains insurance to cover our operational, human resource and fixed asset risks, including, among others, insurance for loss or damage to our properties by fire, public liability insurance, work injury compensation, group hospitalisation and surgical insurance for our employees, and motor vehicle insurance. Every employer is required to compensation insurance for all employees doing manual work and all employees earning less than S\$2,600 per month. Under the Work Injury Compensation Insurance Regulations 2020 (“**WICIR**”), every employer entering into a contract of insurance in accordance with the requirements of WICA shall be issued, by the insurer with whom he contracts, with a certificate of insurance which shall contain certain prescribed particulars. Please refer to the section entitled “Government Regulations” of this Offer Document for more details on WICA and WICIR. The above insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage. Even prior to the implementation of WICIR, we have procured insurance coverage for our employees on a project basis.

With the discontinuance of the project work injury compensation insurance from 1 September 2020, we have purchased a blanket insurance policy to cover our employees and as of October 2021, the insurance coverage will cover claims for up to approximately 83.0% of our total workforce. This insurance policy is not tied to any particular staff and taking into consideration historical company data that the number of employee claims during the insurance term would not exceed 83.0% of its workforce, our Group is of the view that the insurance coverage is adequate. In addition, during the Period Under Review, there has not been any incident of denied claims due to insufficient coverage.

There have been no material insurance claims made by us, and our Group has not been subject to any material insurance claims or liabilities arising from our operations, during the Period Under Review and up to the Latest Practicable Date. In FY2018, FY2019, FY2020 and 1H2021, our Group was paid foreign worker medical insurance and work injury compensation insurance claims of S\$60,371, S\$103,389, S\$121,981 and S\$137,866, respectively by our insurers. Such claims arose due to injuries sustained by our employees during the course of our work and increased as a result of, amongst others, changes to the WICA which took effect in 2020. The changes to the WICA increased the maximum limit for medical expenses, expanded mandatory insurance coverage for non-manual employees, included compensation for shortfalls in earnings for employees on light duties, and made it compulsory to report all medical leave including light duties to the MOM. There were also two (2) individuals who suffered more severe injuries requiring treatments that were higher in cost in FY2020 and 1H2021. Please refer to the risk factor “Our business involves inherent industrial risks and occupational hazards” in the section entitled “Risk Factors” of this Offer Document for more details on such risks. To the best of our Directors’ knowledge and belief, the above insurance policies are adequate for the present operations of our Group (including but not limited to any workplace accidents that may arise from time to time), and are in line with market practice as mandated by law under WICIR. We will procure the necessary additional coverage for our business operations, properties and assets as and when the need arises.

GENERAL INFORMATION ON OUR GROUP

SALES AND MARKETING

The overall business development, including our sales and marketing activities are headed by our Executive Chairman and Executive Director, Mr. Roger Tan and our Chief Operating Officer, Ms. Tan Wei Ying. They formulate our Group's overall business strategies, expansion plans and long-term marketing policies and are assisted by our Executive Officers and our sales and marketing team to secure new business and sales orders.

Our sales and marketing team is responsible for generating new customer accounts, managing relationships, as well as concluding sales contracts. They attend to customers' queries and prepare proposals based on the potential customers' specifications and requirements. As part of our sales and marketing efforts, we look out for public and private sector tender opportunities, and also ensure that we follow-up with the relevant customer towards the end of the term of any agreement to discuss an extension of our agreement with such customer or to obtain information about the upcoming tender for renewal of the agreement. As part of our marketing strategy, we also contact our existing and potential customers regularly to better understand their needs and recommend the most effective solutions to address their cleaning requirements. Our Group also maintains close relationships with various stakeholders in the environmental services industry. Such relationships enable us to keep apprised of the latest developments, subcontracting and tender opportunities as and when they arise. Our Group also participates in trade shows and exhibitions and advertise our services in industrial directories and trade journals.

COMPETITION

We operate in a highly competitive sector and compete on various factors, such as pricing, quality of services and outcomes, and track record. While demand for cleaning services is increasing in Singapore, there are competitive pressures our Group is subject to, including competition for labour and price competition.

We believe our key competitors include 800 Super Holdings, who offer conservancy services in Singapore, and ISS Facility Services and Hygieia Group who offer facilities cleaning services in Singapore.

None of our Directors or Controlling Shareholders or Executive Officers or their respective associates has any interest, direct or indirect, in any of the abovementioned competitors. Please refer to the risk factor "We operate in a highly competitive sector" in the section entitled "Risk Factors" of this Offer Document for details on of the competitive risks we face in our operations.

COMPETITIVE STRENGTHS

Our Group believes that we have the following competitive strengths:

We have a qualified, experienced and competent management team

Our management team possesses extensive experience, technical expertise and business relationships with industry players in the environmental services sector. Our Executive Chairman and Executive Director, Mr. Roger Tan has over 21 years of relevant experience in the cleaning industry and provides our Group with strategic leadership. Our CEO and Executive Director, Mr. Alvin Ong, has more than 18 years of relevant experience in the environmental services sector. As Executive Chairman and CEO of our Group, respectively, Mr. Roger Tan and Mr. Alvin Ong are committed to the development of our business, and will continue to spearhead our business operations and future plans and to drive the growth of our Group. Our Directors are supported by our Executive Officers, an experienced and dedicated team of financial staff, sales and marketing staff, project managers and employees who are committed to fostering strong relationships with our customers and suppliers. We believe in adopting innovative solutions in the provision of our services to enhance productivity and deliver consistent and quality cleaning outcomes to our customers. In line with our Group's approach of adopting innovative solutions, our management team includes young and qualified personnel who we believe bring a fresh perspective to the management and operations of our Group. We believe that our employees are an invaluable resource and strive to cultivate long-standing relationships with them. Please refer to the section entitled "Directors, Executive Officers and Staff" of this Offer Document for further information on the experience of our Directors and Key Executive Officers.

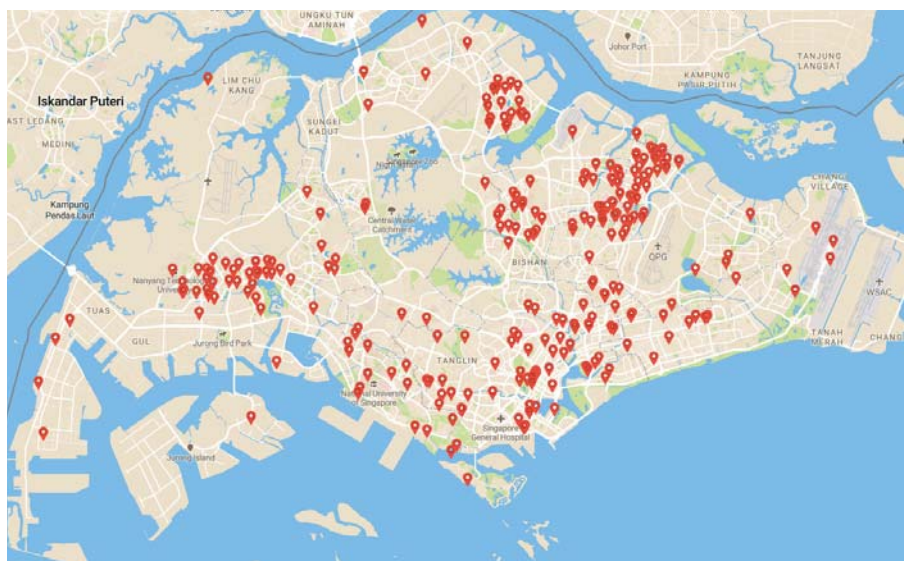
GENERAL INFORMATION ON OUR GROUP

We are an established brand with a track record of more than 20 years and have long-standing relationships with many of our customers

We have operated in the cleaning industry for more than 20 years and have long-standing relationships with many of our customers, many of whom have transacted with our Group on a recurring basis. Our services have been engaged by each of Sport Singapore and Singapore Management University for nine (9) continuous years. Our decades of experience in the industry have enabled us to fine-tune our methods and processes to understand and meet the environmental needs of our customers. We believe that our relationship with our customers is built on our track record in providing, effective and reliable services that meet their specific requirements, and that our good relationships with our customers give us a business advantage over our competitors. We also believe that our track record of ongoing and completed private and public sector cleaning projects is a testament to our position as an established environmental services provider. Our business in private sector cleaning projects is partly generated through referrals from industry contacts and by positive word-of-mouth from past and existing customers and candidates, which is testament to our commitment to service excellence. Most of our major contracts are public sector cleaning projects secured through tender where we compete against other established participants in the industry.

We have a large workforce of well-trained and operationally ready workers

Our Group has about 2,000 workers. We believe in upskilling our workers and enhancing their technological know-how, enabling them to be more efficient and productive. When a new worker is hired, we conduct pre-employment screening in respect of such worker, including a skills gap analysis to identify a suitable training regime. The worker is then deployed based on his or her skillset and scheduled to attend the relevant training programmes. As part of our standard operating processes, each new worker undergoes an induction training programme, on-the-job training and the periodic WSQ training required pursuant to our Clean Mark Gold Award accreditation. Further on-the-job training is assigned to workers on an as-required basis after a period of leave of absence from work or in response to customer feedback.



Our workforce of about 2,000 workers is deployed to project sites across Singapore.

Our workforce includes “floating” teams who are responsible for completing periodic cleaning tasks which are not required to be done on a daily basis, such as cleaning of ceilings fans and light fixtures. The day-to-day deployment of our substantial workforce to various project sites across Singapore and our use of “floating” teams enable us to respond efficiently, effectively and at short notice to emergencies which require additional manpower and to fill unplanned manpower gaps.

GENERAL INFORMATION ON OUR GROUP

We have invested and continue to invest in efficiency and productivity-enhancing equipment and technology

We believe in adopting innovative solutions to enhance productivity and deliver consistent and quality cleaning outcomes to our customers. With digitalisation and automation on the rise, our Group believes that technology is an important enabler to redesigning workflow processes and enhancing efficiency and productivity notwithstanding that we may experience shortage of manpower from time to time. We have invested, and intend to further invest, in equipment and technology for the management and automation of cleaning processes. We have also adopted an e-learning platform which is part of the induction training for each new worker. Such platform allows our workers to participate in virtual visits to the specific project sites to which they have been assigned. These virtual visits show our workers a 360-degree view of the actual project site and illustrate the correct methods for completing specific tasks. Such equipment and technology have enabled us to ease the manual workload of our workers and increase the efficiency and productivity of our services to provide consistent and quality cleaning outcomes. Such investments have also allowed us to upskill our workers, enhance their technological know-how and enable them to be more efficient and productive. In addition, we believe that the adoption of such equipment and technology enables us to attract younger workers as well as creates an easier, safer and more efficient working environment for our workers. We believe that many of our customers are increasingly engaging in outcome-based, as opposed to headcount-based, evaluations of our services. Under the outcome-based approach, our agreements with our customers prescribe key performance indicators to be met as an outcome of the services provided. We believe that the automation of our cleaning processes has increased the efficiency and productivity of our services resulting in consistent and quality cleaning outcomes, in line with the requirements of our customers.

We are an integrated environmental services provider

In addition to the cleaning services that we specialise in, we also have an established network of subcontractors who we work with to deliver integrated environmental services such as waste management services to our customers. Such network of partners also supplement the cleaning services we provide, such as in the areas of external façade cleaning where specialised licences, equipment and manpower are required. Through our partnerships, we are able to provide integrated solutions to our customers' environmental needs. We believe that being an integrated environmental services provider places us in a better position to undertake more complex projects and enhances our competitiveness.

We intend to diversify our service offerings to directly provide our customers with a full range of environmental services, including horticultural services and infrastructure-level cleaning services such as road cleaning services and waste management services. We believe that we will be able to obtain greater market share if we are able to directly provide a full range of environmental services. We will also be able to focus more on providing quality services to our customers and less on engaging in price competition with our competitors. Please refer to the section entitled "General Information on our Group – Business Strategies and Future Plans" for further information on our future plan to expand the scope of our service offerings.

ORDER BOOK

As at the Latest Practicable Date, we have approximately S\$57.6 million of contracts secured in respect of our cleaning business. The contracts may span more than one (1) financial year. The values of certain of our contracts are subject to change depending on the extent of actual services provided.

CORPORATE SOCIAL RESPONSIBILITY

Our Group is committed to making a positive impact on society by supporting a variety of causes and organisations. We believe in giving back to society by helping the community and the environment at large. Our corporate social responsibility initiatives have included donations to organisations including the NTUC U-Care Fund and the ITE Education Fund and sponsorship of community events.

GENERAL INFORMATION ON OUR GROUP

In January 2021, our Group had participated as a sponsor in NEA's Industry Scholarship Programme for Environmental Services to sponsor scholarships for two (2) students to further their studies through engineering courses at the Institute of Technical Education and Ngee Ann Polytechnic in Singapore. The scholarship programme was launched by the NEA in February 2020 as part of its efforts to build a skilled and resilient environmental services workforce, and helps to facilitate the entry of younger, qualified manpower into the environmental services industry, starting off with the cleaning and waste management sectors. Upon completion of their studies, such scholars will be employed by our Group for a bond period of one (1) year per year of sponsored study.

Our Group has also embarked on a green chapter to recreate, redesign and reinvent our Group and our services to be more environmentally friendly. Our key environmental initiatives are our sustainable living initiative and energy reset initiative. Through our sustainable living initiative, we aim to conserve resources and reduce our carbon footprint by strengthening our green efforts and reducing waste and consumption. Through our energy reset initiative, we aim to use cleaner energy and increase energy efficiency.

We recognise that our corporate and social responsibility initiatives will continue to evolve as we manage our business and operating activities, and we will continuously assess the corresponding impact to society, the environment, our Shareholders and other stakeholders. As such, we strive to continuously develop and improve our corporate and social responsibility initiatives.

SEASONALITY

Due to the nature of our business, save for the increase in demand for cleaning services due to the COVID-19 pandemic, we have not observed any significant seasonal trends during the Period Under Review.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the growth and expansion of our business are as described below:

Strengthen our market position in Singapore

We believe that the COVID-19 pandemic has resulted in a higher demand for cleaning services and presents an opportunity for our Group to grow our existing business. We intend to expand our existing business in Singapore by increasing our business development activities by reaching out to property developers and asset managers, expanding and upskilling our workers, tendering for higher margin projects in the private sector and attracting new customers to further broaden and diversify our customer base.

Expand the scope of our service offerings

In addition to the cleaning services that we specialise in, we also have an established network of subcontractors who we work with to deliver integrated environmental services such as waste management services to our customers. Such network of partners also supplement the cleaning services we provide, such as in the areas of external façade cleaning where specialised licences, equipment and manpower are required. We believe that many of our customers, in particular those who engage our conservancy services, prefer to engage facilities managers who can directly provide a full range of environmental services, over those which outsource aspects of such services which they do not have the expertise to provide.

We intend to diversify our service offerings to directly provide our customers with a full range of environmental services, including horticultural services and infrastructure-level cleaning services such as road cleaning services and waste management services, by training our workers and engaging in strategic acquisitions of, and joint venture partnerships with, parties who have a strong track record in such areas. We believe that competition is less intense among facilities managers who have the capability to directly provide a full range of environmental services, which will enable our Group to capture a greater share of the market, and to focus more on providing quality services to our customers and less on engaging in price competition with our competitors.

GENERAL INFORMATION ON OUR GROUP

In line with our plans to expand our scope of service offerings to the aforementioned sub-sectors, we intend to provide our workers with the relevant skills through training and to engage in strategic acquisitions of, and joint venture partnerships with, parties who have a strong track record in such areas. We also intend to acquire the appropriate equipment and technology to enable us to efficiently and cost effectively provide such new service offerings. To develop new lines of business with our existing customers, we intend to grow our sales team to include staff with experience and knowledge in such areas of expansion to maximise our existing customer base. Such expanded service offerings will enable us to directly provide full facilities management services, catering to a fuller range of our customer's environmental needs.

Engage in strategic acquisitions and joint venture partnerships

We intend to accelerate the growth of our business operations and expand the scope of our offerings by taking advantage of market opportunities to selectively engage in strategic acquisitions and joint venture partnerships with existing companies. Depending on the available opportunities, feasibility and market conditions, we will leverage on our network and explore strategic acquisition and joint venture opportunities with parties in complementary businesses. To expand our business, we would acquire companies who already have an established brand and market presence offering environmental services and integrated facilities management services including waste management services, F&B cleaning services, horticultural services and infrastructure-level cleaning services, which would enable us to efficiently expand the scope of our offerings to include a full range of environmental services. When evaluating such opportunities, we will consider factors such as the acquisition of capabilities, skills, technology and/or operational processes which are synergistic to our business.

Invest in equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes

We intend to leverage existing government grants and our own resources to acquire commercially available equipment to further support our business processes and the requirements of our customers. We believe that many of our customers are increasingly engaging in outcome-based, as opposed to headcount-based, evaluations of our services. Under outcome-based evaluations, our service performance is assessed based on desired outcomes and service quality instead of requiring a prescribed headcount of workers to be present on site. By adopting technology in our service offerings, we will be able to deliver more efficiently on outcome-based evaluations, and reduce our reliance on manpower. We also believe that further automation of our cleaning processes would increase the efficiency and productivity of our services, resulting in consistent and quality cleaning outcomes, in line with the requirements of our customers. Improving our efficiency and productivity through the further automation of our cleaning processes would also enable us to expand our business notwithstanding that we may experience shortage of manpower from time to time. Our Group currently deploys autonomous machines including scrubbers, vacuums, smart toilet systems and smart compactor bins in certain of our projects and we believe that the use of such equipment has led to efficiency and productivity gains and consistent and quality cleaning outcomes. To this end, we intend to invest in additional units of such autonomous equipment to improve our efficiency, productivity and cleaning outcomes. In addition, we intend to invest in existing technology to digitalise various of our administrative work processes in areas including finance, human resources, procurement, operations, attendance and inspections.

In addition to acquiring commercially available equipment and technology, we intend to allocate appropriate resources, apply for relevant government grants and collaborate with third parties who have the relevant expertise, to conduct research on and to develop, equipment and technology to improve the management, automation, efficiency and productivity of cleaning processes in the future. Such technology will include measures which enable us to monitor the utilisation of our workers to allow us to better manage the deployment of our resources and to enhance efficiency and productivity. While the commercially available equipment and technology used by our Group to date has enabled us to ease the manual workload of our workers and increase the efficiency and productivity of our services, we believe that developing equipment and technology tailored to our specific purposes and requirements will better equip us to meet and exceed the requirements of our customers.

GENERAL INFORMATION ON OUR GROUP

Save as disclosed in this section and in the section entitled “Use of Proceeds and Listing Expenses” in this Offer Document, none of the proceeds from the issue of Placement Shares will be used, directly or indirectly, to acquire or refinance the acquisition of an asset other than in the ordinary course of business. Please refer to the section entitled “Risk Factors” of this Offer Document for further discussion of the risks in relation to how our long-term success is dependent on the successful implementation of our growth strategies, and dilution as a result of raising additional funds through the issue of Placement Shares for future expansion of our capabilities and business.

PROSPECTS

Our Directors believe that the prospects for our business remain positive, taking into consideration the trends or factors as described below.

Increasing demand for environmental services

The demand for environmental services in Singapore is rising, driven by economic sophistication, urbanisation, and population growth⁽¹⁾. Public expectations on maintaining good standards of public hygiene remain high given Singapore’s international reputation as a city in nature⁽¹⁾. The demand and expectations of environmental services are expected to continue to rise, as evidenced by the COVID-19 pandemic which has underscored the critical role of the environmental services industry in safeguarding public health⁽²⁾. In addition, the COVID-19 pandemic has created demand for a new category of cleaning services, pandemic disinfection services. Our subsidiary LS 2 Services is listed by the NEA as a company which can carry out disinfection works under its Guidelines for Environmental Cleaning and Disinfection of Areas Exposed to Confirmed Case(s) of COVID-19 in Non-Healthcare Premises and is well-placed to cater to the demand for pandemic infection services.

Increasing adoption of outcome-based agreements

As demand for cleaning services continues to rise, increasing manpower to meet service demand is not sustainable given Singapore’s manpower constraints⁽³⁾. Therefore, one of the strategies under the Singapore Government’s Environmental Services Industry Transformation Map (“**ES ITM**”) is to drive change in procurement practices from headcount-based to outcome-based contracting⁽³⁾. In line with industry practice, and as requested by our customers, our Group has increasingly adopted an outcome-based approach in the provision of environmental services to our customers. For further details on the outcome-based approach, please refer to the section entitled “General information on our Group – Quality Assurance and Quality Control” of this Offer Document. For projects where we agree on an outcome-based approach with our customer, we generally employ more technology and equipment to ensure that the outcomes are in line with our customers’ expectations, and in line with our contractual obligations. Such equipment and technology have enabled us to ease the manual workload of our workers and increase the efficiency and productivity of our services to provide consistent and quality cleaning outcomes. Outcome-based agreements typically include an incentive payment model which pegs the monthly pay-outs to the service provider’s performance score. Our employment of technology in outcome-based projects to provide consistent and quality cleaning outcomes allows us to benefit from the incentive payment models under our outcome-based agreements. Our Directors are therefore of the view that our Group is well-placed to capitalise on the shift toward outcome-based agreements becoming the industry norm.

GENERAL INFORMATION ON OUR GROUP

Digital transformation of the environmental services industry

The Singapore Government is driving efforts to digitalise the environmental services industry⁽²⁾. Our Group has invested in equipment and technology and is well-placed to thrive in an increasingly digitalised environmental services industry. In 2018, the Singapore Government launched the environmental services Industry Digital Plan (“ES IDP”) which is aligned with the ES ITM and aims to help small and medium enterprises go digital⁽²⁾. Under the ES IDP, small and medium enterprises can tap on the productivity solutions grant for the environmental services industry to adopt pre-approved digital solutions recommended in the ES IDP. Please refer to the section entitled “Government Regulations” for further information on the grants received by our Group. Our Group believes in adopting innovative solutions in the provision of our services to enhance productivity and deliver consistent and quality cleaning outcomes to our customers. We have invested, and intend to further invest, in equipment and technology for the management and automation of cleaning processes. Such investments have also allowed us to upskill our workers, enhance their technological know-how, enable them to be more efficient and productive. We also employ equipment and technology such as mobile applications, autonomous cleaning robots, smart compactor bins and IoT devices to enhance the quality and efficiency of our services. Please refer to the section entitled “General Information on Our Group – Business Overview – Adoption of Technology” of this Offer Document for more details on some of the equipment and technology we deploy. As the Singapore Government continues to drive the digitalisation of our industry, our directors believe that our continued investments in equipment and technology leave us well-placed to compete in an increasingly digitalised environmental services industry.

Notes:

- (1) This information is extracted from the brochure entitled “Environmental Services Industry Digital Plan” dated 22 April 2021, accessible at <https://www.imda.gov.sg/news-and-events/Media-Room/Media-Releases/2021/Environmental-Services-Industry-Digital-Plan-Refreshed-To-Include-New-Digital-Solutions-And-Pest-Management-Sub-Sector>, last accessed on 11 February 2022.

The Infocomm Media Development Authority has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (2) This information is extracted from the media release entitled “Environmental Services Industry Digital Plan Refreshed to Include New Digital Solutions and Pest Management Sub-sector” dated 22 April 2021, accessible at <https://www.imda.gov.sg/news-and-events/Media-Room/Media-Releases/2021/Environmental-Services-Industry-Digital-Plan-Refreshed-To-Include-New-Digital-Solutions-And-Pest-Management-Sub-Sector>, last accessed on 11 February 2022.

The Infocomm Media Development Authority and the National Environment Agency have not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

- (3) This information is extracted from the webpage entitled “Outcome-based Contracting (OBC)”, accessible at [https://www.nea.gov.sg/industry-transformation-map/outcome-based-contracting-\(obc\)](https://www.nea.gov.sg/industry-transformation-map/outcome-based-contracting-(obc)), last accessed on 11 February 2022.

The National Environment Agency has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

GENERAL INFORMATION ON OUR GROUP

TREND INFORMATION

The following discussion about our prospects and trends include forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those that may be projected in these forward-looking statements. Please also see the section entitled “Notice to Investors – Forward-Looking Statements” of this Offer Document.

Based on the revenue and operations of our Group as at the Latest Practicable Date and barring unforeseen circumstances, our Directors have made the following observations for the 12 months period from the Latest Practicable Date:

1. The general rise in demand for environmental services bodes well for our prospects as such rise in demand would create more opportunities for our Group to tender for and participate in more projects and consequently to generate higher revenue;
2. The prices at which our Group are able to tender for contracts are expected to increase for the same scope of work, in line with the PWM, DRC and changes to the PWM to be implemented in the coming months;
3. With the implementation of the PWM, our manpower costs are expected to increase over the next 12 months;
4. With the COVID-19 pandemic, supply of foreign labour is low due to the travel restrictions, which has inflationary pressures on our manpower costs;
5. As announced by the Prime Minister at the National Day Rally in August 2021, all companies hiring foreign workers will, with effect from 1 September 2022, be required to pay all their local employees at least S\$1,400 and such local qualifying salary would be further adjusted from time to time; and
6. Coupled with the ongoing compliance costs of a public listed company and our one-time listing expenses in connection with the Placement, we expect our financial performance in FY2021 to be affected by additional compliance costs and expenses. Please refer to the section “Use of Proceeds and Listing Expenses” of this Offer Document for further details in relation to our listing expenses.

Save as disclosed above and in the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “General Information on our Group – Prospects” of this Offer Document, and barring any unforeseen circumstances, our Directors are not aware of any (i) significant recent trends in sales, and the costs and selling prices of our services since the end of 1H2021, or (ii) any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenues, profitability, liquidity or capital resources for at least FY2021, or that may cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial condition.

Please also refer to the section entitled “Cautionary Note Regarding Forward-Looking Statements” of this Offer Document.

GOVERNMENT REGULATIONS

Our Company is incorporated, and our operations are based, in Singapore. We are therefore subject to Singapore law. The following description is a summary of material laws and regulations applicable to our Group. Our Group is in compliance with all the applicable laws and regulations that are material to our business operations as at the Latest Practicable Date. The regulations and policies set out below are not exhaustive and are only intended to provide general information to investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of the laws and regulations on our Group.

The National Environment Agency

The NEA is Singapore's regulator responsible for ensuring a clean and sustainable environment for Singapore. Its key roles are to improve and sustain a clean environment, promote sustainability and resource efficiency, maintain high public health standards, provide timely and reliable meteorological information, and encourage a vibrant hawker culture. The NEA's functions include hawker management, public cleanliness, pest control, pollution control and waste management.

Environmental Public Health Act 1987

The Environmental Public Health Act 1987 ("EPHA") is administered by the NEA and consolidates the laws relating to environmental public health.

Under the EPHA, no person shall carry on a cleaning business in Singapore except under and in accordance with a cleaning business licence. A cleaning business found operating without a valid licence will be liable to a maximum fine of \$10,000 or to a maximum term of imprisonment of 12 months or to both and, in the case of a continuing offence, to a further fine not exceeding \$1,000 for every day or part thereof during which the offence continues after conviction.

Under Section 80G of the EPHA read with the Environment Public Health (General Cleaning Industry) Regulations 2014, a cleaning services business must fulfil all of the following to obtain the cleaning business licence from the NEA:

(a) Registration with ACRA or the Registry of Societies

To be eligible, the cleaning business must be a sole proprietorship, firm, limited liability partnership or a company registered with ACRA, or an association or society registered with the Registry of Societies.

(b) Prove its track record

For an existing cleaning services business, it must have at least one (1) cleaning contract on-going or completed in the 12 months preceding the licence application.

For a new cleaning services business or a business otherwise unable to satisfy the above requirement, it must have at least one (1) officer or employee: (a) with no less than two (2) years of practical experience in supervising cleaning work; or (b) has attended the requisite training modules under the Environment Cleaning WSQ as prescribed.

(c) Conduct the prescribed training and at the prescribed frequency for its cleaning workforce

The cleaning services business must send its cleaners (employed for three (3) months or more as at the date of application) to attend at least one (1) module under the Environment Cleaning WSQ Framework. The NEA may recognise other non-Environment Cleaning WSQ modules. The training may be implemented in phases. At the point of licence application, there must be 50.0% training compliance achieved, and by the first licence renewal, there must be 100.0% training compliance achieved. The cleaning services business need not be specially licensed for provision of cleaning services for high rise buildings. However, the individual workers that are tasked to provide the services must be individually licensed with the relevant skills.

GOVERNMENT REGULATIONS

(d) Submit a progressive wage plan

A cleaning services business must submit a progressive wage plan for resident cleaners (Singapore citizens and permanent residents) employed or proposed to be employed regardless of whether they are full-time, part-time or temporary employees, specifying (i) the basic wage for each class of cleaners that is not less than the prescribed amount for each class, (ii) the basic wage payable to every cleaner that is on an increasing scale depending on seniority, responsibilities, cleaning work experience and training received, and (iii) that where the cleaner belongs to a class of cleaners specified as eligible for a progressive wage model bonus, the cleaner will be paid a progressive wage model bonus, and conform to the wage levels as specified by the Commissioner for Labour based on the recommendations of the Tripartite Cluster for Cleaners, pursuant to Sections 80H(1)(d), 80H(2) and 80H(3) of the EPHA.

In addition, a licensed cleaning service business must continue to comply with the following licence conditions: (a) keep and retain records relating to the cleaning business for a prescribed period; (b) ensure all cleaners attends any prescribed training and to keep training records; (c) have a written contract of service for every cleaner employed; (d) pay progressive wage for resident cleaners, which should be consistent with the submitted progressive wage plan and no less than the amount specified by the Commissioner of Labour; (e) issue pay slips to each cleaner; and (f) where the applicant was required to satisfy, in respect of the grant of the cleaning business licence, the requirement of having an experienced or trained personnel, to ensure at all times that at least one of its officers or employees continues to have the requisite practical experience, qualification or certificate. The cleaning service licence is valid for one (1) year and renewable on a yearly basis.

As at the Latest Practicable Date, our subsidiary, LS 2 Services, is licensed to operate a cleaning business until 19 April 2022. Please refer to the section entitled “General Information on Our Group – Material Licences, Permits, Registrations and Approvals” of this Offer Document for further details on our cleaning business licence.

Building and Construction Authority

The built environment sector in Singapore is regulated by the BCA, established under the Building and Construction Authority Act 1999, which oversees areas such as safety, quality, inclusiveness, sustainability and productivity. The functions of the BCA include leading and transforming the built environment sector, ensuring high safety standards and championing environmental sustainability.

Contractors Registration System

The contractors registry is maintained by the BCA and registration is a pre-requisite to tendering for public sector projects. The tendering limit for public sector projects is determined by a registered contractor’s qualified grade under the contractors registration system. The grade assigned to each contractor is dependent on the contractor’s minimum net worth and paid-up capital. Registration is valid for a period of three (3) years and lapses automatically unless a renewal is filed and approved by the BCA. At present, there are seven (7) major categories of registration, some of which are further sub-classified into different grades. Registration is subject to requirements relating to, among others, the value of past completed projects, sufficient financial resources and requisite full-time personnel. Please refer to the section entitled “General Information on Our Group – Material Licences, Permits, Registrations and Approvals” of this Offer Document for further details on our BCA registrations.

Ministry of Manpower

The MOM is the ministry of the Singapore Government responsible for all labour and workforce-related matters in Singapore. Divisions of the MOM include the occupational safety and health division, which promotes workplace safety and health; the work pass division, which oversees the employment of foreign nationals in Singapore; and the labour relations and workplaces division, which formulates policies on employment matters and industrial relations.

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Employment Act 1968

The Employment Act 1968 ("**Employment Act**") is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees. The term "employee" is defined in the Employment Act to mean a person who has entered into or works under a contract of service with an employer and includes, among others, a workman, but does not include certain specified categories of employees including, among others, any domestic worker.

In particular, Part II of the Employment Act relates to certain aspects of contracts of services including, amongst others, termination of contract, notice of termination of contract and liability on breach of contract. For instance, Section 10 of the Employment Act provides, amongst others, that either party to a contract of service may at any time give to the other party notice of his intention to terminate the contract of service; and the length of such notice shall be the same for both employer and employee and shall be determined by any provision made for the notice in the terms of the contract of service, or, in the absence of such provision, shall be in accordance with Section 10(3) of the Employment Act.

Further, Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen or persons employed in managerial or executive positions) who receive salaries not exceeding S\$2,600 a month. Section 38(8) of the Employment Act provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security, where urgent work is to be done to machinery or plant, or where an interruption of work which was impossible to foresee. In addition, Section 38(5) limits the extent of overtime work that an employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour ("**CL**") for exemption if they require an employee or class of employees to work for more than 12 hours a day or more than 72 overtime hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing, exempt such employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 and/or to imprisonment for a term not exceeding 12 months.

Employment of Foreign Manpower Act and Employment of Foreign Manpower (Work Passes) Regulations 2012

The employment of foreign workers in Singapore is governed by the EFMA and regulated by the MOM. Under Section 5(1) of the EFMA, no person shall employ a foreign worker unless the foreign worker has obtained a valid work pass from the Controller of Work Passes under Section 7 of the EFMA and in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012 ("**EFMR**"). A work pass includes the following: (a) employment pass, for foreign professionals, managers and executives earning at least S\$4,500 per month and who have acceptable qualifications; (b) S pass, for mid-level skilled staff who earn at least S\$2,500 per month and who meet the assessment criteria; and (c) work permit for foreign worker, for semi-skilled foreign workers.

Any person who contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- a) be liable on conviction to a fine not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and

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- b) on a second or subsequent conviction:
 - (i) in the case of an individual, be punished with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one (1) month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

The EFMR requires employers of work permit holders, among others, to:

- a) bear the costs of medical treatment (unless in excess of the minimum mandatory coverage in certain instances);
- b) provide safe working conditions and take such measures as are necessary to ensure the safety and health of the foreign employee;
- c) provide acceptable accommodation consistent with any law or governmental regulations; and
- d) purchase and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period (or for such shorter period where the foreign employee's period of employment is less than 12 months).

A work pass includes the following: (a) employment pass, for foreign professionals, managers and executives earning at least S\$4,500 per month and who have acceptable qualifications; (b) S pass, for mid-level skilled staff who earn at least S\$2,500 per month and who meet the assessment criteria; and (c) work permit for foreign worker, for semi-skilled foreign workers.

An employer of foreign workers is also subject to, among others, the Employment Act and the Immigration Act 1959.

In the employment of foreign workers, employers are restricted by, among other things, the DRC, the countries of origin, the age and the qualifications of the foreign employees, which differ from sector to sector. The DRC limits the number of foreign workers that an employer may employ based on the type of work pass held by the foreign employee, and the number of local employees currently in the employer's employment. Currently, the DRCs for the services sector stands at 35.0%. Foreign worker levies are payable when employing foreign workers, with the quantum varying based on several factors, such as the type of business activity, the skill level of the foreign employees and the proportion of the employer's workforce that are made up of foreign employees. For example, the monthly levies payable for basic skilled foreign employees working in the services sector are S\$450, S\$600, and S\$800 if the foreign employees make up to 10.0%, above 10.0% to 25, and above 25.0% to 35.0% of the employer's workforce respectively. In August 2021, the Singapore Government announced that, with effect from 1 September 2022, all companies hiring foreign workers would soon be required to pay all their local employees at least S\$1,400 and that such local qualifying salary would be further adjusted from time to time⁽¹⁾.

As at the Latest Practicable Date, our Group is in compliance with the laws and regulations governing the employment pass requirements, DRC, and foreign worker levies imposed by the Ministry of Manpower of Singapore.

Note:

- (1) This information is extracted from the press release entitled "Government Accepts Recommendations by Tripartite Workgroup to Uplift Wages and Well-Being of Lower-Wage Workers" dated 30 August 2021, accessible at <https://www.mom.gov.sg/newsroom/press-releases/2021/0830-government-accepts-twg-lww-recommendations>, last accessed on 11 February 2022.

The Ministry of Manpower, Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

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Progressive Wage Model

The PWM for the cleaning sector was developed by the Tripartite Cluster for Cleaners to regulate the payment of wages to cleaners by ensuring that such employees are paid wages commensurate with their skills and productivity. The PWM functions as a roadmap for raising basic wages, skills and productivity, and encompasses specific wage ladders tailored for each industry sector. Each wage ladder comprises a series of wage points and is intended to enable workers at all levels of the ladder to upgrade and progress to their next respective wage points. The progressive wage structure for the cleaning sector comprises three (3) wage ladders for three (3) broad categories of cleaning jobs, being, (i) office and commercial sites, F&B establishments and conservancy. Depending on the category of cleaning jobs, the PWM for the cleaning sector provides a four or five-level career progression model, with specific training requirements that tap on the Environmental Cleaning WSQ.

Currently, the lowest base pay of cleaners under the PWM is S\$1,274 and is due to rise to S\$1,312 in July 2022. Between July 2020 to June 2023, the PWM recommended annual increments of 3.0% a year for cleaners. In January 2022, the NEA and MOM announced a new waste management PWM with a six (6) year schedule of sustained PWM wage increases from 2023 to 2028 and a mandatory annual PWM bonus for eligible workers from January 2024. Under the new PWM wage schedule, the monthly baseline wage of an entry-level waste collection crew worker is expected to increase from \$2,210 in 2023 to \$3,260 in 2028.

The PWM covers all Singapore citizens and permanent resident workers, which makes up approximately 75.0% of our workforce as at the Latest Practicable Date.

Tripartite Guidelines on Fair Employment Practices

The Tripartite Guidelines on Fair Employment Practices (“**Guidelines**”), formulated by the Tripartite Alliance for Fair and Progressive Employment Practices (“**TAFEP**”), sets out fair employment practices that should be adopted by employers to help prevent discrimination at the workplace. The MOM and TAFEP make reference to the Guidelines in promoting fair and responsible employment practices. Employers are expected to abide by the principles of fair employment and adopt the recommended good practices.

The five principles of fair employment practices are:

- (1) Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), and regardless of age, race, gender, religion, marital status and family responsibilities, or disability.
- (2) Treat employees fairly and with respect and implement progressive human resource management systems.
- (3) Provide employees with equal opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential.
- (4) Reward employees fairly based on their ability, performance, contribution and experience.
- (5) Abide by labour laws and adopt the Guidelines.

The Guidelines set out fair employment practices in respect of, amongst others, selection criteria, recruitment process, remuneration, appraisal, promotion, posting and training, and dismissals and retrenchments. For instance, the Guidelines provide that, in respect of the recruitment process, an objective and fair selection criteria should be consistently applied at all stages of the process, and in respect of remuneration, employers should remunerate employees fairly, taking into consideration factors such as ability, performance, contribution and experience.

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In August 2021, the Singapore Government announced that the Guidelines would be enshrined in law with a tribunal to be created to deal with workplace discrimination based on nationality, gender, age, race, religion and disability⁽¹⁾.

Note:

- (1) This information is extracted from the speech entitled “National Day Rally 2021” dated 29 August 2021, accessible at <https://www.pmo.gov.sg/Newsroom/National-Day-Rally-2021-English>, last accessed on 11 February 2022.

The Prime Minister’s Office has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

Fair Consideration Framework

The Fair Consideration Framework sets out requirements for employers in Singapore to consider Singaporeans fairly for job opportunities before hiring foreign professionals on S passes and employment passes. To promote fair employment practices and improve labour market transparency, subject to certain prescribed exemptions, employers submitting employment pass and S pass applications must first advertise on the government job-matching portal MyCareersFuture for at least 28 days and fairly consider all candidates.

The advertising must clearly explain the job requirements and salary offered and employment pass applications linked to advertisements that are discriminatory and do not represent the job accurately will be rejected:

- (a) The advertisement must not contain discriminatory words or phrases.
- (b) The job advertised must match the occupation in the employment pass / S Pass application.
- (c) The employer submitting the employment pass / S Pass application must be the same as the one in the job advertisement.
- (d) The salary offered must be clear, specific, and consistent. The salary range advertised must be visible to all candidates and cannot be hidden, cannot be too broad and must contain the salary offered to the employment pass / S Pass candidate.
- (e) The advertisement must be open for at least 28 days.
- (f) If any changes are made to the details of the advertisement, it must be kept open for at least another 28 days before submission of the employment pass / S Pass application.

Employers with indications of discriminatory hiring practices are identified and placed by MOM on a watchlist for closer scrutiny.

Workplace Safety and Health

Under the WSHA, every employer has the duty to take, so far as reasonably practicable, measures necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining a safe working environment for the employees, without risk to health, adequate facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, developing and implementing procedures for dealing with emergencies that may arise while the employees are at work and ensuring that the employee at work has adequate instruction, information, training and supervision as is necessary for that employee to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations (“**WSHR**”). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any infectious or bio-hazardous material which may constitute a risk to their health.

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In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, amongst others, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in the workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of the persons at work.

A remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, or to comply with any duty imposed under the WSHA, or to do or refrain from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. A stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Work Injury Compensation

Work injury compensation is governed by the WICA, and is regulated by the MOM. The WICA applies to any person who has entered into or works under a contract of service or apprenticeship with an employer, subject to certain prescribed exclusions in respect of injuries suffered by them arising out of and in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the methods of calculating such compensation. The WICA provides, subject to certain prescribed exceptions, that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with the First Schedule of the WICA, subject to a maximum and minimum limit, taking into account factors such as the severity and permanence of the personal injury suffered.

Further, the WICA provides that where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the employer) for the execution by the employer of the whole or any part of any work, or for the supply of labour to carry out any work, undertaken by the principal, the principal shall be liable to pay to any employee employed in the execution of the work any compensation which he would have been liable to pay if that employee had been immediately employed by the principal.

Every employer is required to maintain work injury compensation insurance for all employees doing manual work and all employees earning less than S\$2,600 per month. Failure to do so is an offence carrying a fine of up to S\$10,000 and/or imprisonment of up to 12 months. Under the Work Injury Compensation Insurance Regulations 2020 (“**WICIR**”), every employer entering into a contract of insurance in accordance with the requirements of WICA shall be issued, by the insurer with whom he contracts, with a certificate of insurance which shall contain certain prescribed particulars. The WICIR further provides that such employer shall display a copy of the certificate of insurance at each place of business at which he employs any employee whose claims may be the subject of indemnity under the policy of insurance to which that certificate relates.

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Personal Data Protection Act 2012

The Personal Data Protection Act 2012 (“**PDPA**”) establishes the Singapore regime for the protection of personal data (i.e. data, whether true or not, about an individual who can be identified from that data or other information accessible to the relevant organisation) and seeks to ensure that organisations comply with a baseline standard of protection for personal data of individuals. The nine data protection obligations are summarised as follows:

- (a) Purpose limitation obligation – personal data must be collected, used or disclosed only for purposes that a reasonable person would consider appropriate in the circumstances, and if applicable, have been notified to the individual concerned;
- (b) Notification obligation – individuals must be notified of the purposes for the collection, use or disclosure of their personal data, prior to such collection, use or disclosure;
- (c) Consent obligation – the consent of individuals must be obtained for any collection, use or disclosure of their personal data, unless exceptions apply. Additionally, an organisation must allow the withdrawal of consent which has been given or is deemed to have been given;
- (d) Access and correction obligations – when requested by an individual and unless exceptions apply, an organisation must: (i) provide that individual with access to his personal data in the possession or under the control of the organisation and information about the ways in which his personal data may have been used or disclosed during the past year; and/or (ii) correct an error or omission in his personal data that is in the possession or under the control of the organisation;
- (e) Accuracy obligation – an organisation must make reasonable efforts to ensure that personal data collected by or on its behalf is accurate and complete if such data is likely to be used to make a decision affecting the individual or if such data will be disclosed to another organisation;
- (f) Protection obligation – an organisation must implement reasonable security arrangements for the protection of personal data in its possession or under its control;
- (g) Retention limitation obligation – an organisation must not keep personal data for longer than it is necessary to fulfill: (i) the purposes for which it was collected; or (ii) a legal or business purpose;
- (h) Transfer limitation obligation – personal data must not be transferred out of Singapore except in accordance with the requirements prescribed under the PDPA; and
- (i) Openness obligation – an organisation must implement the necessary policies and procedures in order to meet the obligations under the PDPA and shall make information about its policies and procedures publicly available.

The PDPA creates various offences in connection with the improper use of personal data, certain methods of collecting personal data and certain failures to comply with the requirements under the PDPA. These offences may be applicable to organisations, their officers and/or their employees. Non-compliance may lead to financial penalties, civil liability or criminal liability. The Singapore regulator, the Personal Data Protection Commission, also has broad powers to ensure compliance with the provisions of the PDPA, including powers to investigate, give directions (such as to require the organisation to stop collecting, using or disclosing personal data in contravention of the PDPA, to destroy personal data collected in contravention of the PDPA, or to provide access to or correct the personal data), and impose a financial penalty of an amount not exceeding S\$1.0 million. In addition, the PDPA allows for a right of private action, pursuant to which the Singapore courts may grant damages, injunctions and relief by way of declaration, to persons who suffer loss or damages directly as a result of contraventions of certain requirements under the PDPA.

GOVERNMENT REGULATIONS

Central Provident Fund Act 1953

The Central Provident Fund Act 1953 of Singapore (“**CPF Act**”) governs the contributions made by employers and employees into the CPF. The CPF Act is administered by the CPF Board.

Section 7(1) of the CPF Act provides that subject to Section 69 of the CPF Act and any regulations made under Section 77 of the CPF Act, every employer of an employee shall pay to the CPF monthly in respect of each employee contributions at the appropriate rates set out in the First Schedule of the CPF Act. Pursuant to Section 7(2) of the CPF Act, notwithstanding the provisions of any written law or any contract to the contrary, an employer is allowed to recover from the monthly wages of an employee the amount shown in the First Schedule of the CPF Act as so recoverable from the employee.

Section 9(1) of the CPF Act provides that, where the amount of the contributions which an employer is liable to pay under Section 7 of the CPF Act in respect of any month is not paid within such period as may be prescribed, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable and such interest shall be calculated at the rate of 1.5% per month or the sum of S\$5, whichever is greater.

Section 7(3) of the CPF Act provides that where any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPF Act and fails to pay the contributions to the CPF within such time as may be prescribed, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 61(1) of the CPF Act provides that except as otherwise provided in Section 61(2) of the CPF Act, any person convicted of an offence under the CPF Act for which no penalty is provided shall be liable on conviction:

- (a) to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding six (6) months or to both; and
- (b) if that person is a repeat offender in relation to the same offence, to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Section 61(2) of the CPF Act provides that where any person:

- (a) is guilty of an offence under Section 7(5) or 58(b) of the CPF Act; or
- (b) being a director, manager or secretary or any other officer of a body corporate, is guilty of an offence under Section 60 by virtue of the fact that an offence under Section 7(3) or (5) or 58(b) of the CPF Act has been committed by that body corporate and is found to have been committed with the consent or connivance of or to be attributable to any act or default on the part of that person, that person shall be liable on conviction:
 - (i) to a fine of not less than S\$1,000 and not more than S\$5,000 or to imprisonment for a term
 - (ii) not exceeding six (6) months or to both; and
 - (iii) if that person is a repeat offender in relation to the same offence, to a fine of not less than S\$2,000 and not more than S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

GOVERNMENT REGULATIONS

EXCHANGE CONTROLS

There are no Singapore Governmental laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

GOVERNMENT GRANTS

During the Period Under Review, we have received, and expect to continue to receive, grants from the Singapore Government under various support schemes, such as the one-off JSS, as well as other grants which may be recurring in nature such as the SEC, the WCS, the PSG, the EDG and the Absentee Payroll Funding grant and the WorkPro grant.

These recurring grants have been introduced by the Singapore Government from time to time in line with their policy objectives and are granted to companies in the ordinary course of business.

These policy objectives include encouraging employers to hire from eligible reskilling and training programmes, sending their employees for training, hiring more Singaporeans as well as tapping on the rich experience and skillsets of senior workers. Specific initiatives have also been put in place to raise the income of lower-wage workers such as the Progressive Wage Model, to increase the wages of lower wage workers, which was highlighted in the Prime Minister's speech during the 2021 National Day Rally. As part of the government's aim in the long term to reduce income inequality, it has been noted that our lower wage workers will need more sustained support, in order to boost their incomes and create new opportunities for upskilling and job progression. Real progress for lower wage workers is an essential part of inclusive growth and social policies implemented have been geared towards this aim.

Government grants support of these policy objectives, such as increasing the wages for lower wage workers, such as cleaners (WCS), increasing the employability of lower wage workers through training, reskilling and upskilling (Absentee Payroll Funding), and increasing the employability of older workers (SEC). Some of these grants have been in place for many years and have been continually extended and/or streamlined by the Singapore Government. Some examples are the WCS which was introduced in Budget 2013 and has been extended since⁽¹⁾.

Given that our Group is in a manpower reliant industry, we hire a significant number of workers who are the intended targets of such policies. For example, as at the Latest Practicable Date, 49.0% of our workforce are older workers who are aged 62 years and above and 74.6% of our workforce are covered by the PWM, which covers all Singapore citizens and permanent resident workers. Our Group actively supports such policies introduced by the Singapore Government, and these government grants are an integral part of our business. The receipt of these government grants are therefore a result of the industry we operate in, our business model, the alignment and support of the Singapore Government's policies and were granted to our Group in the ordinary course of business.

Save for the one-off JSS, we have received such grants on a consistent basis during the Period Under Review. They should therefore not be viewed as one-off, exceptional nor extraordinary and we believe that the removal of such government grants in the analysis of our financial performance is not meaningful. Accordingly, they form part of the Group's cost structure and thus are not classified as exceptional or non-recurrent income and not analysed in isolation. Details of such grants, their respective objectives and the amounts we received during the Period Under Review are set out below.

Note:

- (1) This information is extracted from the Inland Revenue Authority of Singapore accessible at [https://www.iras.gov.sg/schemes/disbursement-schemes/wage-credit-scheme-\(wcs\)](https://www.iras.gov.sg/schemes/disbursement-schemes/wage-credit-scheme-(wcs)), last accessed on 11 February 2022.

The Inland Revenue Authority of Singapore has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While the Directors have taken reasonable actions to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

GOVERNMENT REGULATIONS

WorkPro Grant

The WorkPro scheme (“**WorkPro**”) was introduced in 2013 as a joint development by MOM and WSG in consultation with the Singapore National Employers Federation and NTUC. WorkPro was introduced to augment local manpower, foster progressive and age-friendly workplaces, and strengthen the Singaporean core in the workforce. Between 2013 and 2019, companies were able to tap on WorkPro to support the implementation of flexible work arrangements, the implementation of age management practices and the redesigning of workplaces and processes for older workers. The age management and job redesign grants under WorkPro have ceased since September 2019 and March 2020, respectively. The WorkPro work-life grant remains available.

In FY2018, FY2019 and FY2020, our Group received S\$285,120, S\$8,000 and S\$24,000 respectively, under WorkPro.

Absentee Payroll Funding

Absentee payroll funding (“**Absentee Payroll Funding**”) is a grant scheme administered by Skills Future Singapore to help Singapore-incorporated entities defray the manpower costs incurred when sending employees for training courses funded by Skills Future Singapore. For training outside working hours, Absentee Payroll Funding helps defray the overtime pay paid to employees. To support organisations to send more workers for training and help their workforce emerge stronger post-COVID-19, the Absentee Payroll Funding rate was enhanced to 80.0% of hourly basic salary, capped at \$7.50 per hour. The enhanced Absentee Payroll Funding rate will cease on 31 December 2021. Absentee Payroll Funding is available to organisations registered or incorporated in Singapore. To qualify for Absentee Payroll Funding, the employees attending the training must be Singapore Citizens or Singapore Permanent Residents who are not full-time national servicemen and must be attending courses fully paid for by their employer.

In FY2018, FY2019, FY2020 and 1H2021, our Group received S\$194,328, S\$205,048, S\$85,828, and S\$76,658, respectively, in Absentee Payroll Funding.

Productivity Solutions Grant

The PSG was introduced in April 2018 and supports the adoption of sector-specific pre-scoped IT solutions, equipment and consultancy services to improve productivity. Solutions under the PSG are pre-scoped by various government agencies such as Enterprise Singapore, the NEA and the Singapore Tourism Board. Under the NEA, the PSG aims to raise the operational efficiency and productivity of the environmental services industry through technology adoption. With effect from 1 April 2020, the PSG has been enhanced to provide funding support of up to 80.0% of the qualifying cost, subject to a total grant cap of S\$350,000 per company until 30 September 2021.

In FY2019 and 1H2021, our Group received S\$72,847 and S\$4,056 respectively under the PSG.

Enterprise Development Grant

The EDG, administered by Enterprise Singapore, was introduced in February 2018 to support projects that help companies upgrade their business, innovate or venture overseas, under the three (3) pillars of core capabilities, innovation and productivity and market access. The EDG funds qualifying project costs namely third-party consultancy fees, software and equipment, and internal manpower costs. During the Period Under Review, our Group received support under the EDG category of innovation and productivity. Such projects support companies that explore new areas of growth, or look for ways to enhance efficiency and could include reviewing and redesigning workflow and processes or the adoption of automation and technologies to make routine tasks more efficient. Under the enhanced EDG, SMEs may receive up to 80.0% and non-SMEs up to 60.0% of qualified costs from 1 April 2020 to 31 March 2022.

In FY2019, FY2020 and 1H2021, our Group received S\$16,380, S\$23,860 and S\$24,015, respectively, under the EDG.

GOVERNMENT REGULATIONS

Jobs Support Scheme

The JSS was introduced in February 2020 to provide wage support to employers to help them retain Singapore Citizen and permanent resident employees (“**local employees**”) during the COVID-19 pandemic. All employers who had made mandatory CPF contributions for their local employees qualify for the pay-outs, with the level and duration of support each employer receives varying based on the sector in which such employer operates. The JSS initially provided co-funding of between 25.0% to 75.0% of the first S\$4,600 of gross monthly wages paid to each local employee up to August 2020. Since its introduction, the JSS has been extended and enhanced multiple times, in view of the protracted duration and effects of the COVID-19 outbreak. Under the latest update, enhanced JSS support of 25.0% was announced from 25 Oct to 21 Nov 2021 for F&B, gyms and fitness studios, performing arts and education, retail, cinemas, museums, art galleries, historical sites, family entertainment and tourism sectors.

In FY2020 and 1H2021, our Group recognised S\$6.5 million and S\$1.4 million, respectively, under the JSS.

Special Employment Credit

The SEC was introduced in 2011 to support employers, and to raise the employability of older Singaporeans. The scheme was enhanced in 2012 to provide employers with continued support to hire older Singaporean workers and persons with disabilities and was extended for three (3) years in 2016 to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000. In 2019, the SEC was extended for a further one (1) year until end-2020.

In FY2018, FY2019, FY2020 and 1H2021, our Group recognised S\$1.1 million, S\$2.0 million, S\$1.5 million and S\$0.8 million, respectively, under the SEC.

Wage Credit Scheme

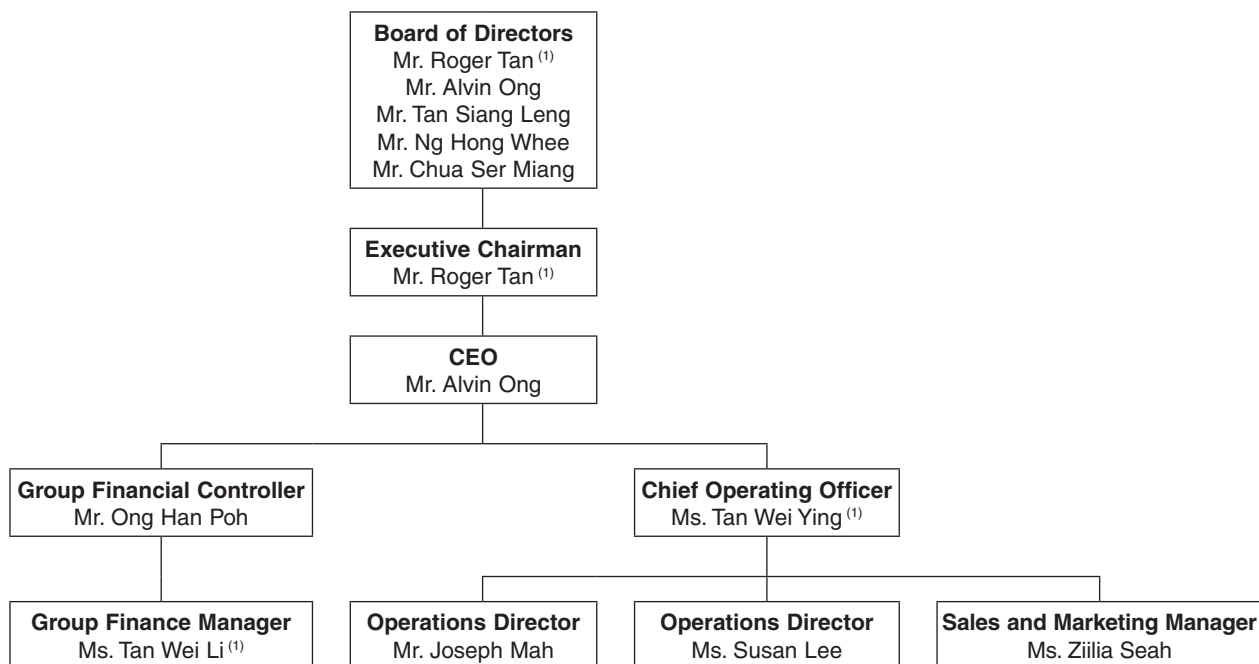
The WCS introduced in Budget 2013 and provided co-funding for 40.0% of wage increases from 2013 to 2015 and 20.0% of wage increases from 2016 to 2017 given to Singapore Citizen employees who earned a gross monthly wage of up to S\$4,000. The scheme was extended in 2018 for three (3) years, at 20.0% in 2018, 15.0% in 2019 and 10.0% in 2020, to support businesses embarking on transformation efforts and to encourage sharing of productivity gains with workers. In 2020, the co-funding ratios for wage increases in 2019 and 2020 was raised from 15.0% and 10.0%, to 20.0% and 15.0% respectively. The qualifying gross wage ceiling was also raised from S\$4,000 to S\$5,000 for both years. The WCS was further extended by one (1) year to 2021, with the co-funding ratio remaining at 15.0% and the qualifying gross wage ceiling at S\$5,000.

In FY2018, FY2019, FY2020 and 1H2021, our Group recognised S\$0.2 million, S\$0.6 million, S\$0.1 million, and S\$0.6 million, respectively, under the WCS.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure as at the Latest Practicable Date is set out below:



Note:

(1) Mr. Roger Tan is the father of Ms. Tan Wei Ying and Ms. Tan Wei Li, who are sisters.

DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors as at the date of this Offer Document are set out below:

Name	Age	Designation
Mr. Roger Tan	59	Executive Chairman and Executive Director
Mr. Alvin Ong	44	CEO and Executive Director
Mr. Tan Siang Leng	45	Lead Independent Director
Mr. Ng Hong Whee	54	Independent Director
Mr. Chua Ser Miang	53	Independent Director

The correspondence address of all our Directors is 1 Bukit Batok Crescent #04-11 WCEGA Plaza Singapore 658064.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors is set out below:

Mr. Roger Tan is our Executive Chairman and Executive Director

Mr. Roger Tan is our Executive Chairman and Executive Director and was appointed to our Board on 18 June 2020. He is responsible for the overall strategic direction and expansion plans for the growth and development of our Group. Mr. Roger Tan joined our Group in May 2000 upon his acquisition of LS 2 Services and has more than 20 years of experience in the environmental services industry. Prior to acquiring LS 2 Services, Mr. Roger Tan was the sole proprietor of Weicom Services, a service maintenance business, from May 1991 to April 2000 where he was in charge of operations. In January 2017, Mr. Roger Tan completed the executive management programme at the Singapore University of Social Sciences. In March 2013, Mr. Roger Tan completed the course “manage productivity to achieve business objectives” by WSQ. Mr. Roger Tan served as a member of the Bukit Batok East Citizens’ Consultative Committee (“**Bukit Batok East CCC**”) from 1 January 2012 to 31 December 2013, and has served as its vice-chairman since 1 January 2020. He previously served as the treasurer of the Bukit Batok East CCC from 1 January 2014 to 31 December 2019. In recognition of his contributions to public service, Mr. Tan was conferred the Public Service Medal (Pingat Bakti Masyarakat) at the Singapore National Day Awards in 2017.

Mr Roger Tan is the father of our Chief Operating Officer, Ms. Tan Wei Ying and our Group Finance Manager, Ms. Tan Wei Li.

Mr. Alvin Ong is our Chief Executive Officer and Executive Director

Mr. Alvin Ong is our Chief Executive Officer and Executive Director and was appointed to our Board on 28 September 2021. He is responsible for directing and controlling the operations of our Group. Mr. Alvin Ong has more than 18 years of experience in the environmental services industry. Prior to joining our Group in September 2021, Mr. Alvin Ong 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, from February 2007 to September 2021 and was responsible for the overall growth and development of the firm. After stepping down as a director of Integrated Training Consultants Pte. Ltd. and disposing of his interests in Integrated Training Consultants Pte. Ltd. to his spouse, Mr. Alvin Ong will not be involved in the management and day-to-day operations of Integrated Training Consultants Pte. Ltd. From June 2003 to December 2006, Mr. Alvin Ong was general manager of CSP Maintenance Pte. Ltd., a cleaning and maintenance services firm, where he was in charge of managing the operations and business development of the company, including oversight of budgeting and human resource matters. Mr. Alvin Ong graduated with a Diploma in business studies in marketing from Ngee Ann Polytechnic in 2003 and received his Bachelor of Commerce in marketing, information systems and electronic commerce from the University of Western Australia in 2006. In addition to his tertiary qualifications, Mr. Alvin Ong has received an Advanced Certificate in Training and Assessment from SkillsFuture Singapore, a Certificate in Facilities Management Supervision from the BCA, a Certificate in Vector Control (Technician Course) from the Singapore Environmental Institute, a Managers Course and Assessors Course Certificate from Spring Singapore, and a Cleaning Operators Proficiency Stage 1, Stage 2 and Stage 3 Certificate from the British Institute of Cleaning Science. Mr. Alvin Ong was awarded a certificate in cleaning and disinfection for non-healthcare facilities by Republic Polytechnic in 2020.

Mr. Alvin Ong has served as the vice-chairman of the Nee Soon South Citizens’ Consultative Committee since 1 April 2016. He was also a member of the Nee Soon South Community Centre Management Committee from 1 April 2016 to 31 March 2018, and subsequently served as its vice chairman since 1 April 2018. In addition, he is also a member of the North West Community Development Council since 27 July 2020 and has been the chairman of the Nee Soon South Citizens’ Consultative Committee’s Community Development and Welfare Fund since April 2020.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Mr. Tan Siang Leng is our Lead Independent Director

Mr. Tan Siang Leng is our Lead Independent Director and was appointed to our Board on 2 December 2021. Tan Siang Leng has been senior finance officer at the Asian Development Bank since February 2020, where he is responsible for finance and administration matters. Mr. Tan Siang Leng 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. Mr. Tan Siang Leng's responsibilities at APM Property Management Pte Ltd included finance matters such as budget, reporting, management, controls and analysis. Between April 2016 and December 2016, Mr. Tan Siang Leng was deputy director of regional finance at Raffles Medical Group Limited where he was responsible for regional finance matters including merger and acquisition activities, international tax and harmonisation. Prior to this, Mr. Tan Siang Leng 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 Siang Leng 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 Siang Leng graduated with a Diploma in accountancy from Singapore Polytechnic in 1998 and received a Bachelor of Accountancy from Singapore Management University in 2003. He 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.

Mr. Ng Hong Whee is our Independent Director

Mr. Ng Hong Whee is our Independent Director and was appointed to our Board on 2 December 2021. Mr. Ng has been an independent director of Spackman Entertainment Group since June 2014. From July 2011 to July 2015, Mr. Ng Hong Whee was the executive chairman and chief executive officer of Sincap Group Limited, a company listed on Catalist. Following his cessation as executive chairman and chief executive officer, he was the president of the China operations of Sincap Group Limited until November 2015. From 2004 to 2011, Mr. Ng was the business development and financial director of Southern Angels Pte. Ltd., a manufacturer of fish paste in Indonesia. In October 1999, he joined Tan Kian Tin & Co. (a Certified Public Accounting firm) as an audit supervisor and was gradually promoted to an audit manager in 2001, a position he held until February 2012 when he continued as a consultant until April 2012. From May 1992 to October 1999, Mr. Ng Hong Whee worked at Ng Lee & Associates (a Certified Public Accounting firm), first as an audit trainee, and was subsequently promoted to audit senior. In 1991, Mr. Ng Hong Whee joined Japan Travel Bureau Pte. Ltd as an accounts clerk. Mr. Ng Hong Whee obtained GCE O Level passes in English and Chinese in 1984.

Mr. Chua Ser Miang is our Independent Director

Mr. Chua Ser Miang is our Independent Director and was appointed to our Board on 2 December 2021. He is a director of Crowe Horwath Capital Pte. Ltd., a corporate finance advisory firm, a position which he has held since November 2020. From January 2013 to December 2020, Mr. Chua Ser Miang was a director of Eastwin Capital Pte. Ltd., a business and management consultancy firm where he was responsible for corporate advisory services. Mr. Chua Ser Miang was also principal consultant at fund management firm Stamford Management Pte. Ltd. from October 2013 to July 2014 where he provided business consultancy services. Prior to joining Eastwin Capital Pte. Ltd., he was a director of the corporate finance department of DMG & Partners Securities Pte. Ltd., a stockbroking and corporate finance firm, from September 2006 to December 2012. From July 2005 to September 2006, Mr. Chua Ser Miang was managing director of Asia Growth Capital Advisory Pte. Ltd. and vice president of the corporate finance department of Daiwa Securities SMBC Singapore Limited from April 2004 to July 2005. Prior to joining Daiwa Securities, he was a manager in the corporate finance department of HL Bank from April 2001 to March 2004, an assistant vice president in the corporate finance department of Overseas Union Bank Limited from October 2000 to March 2001 and an investment analyst at Kim Eng Securities from June 1996 to September 2000. Mr. Chua started his career at the Monetary Authority of Singapore from May 1993 to March 1996, which he left as a senior review officer. Mr. Chua holds a Bachelor of Business Administration with honours from the National University of Singapore, which he obtained in 1993, and has been a chartered financial analyst accredited by the CFA Institute, USA, since 2001. In 2021, Mr. Chua was awarded a Master of Science in Global Finance and Banking by King's College, London.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Mr Chua Ser Miang was an independent director of Deskera Holdings Ltd and Yamada Green Resources Limited from December 2015 to May 2018 and September 2013 to March 2021, respectively. He is currently non-executive chairman and independent director of Aoxin Q&M Dental Group Limited and VCPlus Limited, and a non-executive director of China Knowledge Data Technology Pte. Ltd.

The list of present and past directorships of each Director over the last five (5) years preceding the date of this Offer Document excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Mr. Roger Tan	LS 2 Services LS 2 Management Pte. Ltd. LS 2 Facilities Pte. Ltd. THK Capital Pte. Ltd.	Advance Cleaning Pte. Ltd. Extol Services Pte. Ltd. News Environmental Pte. Ltd.
Mr. Alvin Ong	None	Integrated Training Consultants Pte. Ltd.
Mr. Tan Siang Leng	None	2 Dots Pte. Ltd. Singthai Food Pte. Ltd. Tanaland Trading Pte. Ltd. The Clarity Experience Pte. Ltd.
Mr. Ng Hong Whee	NHW Pte Ltd Spackman Entertainment Group Ltd WGP Holdings Pte. Ltd.	None
Mr. Chua Ser Miang	Aoxin Q&M Dental Group Limited China Knowledge Data Technology Pte. Ltd. VCPlus Limited	Deskera Holdings Ltd Eastwin Capital Pte. Ltd. Yamada Green Resources Limited

Our Directors have been briefed on the roles and responsibilities of a director of a public-listed company in Singapore.

Each of Mr. Ng Hong Whee and Mr. Chua Ser Miang has served as a director of one (1) or more public-listed companies in Singapore previously and had previously undertaken training as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules (“**Directors’ Training**”). Mr. Roger Tan, Mr. Alvin Ong and Mr. Tan Siang Leng do not have experience as directors of public-listed companies in Singapore and had undertaken certain modules of the Directors’ Training in July and October 2021 with the remaining modules to be undertaken by Mr. Roger Tan and Mr. Alvin Ong in March 2022.

None of our Independent Directors have been appointed to the boards of our subsidiaries.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Chairman and our CEO who are assisted by our experienced and qualified team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Designation
Mr. Ong Han Poh	46	Group Financial Controller
Ms. Tan Wei Ying	27	Chief Operating Officer
Ms. Tan Wei Li	27	Group Finance Manager
Mr. Joseph Mah	47	Operations Director
Ms. Susan Lee	49	Operations Director
Ms. Ziilia Seah	26	Sales and Marketing Manager

The correspondence address of all our Executive Officers is 1 Bukit Batok Crescent #04-11 WCEGA Plaza Singapore 658064.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

Mr. Ong Han Poh is our Group Financial Controller

Mr. Ong Han Poh is our Group Financial Controller. He joined our Group in August 2021 and is responsible for the overall financial accounting, reporting as well as corporate finance matters relating to our Group. Prior to joining our Group, Mr. Ong Han Poh was group financial controller at JEP Holdings Limited from April 2016 to August 2021, where he was responsible for the overall financial accounting, financial reporting as well as corporate finance matters. From January 2011 to March 2016, he was finance manager with Tee Yih Jia Food Manufacturing Pte Ltd where he oversaw group consolidation and the accounts of the group's overseas subsidiaries and joint ventures. From February 2006 to April 2010, Mr. Ong Han Poh was assistant finance manager at MMI Industries Sdn. Bhd. where he was responsible for group consolidation and budgets as well as the accounting and tax matters for the group's subsidiaries. Prior to joining MMI Industries Sdn. Bhd., Mr. Ong Han Poh was administrative and finance manager at MCL Systems Sdn. Bhd. from March 1999 to December 2005 where he assisted the managing director in group administrative and accounting matters. Mr. Ong Han Poh 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. Mr. Ong Han Poh is also an associate of the Institute of Singapore Chartered Accountants and a chartered management accountant of the Chartered Institute of Management Accountants.

Our Audit Committee has conducted an interview with our Group Financial Controller, Mr. Ong Han Poh, and has further considered the following:

- (a) the qualifications and past working experience of Mr. Ong Han Poh (as described in the section entitled "Directors, Executive Officers and Staff" of this Offer Document);
- (b) Mr. Ong Han Poh's past audit, financial and accounting related experiences;
- (c) Mr. Ong Han Poh's demonstration of the requisite competency in finance-related matters of our Group; and
- (d) the absence of negative feedback on Mr. Ong Han Poh from the representatives of our Group's Independent Auditor and Reporting Accountant, Nexia TS Public Accounting Corporation as well as our Group's internal auditors, BDO Advisory Pte Ltd,

is of the view that Mr. Ong Han Poh is suitable for the position of Group Financial Controller of our Group.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Further, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of our Audit Committee to cause them to believe that Mr. Ong Han Poh does not have the competence, character and integrity expected of a group financial controller or equivalent of a listed company. In addition, Mr. Ong Han Poh shall be subject to performance appraisal by our Audit Committee on an annual basis to ensure satisfactory performance.

Ms. Tan Wei Ying is our Chief Operating Officer

Ms. Tan Wei Ying is our Chief Operating Officer and is responsible for, among others, implementing customer and business development strategies and managing client relationships. Ms. Tan Wei Ying joined our Group in September 2017 as corporate service manager and was promoted to corporate service director in July 2019. Subsequently, in September 2021, Ms. Tan Wei Ying was promoted to Chief Operating Officer of our Group. She obtained a Bachelor of Business from Nanyang Technological University in 2017. In addition to her tertiary qualification, Ms. Tan Wei Ying 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 WSQ. Ms. Tan Wei Ying 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.

Ms. Tan Wei Ying is the daughter of our Executive Chairman and Executive Director, Mr. Roger Tan, and the sister of our Group Finance Manager, Ms. Tan Wei Li.

Ms. Tan Wei Li is our Group Finance Manager

Ms. Tan Wei Li is Group Finance Manager of our Group and is responsible for, among others, preparation of management reports and performing analyses of revenue performance and growth. She also assists in the preparation of annual budgets, work with the external auditors to facilitate their work, as well as assisting in compliance reporting matters. Ms. Tan Wei Li reports to our Group Financial Controller, Mr. Ong Han Poh. Ms. Tan Wei Li joined our Group in January 2021 as financial, planning and analysis manager and was promoted to Group Finance Manager of our Group in September 2021. Prior to joining our Group, Ms. Tan Wei Li was an audit assistant and, subsequently, an audit senior associate at Ernst & Young LLP from September 2018 to December 2020 where, among others, she performed statutory audits for clients in the consumer products and retail industry including listed companies operating in the Asia-Pacific region. Ms. Tan Wei Li graduated with a Bachelor of Accountancy from the Singapore Management University in 2018.

Ms. Tan Wei Li is the daughter of our Executive Chairman and Executive Director, Mr. Roger Tan, and the sister of our Chief Operating Officer, Ms. Tan Wei Li.

Mr. Joseph Mah is our Operations Director

Mr. Joseph Mah is our Operations Director and is responsible for overseeing our Group's operations as well as matters relating to health, safety and the environment. Mr. Joseph Mah joined our Group in October 2020, before which he was operation manager at Compass Group Pte Ltd, an F&B catering firm, from April 2018 to October 2020, where he managed 10 cafeterias and cafes, overseeing matters such as recruitment, contract renewal and client relationship and management. From August 2008 to April 2018, Mr. Joseph Mah was a food platform regional manager for Southeast Asia with Sodexo Singapore Pte Ltd, an F&B catering company where he provided support for bidding and tendering and implementation of global standard procedures across all business segments. From September 2007 to July 2008, he was assistant general manager at F&B catering company Espressoul Pte Ltd, where he implemented company standard operating procedures, recruited new employees and conducted staff training and appraisals. Prior to joining Espressoul, Mr. Joseph Mah was F&B area manager at Olio & Dome Restaurant and Café from 2007 to 2009, guest relationship manager at Agel Singapore Pte. Ltd., a wholesaler of health supplements, from 2005 to 2007, an F&B outlet manager at Java Coast Coffee from 1998 to 2005 and a restaurant manager at Coca Suki Thai Restaurant from 1996 to 1997. Mr. Joseph Mah obtained a Diploma in Food and Beverage Service from The City and Guilds of London Institute in 2009 and an advanced certificate in environmental services from WSQ in 2021.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Ms. Susan Lee is our Operations Director

Ms. Susan Lee is our Operations Director and is responsible for overseeing the operations of our Group's projects. Prior to joining our Group, she was a senior manager at UEMS Solutions Pte Ltd where was responsible for cost management and control and budget forecasts, among others. Ms. Susan 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. Susan 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. Prior to joining Canon Singapore Pte. Ltd., Ms. Susan Lee 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. Susan 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.

Ms. Ziilia Seah is our Sales and Marketing Manager

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

There is no arrangement or understanding with any Substantial Shareholder, customer or supplier of our Company or other person, pursuant to which any of our Directors or Executive Officers was selected as a Director or Executive Officer of our Company.

Save that Mr. Roger Tan is the father of Ms. Tan Wei Ying and Ms. Tan Wei Li, who are sisters, none of our Directors or Executive Officers has any family relationships with one another, or with our Substantial Shareholders.

The list of present and past directorships of each Executive Officer over the last five (5) years preceding the date of this Offer Document excluding those held in our Company, is set out below:

Name	Present Directorships	Past Directorships
Mr. Ong Han Poh	Desaru Property Development Sdn Bhd Tee Yih Jia Foods Manufacturing Sdn Bhd	Dolphin Manufacturing Solutions Sdn Bhd
Ms. Tan Wei Ying	LS 2 Services	None
Ms. Tan Wei Li	None	None
Mr. Joseph Mah	None	None
Ms. Susan Lee	None	None
Ms. Ziilia Seah	None	None

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

STAFF

Our subsidiary, LS 2 Services, is a unionised company under BATU and 480 of our employees are members of BATU at the Latest Practicable Date. Pursuant to a collective agreement entered into between LS 2 Services and BATU, we recognise BATU as the sole collective negotiating body for all terms and conditions of the employees falling within the scope of the collective agreement. All locally engaged employees of LS 2 Services are covered by the collective agreement, save for managerial and confidential positions, probationary employees, temporary employees (engaged for less than three (3) months in any calendar year) and all employment pass, S pass and work permit holders. The collective agreement sets out the general terms and conditions of employment for members of BATU employed by LS 2 Services including a grievance procedure, terms and benefits on termination of employment, salary and other monetary items, union membership fee subsidy, leave, medical benefits and insurance and other conditions of employment. In March 2021, LS 2 Services received the Plaque of Commendation Award from the NTUC Central Committee, based on the recommendation of BATU, for its continued support and contributions towards good labour-management relations, workers' welfare and NTUC initiatives. During the Relevant Period, there has not been any incidence of work stoppages or labour disputes that affected our operations. Accordingly, we consider our relationship with our employees and BATU to be good.

The number of employees of our Group as at the end of each of 31 December 2018, 2019 and 2020 and 30 June 2021 segmented by function are as follow:

	← Number of Employees →			
	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
Function				
General Management and Corporate Development	9	9	7	6
Finance	5	5	5	6
Human Resources, IT and Administration	7	10	11	14
Operations	7	8	7	10
Site Operators (including cleaners and supervisors)	1,761	2,108	1,859	1,970
Total	1,789	2,140	1,889	2,006

As at the end of each of 31 December 2018, 2019 and 2020 and 30 June 2021, all our Group's full time employees were employed in Singapore.

The increase in our number of employees between FY2018 and FY2019 was due to the commencement of our project at Changi Airport, for which a larger headcount was required. Subsequently in FY2020, our agreement with the Changi Airport Group was varied to reduce the scope of cleaning services provided by our Group between April 2020 and July 2022, due to the reduction in passenger traffic travelling through Terminal 1 arising from the COVID-19 pandemic and our number of employees was reduced accordingly. In addition, after our initial contract with Sport Singapore ended in August 2020, under the new tender exercise, we were awarded the tender of a smaller contract sum compared with what we were awarded under the preceding tender exercise.

We do not experience any significant seasonal fluctuations in our number of employees. We do not employ a significant number of temporary employees.

Staff Training

We believe that the continued development of our employees is instrumental in maintaining our competitive edge, and in driving the growth and success of our Group. Our employees are given the opportunity to develop their skills through various training courses that are relevant to their respective job scopes. Our human resources department maintains a record of all relevant training received by our employees.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Our training and development regime adopts a blended learning approach utilising a mix of on-the-job training, WSQ courses and instruction manuals throughout the tenure of each worker's employment with our Group.

Pre-employment

Before we formally employ each worker, our operations team conducts a pre-employment screening and skills gap analysis to identify whether the prospective employee possesses the requisite experience and training required for the particular project. Our human resources department will also collate and take into consideration the worker's past WSQ training records. Where the prospective employee has prior experience in the industry, whether with our Group or with other environmental services companies, our human resources department will assess the recency and relevance of such experience and training, identify suitable refresher trainings and assign the worker to duties for which he / she has the relevant skills.

Induction

Upon commencement of employment with our Group, each worker is required to complete an induction programme which includes our in-house e-learning programme and on-the-job training by experienced co-workers. On-the-job training covers areas such as cleaning agents, tools and equipment, mopping, sweeping, single and two solution mopping and suction cleaning. Please refer to the section entitled "General Information on Our Group – Adoption of Technology" of this Offer Document for more information on our e-learning programme.

Periodic

During the course of their employment with our Group, our workers periodically participate in refresher on-the-job training and certain Environment Cleaning WSQ training modules as assigned by our human resources department. Our operations supervisory team is responsible for monitoring the performance of our workers and assigning refresher on-the-job training to workers on an as-required basis after a period of leave of absence from work or in response to customer feedback.

As set out below, in order to maintain our cleaning business licence and Clean Mark Gold Award accreditation, we are required to meet certain training requirements. Our human resources department keeps track of our training requirements and assigns the requisite training courses to workers as necessary in line with such requirements. The Environment Cleaning WSQ training modules periodically assigned to our workers include those relating to workplace safety and health policies and procedures, perform basic cleaning of hard floor surface and clean furniture and furnishings. Our Group engages training providers approved by SkillsFuture Singapore to conduct such training modules.

In addition to our e-learning and in-person training programmes, throughout the tenure of their employment with our Group, our workers are provided access to instruction manuals which provide guidance in areas such as cleaning procedures, standard operating procedures and workplace health and safety.

Pandemic disinfection training

Our subsidiary, LS 2 Services, is listed by the NEA as a company which can carry out disinfection works under its Guidelines for Environmental Cleaning and Disinfection of Areas Exposed to Confirmed Case(s) of COVID-19 in Non-Healthcare Premises. In order to be listed by NEA as being eligible to provide such services, an entity must ensure that the personnel responsible for disinfection work have been trained to carry out their duties including the use and preparation of equipment and disinfectant, donning and doffing of personal protective equipment, cleaning procedures, potential disinfectant hazards and disposal of waste. LS 2 Services completed the training of a pandemic disinfection team within two (2) months of the launch of the NEA approved list and has been listed by NEA as a company which can carry out disinfection works.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Prescribed training requirements

In order to maintain our cleaning business licence and our Clean Mark Gold Award accreditation, we are required to meet certain prescribed training requirements.

The conditions of our cleaning business licence require us to meet the following requirements, in respect of workers employed by us for more than three (3) months at the time of application or renewal:

- (a) at the point of licence application and throughout the licence period, at least 50.0% of such workers must be trained in any module under the Environmental Cleaning WSQ framework or the Institute of Technical Education Skills Certificate course in Housekeeping Operations (Healthcare) ("**Prescribed Training**");
- (b) at the point of licence renewal and throughout the licence period, 100.0% of such workers must have completed the Prescribed Training; and
- (c) productivity managers must complete a customised training programme emphasising technology adoption and work process redesign, developed by WSG.

In addition, the conditions of our cleaning business licence require us to keep training records for each worker (for as long as the worker is employed by us) containing certain prescribed particulars including the worker's name, the name of the training provider of each course and training module, the courses and training modules such worker has attended and the date and results of any assessments that the worker has taken during his / her employment with us.

We are required to meet the following training requirements, among other criteria, in order to maintain our Clean Mark Gold Award accreditation at the point of application and throughout the accreditation award:

- (a) 75.0% of our workers must be trained in any two (2) modules under the WSQ Certificate in Environmental Cleaning or higher;
- (b) 75.0% of our team leaders must be trained in any two (2) modules under the WSQ Higher Certificate in Environmental Cleaning or higher; and
- (c) 75.0% of our supervisors must be trained in any two (2) modules under the WSQ Advanced Certificate in Environmental Cleaning.

Our Group utilises training and productivity initiatives from the NEA such as training grants provided by SkillsFuture and the absentee payroll grant provided by SkillsConnect to offset part of the costs of training our workers. During the Period Under Review, our expenses incurred in relation to staff training and development were not significant.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

The remuneration paid to our Directors and Executive Officers (which includes benefits-in-kind and bonuses) for services rendered to us on an aggregate basis and in remuneration bands of S\$250,000 during FY2019 and FY2020 (being the two (2) most recent completed financial years) and as estimated for FY2021 (excluding bonuses under any profit-sharing plan or any other profit-linked agreement(s)) are as follow:

	FY2019	FY2020	FY2021 (estimated)
Directors			
Mr. Roger Tan	A	A	B
Mr. Alvin Ong	_(3)	_(3)	A
Mr. Tan Siang Leng	_(3)	_(3)	A
Mr. Ng Hong Whee	_(3)	_(3)	A
Mr. Chua Ser Miang	_(3)	_(3)	A
Executive Officers			
Mr. Ong Han Poh	_(3)	_(3)	A
Ms. Tan Wei Ying	A ⁽⁵⁾	A ⁽⁵⁾	A ⁽⁵⁾
Ms. Tan Wei Li	_(3)	_(3)	A ⁽⁵⁾
Ms. Ziilia Seah	A	A	A
Mr. Joseph Mah	_(3)	A	A
Ms. Susan Lee	_(3)	_(3)	A

Notes:

- (1) Band A: Compensation from S\$0 to S\$250,000 per annum.
- (2) Band B: Compensation from S\$250,001 to S\$500,000 per annum.
- (3) Not in our employment or appointed during the relevant periods.
- (4) Compensation from S\$0 to S\$50,000 per annum.
- (5) Compensation from S\$50,000 to S\$100,000 per annum.

As at the Latest Practicable Date, save as required for compliance with the applicable laws of Singapore, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees and Directors.

Related Employees

As at the Latest Practicable Date, save that Mr. Roger Tan is the father of Ms. Tan Wei Ying and Ms. Tan Wei Li, who are sisters, none of our employees are immediate family members or are otherwise related to our Directors, CEO or Substantial Shareholders.

The remuneration of employees who are related to our Directors, CEO or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or the Nominating Committee is related to the employee under review, he will abstain from the review.

In line with the Code of Corporate Governance 2018 (“Code”), we will disclose in our annual report details of the remuneration of employees who are Substantial Shareholders, or who are immediate family members of our Directors, our CEO or Substantial Shareholder, and whose remuneration exceeds S\$100,000 during the year, in bands of no wider than S\$100,000.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

SERVICE AGREEMENTS

On 22 December 2021, our Company entered into a Service Agreement with each of Mr. Roger Tan and Mr. Alvin Ong (“**Executive**”) for an initial term of five (5) years (“**Initial Term**”). Upon expiry of the Initial Term, the Service Agreements shall be automatically renewed every two (2) years and may be terminated by either party upon giving to the other party notice in writing of twelve (12) months or by the Company paying the Executive an amount equal to twelve (12) months’ salary in lieu of notice. Our Company may also terminate the employment of an Executive immediately without prior notice if the Executive shall at any time:

- (a) be guilty of dishonesty, any grave or wilful misconduct or gross neglect or gross negligence in the discharge of his duties under the Service Agreement or shall commit any continued material breach of the terms of the Service Agreement after written warning (other than a breach which is capable of remedy and has been remedied by the Executive to the satisfaction of the Board within thirty (30) days upon his being called upon to do so in writing by the Board);
- (b) become bankrupt;
- (c) become of unsound mind;
- (d) be disqualified or prohibited from acting as a director or as a key executive officer of managerial position in any jurisdiction by reason of an order made by any competent court for reasons under any applicable laws or regulations, our Constitution or any Catalist Rules other than on technical grounds; or
- (e) neglect or refuse, without reasonable cause, to attend to the business of our Group to which he is assigned duties.

Pursuant to the terms of their respective Service Agreements, each of Mr. Roger Tan and Mr. Alvin Ong are entitled to (a) a monthly salary of S\$40,000 and S\$30,000 respectively; (b) an annual wage supplement of one (1) month’s salary per annum; (c) a transportation allowance of S\$5,000 and S\$2,000 per month respectively, and (d) a performance bonus (“**Performance Bonus**”) in respect of each financial year to be determined as follows:

- (a) For every S\$1.0 million in Consolidated PBT, the Executive is entitled to one (1) month salary as performance bonus, to be pro-rated.
- (b) Where the Consolidated PBT is S\$2.0 million or more, in addition to the performance bonus calculated in accordance with subparagraph (a) above, there will be an additional entitlement calculated as a percentage of the total Consolidated PBT as follows:

Consolidated PBT	Additional Entitlement as a percentage of total Consolidated PBT	
	Mr. Roger Tan	Mr Alvin Ong
Where the Consolidated PBT is between S\$2.0 million and S\$3.0 million	7.0%	5.0%
Where the Consolidated PBT is between S\$3.0 million and S\$4.0 million	8.0%	6.0%
Where the Consolidated PBT is between S\$4.0 million and S\$5.0 million	9.0%	7.0%
Where the Consolidated PBT is S\$5.0 million and above	10.0%	8.0%

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

“**Consolidated PBT**” shall, in relation to each financial year, mean our Group’s audited consolidated profit before tax (after deducting profit before tax attributable to minority interests and excluding extraordinary items) and before the abovementioned Performance Bonus. For the determination of the annual Performance Bonus, the Consolidated PBT will generally exclude exceptional or non-recurrent income. Notwithstanding this, in certain instances, non-recurrent income such as (a) gains from investments and/or joint venture projects; and (b) divestment or acquisition by third parties of our Group’s business; may be included in the determination of the annual performance bonus because our Group would have realised a quantifiable return and such events are common in the industry that our Group operates in. The inclusion or otherwise of such non-recurrent and/or exceptional items in the computation of Consolidated PBT for the determination of the annual performance bonus will be at the sole discretion of the Remuneration Committee. For the avoidance of doubt, government grants received by our Group does not constitute exceptional or non-recurrent income in the computation of the Consolidated PBT. The receipt of these government grants are as a result of our industry, our business model, the alignment and support of the Singapore Government’s policies and were granted to our Group in the ordinary course of business and should not be viewed as one-off, exceptional nor extraordinary and the removal of such government grants in the analysis of the Group’s financial performance is not meaningful. Accordingly, they form part of the Group’s cost structure and thus are not classified as one-off, exceptional, extraordinary or non-recurrent income and not analysed in isolation. Save for the one-off JSS, we have received such grants on a consistent basis during the Period Under Review. Please refer to the section entitled “Government Regulations – Government Grants” of this Offer Document for the government grants our Group received during the Period Under Review.

The Service Agreements contain restrictions on the disclosure of our confidential information, including trade secrets and information relating to customers of our Group.

In addition, the Service Agreements provide that the Executive shall not, and shall procure that his associates (whether present or future) shall not, during his employment hereunder and within a period of three (3) months upon his ceasing to be an Executive of our Company in all territories where our Company or any company within our Group (“**Group Company**”) operates directly or indirectly:

- (i) either on his own account or for any other person directly or indirectly solicit, interfere with or endeavour to entice away from any Group Company any person who to his knowledge is now or has been a client, customer, agent, correspondent, trader, supplier, distributor, officer, manager or employee of, or in the habit of dealing with, any Group Company, whether or not such person would commit a breach of his contract with such Group Company by doing so;
- (ii) either alone or jointly with or as a manager, agent for or employee of any person, directly or indirectly carry on or be engaged in business with any person who is now or has been a client or customer of our Company or any Group Company;
- (iii) whether directly or indirectly, interfere or seek to interfere with or make arrangements which have the effect of harming contractual or other trade relations between our Group and any of our Group’s suppliers, customers, contractors, sub-contractors, agents or business partners;
- (iv) either alone or jointly with or as a manager, agent for or employee of any person, directly or indirectly carry on or be engaged or concerned or interested in any business in any capacity (whether as shareholder, director, employee, partner, agent, consultant or otherwise) which shall be in direct competition with the Relevant Business;
- (v) act as a director or otherwise of any other person, firm or company engaging directly or indirectly in the Relevant Business which is in competition with the business of any Group Company;

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

- (vi) (A) have any interest, directly or indirectly, in any person or entity who carries on, and/or
- (B) provide any financial assistance to any person or entity to carry on,

the Relevant Business which is in competition with the business of any Group Company, save that, the Executive is permitted, and together with the Executive's associates are permitted, to have interest in the Excluded Companies (as defined herein), notwithstanding that such corporation may be engaging in a Relevant Business which is in competition with the business of any Group Company. For the avoidance of doubt, as at the date of this Agreement, the Executive and his associates do not have any interest, directly or indirectly, and have not provided financial assistance to any person or any entity engaging in the Relevant Businesses; and

- (vii) whether directly or indirectly, assist any person, firm or company with technical advice in relation to the Relevant Business which is in competition with the business of any Group Company.

For the purposes of the paragraph above,

- (i) **“associate”** shall refer to:
 - (A) any member of the Executive's immediate family;
 - (B) the trustees of any trust of which the Executive or any member of the Executive's immediate family is a beneficiary or, in the case of a discretionary trust, the discretionary object; and
 - (C) any company in which the Executive and the Executive's immediate family together (directly or indirectly) have an interest of 30.0% or more;
- (ii) **“immediate family”** means the Executive's spouse, child, adopted child, step-child, sibling and parent;
- (iii) **“Excluded Companies”** means any corporation in which the Executive and/or the Executive's associates collectively:
 - (A) hold less than 5.0% of the total interests whether directly or indirectly and is listed on any stock exchange; and
 - (B) have no board representation on the board of directors and/or board of commissioners of the corporation; and
 - (C) have no management control in the corporation; and
 - (D) is not involved in the day to day operations and/or management of the corporation; and
- (iv) **“Relevant Business”** means the business carried on by any Group Company at the of the Service Agreement or as at the time of cessation of employment (as the case may be).

The Executive further agrees with our Company that he shall not during his employment hereunder and upon his ceasing to be an Executive of our Company without limit in point of time, directly or indirectly, use the name “LS 2” or any colourable imitation thereof in connection with any business; and/or use any other names, brands, logos or trade marks of any Group Company (whether present or future) in connection with any business.

None of the Service Agreements contain any clause whereby our Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any of them or to his widow or dependents or relations or connections or to any persons in respect or may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

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Had the Service Agreements been in place with effect from FY2020, the aggregate remuneration paid to the Executive Directors for FY2020 would have been approximately S\$994,000 instead of approximately S\$260,000 and our Group's profit before income tax for FY2020 would have decreased from approximately S\$7.2 million to approximately S\$6.5 million.

Save as disclosed above, there are no existing or proposed service agreement between our Group and any of our Directors. There is also no existing or proposed service agreement entered or to be entered into by our Directors with our Company or our Subsidiaries which provide for benefits upon termination of employment.

Save as disclosed above, commissions and incentive payments payable to our selected employees in the ordinary course of our business, the LS 2 ESOS and the LS 2 PSP, there are no bonus or profit-sharing plans or any other profit-linked agreements or arrangements between our Group and any of our Directors, Executive Officers or employees.

CORPORATE GOVERNANCE

Corporate governance refers to the processes and structures by which the business and affairs of a company are directed and managed, in order to enhance long term shareholder value through enhancing corporate performance and accountability. Good corporate governance therefore embodies both enterprise (performance) and accountability (conformance).

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Pursuant to the Catalist Rules, we are required to comply with the principles in the Code. If our practices vary from any provisions of the Code, we will set out in our annual report such variation and the reason for the same, as well as explain how our practices are nevertheless consistent with the intent of the relevant principle. In accordance with the Code, our Board of Directors has formed three (3) committees: (a) a Nominating Committee, (b) a Remuneration Committee, and (c) an Audit Committee.

We have five (5) Directors on our Board of Directors, of which three (3) are Independent Directors. Our Independent Directors do not have any existing business or professional relationship with our Group, our other Directors and/or Substantial Shareholders. Our Independent Directors are also not related to our other Directors and/or Substantial Shareholders.

In addition, we have appointed Mr. Tan Siang Leng as our Lead Independent Director. The Lead Independent Director will be available to Shareholders where they have concerns for which contact through the normal channels of our Chairman, CEO or Group Financial Controller has not resolved or for which such contact is inappropriate.

Our Directors are of the view that given the current board composition and based on the above, there are sufficient safeguards and checks to ensure that the process of decision-making by our Board is independent and based on collective decision-making.

Audit Committee

Our Audit Committee comprises Mr. Tan Siang Leng, Mr. Chua Ser Miang and Mr. Ng Hong Whee. The chairman of our Audit Committee is Mr. Tan Siang Leng. The quorum shall be any three (3) members, including the chairman of our Audit Committee.

Our Audit Committee will assist our Board in discharging their responsibility to safeguard our assets, maintain adequate accounting records and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform, among others, the following functions:

- (a) assist our Board in fulfilling its responsibility for overseeing the integrity of our Company's system of accounting and financial reports and in maintaining a high standard of transparency and reliability in its corporate disclosures;
- (b) review, with our internal and external auditors, the relevance and consistency of the accounting standards, the audit plans, scope of work, their evaluation of our system of internal controls, risk management framework and accounting system, audit reports, their management letters and our management's response, and the results of audits compiled by our internal and external auditors, and will monitor and review at regular intervals with the management the implementation by our Group of the internal control recommendations made by our internal and external auditors;

CORPORATE GOVERNANCE

- (c) review the periodic consolidated financial statements and any formal announcements relating to our Group's financial performance before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments arising from the audit, compliance with accounting standards, compliance with the Catalist Rules and any other statutory and regulatory requirements, concerns and issues arising from their audits including review of the assistance given by our management to the internal and external auditors, and any matters which the auditors may wish to discuss in the absence of our management, where necessary, before submission to our Board for approval;
- (d) review and report to the Board, at least annually, the adequacy and effectiveness of our Group's internal control procedures (including financial, operational, compliance and information technology controls), and risk management systems and have oversight of the internal control processes of our Group;
- (e) review the procedures and policies put in place to ensure compliance with various laws and regulations, including all laws and regulations imposed by the MOM at least annually, to ensure that such procedures and policies are commensurate with our Group's operations and our Group's expansion plans from time to time;
- (f) review and discuss with our internal auditors and our external auditors, any issues and concerns arising from the internal audits and the external audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on our Group's financial performance or financial position and our management's response, and at appropriate times, report the matter to our Board and to the Sponsor;
- (g) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- (h) review the risk profile of our Group and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by our Board;
- (i) review and approve all hedging policies implemented by our Group (if any) and conduct periodic review of foreign exchange transactions and hedging policies and procedures;
- (j) meeting with our internal and external auditors, and in each case without the presence of management, at least annually and review the co-operation given by our management to our internal and external auditors, where applicable;
- (k) review the independence and objectivity of our internal and external auditors as well as consider the appointment or re-appointment of our internal and external auditors, including approving the remuneration and terms of engagement of our internal and external auditors and ensuring the internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experience and that the internal auditors comply with the standards set by internationally recognised professional bodies, where applicable;
- (l) where applicable, ensuring that the internal audit function has unfettered access to all our Group's documents, records, properties and personnel, including our Audit Committee, and has appropriate standing within our Group;
- (m) review and approve any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules and review procedures thereof;
- (n) review potential conflicts of interests (if any) and set out a framework to resolve or mitigate any potential conflicts of interests, as well as monitor compliance with such framework, and to propose additional measures where appropriate;

CORPORATE GOVERNANCE

- (o) reviewing and assessing from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with our Controlling Shareholders and propose, where appropriate, the relevant measures for the management of such conflicts;
- (p) review the procedures by which employees of our Group may, in confidence, report to the chairman of our Audit Committee, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for the receipt, retention and treatment of complaints received by our Group (including criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group), the independent investigation and follow-up actions thereto;
- (q) review transactions falling within the scope of Chapter 10 of the Catalist Rules, if any;
- (r) review and approve transfer pricing policies implemented by our Group and conduct periodic review of such transfer pricing policies;
- (s) review the assurance from our CEO and Group Financial Controller on our financial records and financial statements;
- (t) appraise the performance of our Group Financial Controller on an annual basis;
- (u) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of our Company and any announcements relating to our financial performance;
- (v) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (w) review the whistle-blowing policy and procedures and ensure that we publicly disclose and clearly communicate to our employees the existence of a whistle-blowing policy and the procedures for raising concerns about possible improprieties in financial reporting or other matters to be safely raised;
- (x) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (y) monitor the use of our proceeds from the Placement;
- (z) monitor the adequacy of our current system of monitoring debtors' aging profiles and ensure that such aspect will be included as part of the review scope for subsequent internal audits; and
- (aa) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

Our Company has commissioned BDO Advisory Pte Ltd, as internal auditors, to conduct a review and assessment of the pertinent business processes and operations of our Group, including:

- (i) Revenue and receivables;
- (ii) Procurement and payments;

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- (iii) Contract management;
- (iv) Compliance monitoring including PDPA;
- (v) General controls / period end closing;
- (vi) Human resources and payroll management;
- (vii) Fixed asset management;
- (viii) IT general controls;
- (ix) Cash and bank management;
- (x) Risk management; and
- (xi) Follow-up review.

Our Directors notes that no material internal control weakness has been raised by the internal auditors in the course of its internal audit.

Currently, based on the internal controls established and maintained by our Group, work performed by our internal and external auditors, and reviews performed by our management, our Board, to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that (i) our Group's current risk management framework is adequate and effective; and (ii) the internal controls of our Group are adequate and effective in addressing the financial, operational, compliance and information technology risks of our Group.

Our Group and our Audit Committee will continue to outsource the internal audit function of our Group. Our Group shall commission an annual internal controls audit by a suitable accounting firm approved by our Audit Committee, to review and assess the adequacy and effectiveness of our Group's risk management and internal control systems, including financial, operational, compliance and information technology controls of our Group, which will take into account our scale of operations and expansion plans. The appointed internal auditors will report directly to our Audit Committee. Before each annual internal audit, the internal auditors will propose an internal audit plan to our Audit Committee and obtain the approval of our Audit Committee before the internal auditors can proceed with the internal audit plan. The findings of such internal audit will be submitted by the appointed internal auditors to our Audit Committee for their review. Where there are any material, price-sensitive internal control weaknesses identified by the internal auditors, our Company will make the necessary announcements on SGXNET as soon as practicable, together with any follow up actions taken or to be taken by the Board and our Group.

Our Board notes that our system of internal controls and risk management systems provides reasonable, but not absolute, assurance that our Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, our Board also notes that no system of internal controls and risk management systems can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Nominating Committee

Our Nominating Committee comprises Mr. Chua Ser Miang, Mr. Tan Siang Leng and Mr. Ng Hong Whee. The chairman of our Nominating Committee is Mr. Chua Ser Miang. The quorum shall be any three (3) members, including the chairman of our Nominating Committee.

Our Nominating Committee will be responsible for, among others:

- (a) developing and maintaining a formal and transparent process for the selection, appointment and re-appointment of Directors (including alternate Directors, if any), taking into account the need for progressive renewal of the Board of Directors;

CORPORATE GOVERNANCE

- (b) reviewing and recommending the appointment of new Directors and Executive Officers and re-nomination of our Directors having regard to each Director's competencies, contribution, performance and ability to commit sufficient time, resources and attention to the affairs of our Group (for example, attendance, preparedness, participation and candour), and each Director's respective commitments outside our Group including his principal occupation and board representations on other companies, if any. Our Nominating Committee will conduct such reviews at least once a year, or more frequently as it deems fit;
- (c) ensuring that our Directors submit themselves for re-nomination and re-election at least once every three (3) years;
- (d) determining and recommending to our Directors the maximum number of listed company board representations which any Director may hold and disclosing this in our Company's annual report;
- (e) determining annually, and as and when circumstances require, whether or not a Director is independent;
- (f) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director;
- (g) developing a process for evaluating the performance of our Board as a whole and its committees, and for assessing the contribution of each Director to the effectiveness of our Board and proposing objective performance criteria, as approved by our Board that allows comparison with our industry peers, and addressing how our Board has enhanced long-term shareholders value;
- (h) reviewing the composition of our Board annually to ensure that our Board and our Board committees comprise Directors who as a group provide an appropriate balance and mix of skills, experience, core competencies, and knowledge and other aspects of diversity such as gender and age of our Group that our Board requires to function competently and efficiently and to avoid groupthink and foster constructive debate, and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-base experience or knowledge;
- (i) reviewing succession plans for our Executive Directors and Executive Officers;
- (j) reviewing the training and professional development programs for the Board;
- (k) where a Director has multiple board representations, reviewing and deciding, on an annual basis (or more frequently as the Nominating Committee deems fit), whether the Director is able and has been adequately carrying out his duties as a Director, taking into consideration the competing time commitments that are faced by the Director's number of listed company board representations and discharging his duties toward other principal commitments, and establishing guidelines on what a reasonable and maximum number of directorships and principal commitments for each Director (or type of Director) shall be;
- (l) reviewing and approving the employment of persons related to our Directors, CEO or Substantial Shareholders and the proposed terms of their employment; and
- (m) for as long as Spackman's independent review of the Past Transactions remains outstanding, monitor the status of such independent review and in particular, in relation to Mr. Ng Hong Whee's involvement as its independent director, and review his suitability as our Group's independent director upon any material developments of this matter. For the avoidance of doubt, Mr. Ng Hong Whee, being a member of the Nominating Committee, will recuse himself from the discussions pertaining to the matters in this sub-paragraph (m). Please refer to the section entitled "General and Statutory Information" of this Offer Document for more details on Spackman's independent review and the Past Transactions.

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Each member of our Nominating Committee will not take part in determining his own re-nomination or independence and shall abstain from voting on any resolutions in respect of the assessment of his performance, independence or re-nomination as Director.

Our Nominating Committee will decide how our Board's performance is to be evaluated and will propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long term Shareholders' value. In addition, our Directors will also implement a process to be carried out by our Nominating Committee for assessing effectiveness of our Directors as a whole, and for assessing the contribution of each individual Director to the effectiveness of our Board of Directors.

Nominating Committee's view of our Independent Directors

In assessing the suitability and independence of our Independent Directors, our Nominating Committee has considered the guidance from the Code. The Code requires that the board of directors of a company listed on the SGX-ST ("**Listco**") 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 Listco.

Under the Code, an "independent director" is one who is independent in conduct, character and judgment, and has no relationship with the Listco, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment in the best interests of the Listco.

A director who falls under the following circumstances is not independent:

- (i) if he is employed by the Listco or any of its related corporations for the current or any of the past three (3) financial years;
- (ii) if he has an immediate family member who is, or has been in any of the past three (3) financial years, employed by the Listco or any of its related corporations and whose remuneration is determined by the remuneration committee of the Listco; and
- (iii) with effect from 1 January 2022, if he has been a director for an aggregate period of more than nine (9) years (whether before or after Listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the Listco, and their respective associates.

Prior to 1 January 2022, the independence of any director who has served on the board beyond nine (9) years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the board should also take into account the need for progressive refreshing of the board and should also explain why any such director should be considered independent.

Other examples of relationships which should deem a director not to be independent include:

- (A) a director, or a director whose immediate family member, in the current or immediate past financial year, provided to or received from the Listco or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$50,000 should generally be deemed significant;
- (B) a director, or a director whose immediate family member, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5.0% or more stake), or an executive officer of, or a director of, any organisation which provided to or received from the Listco or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services). The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant irrespective of whether they constitute a significant portion of the revenue of the organisation in question; and

CORPORATE GOVERNANCE

- (C) a director who is or has been directly associated with a substantial shareholder of the Listco, in the current or immediate past financial year. A director is considered “directly associated” with a substantial shareholder when he is accustomed or under the obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the substantial shareholder in relation to the corporate affairs of the Listco. A director will not be considered “directly associated” with a substantial shareholder by reason only of his or her appointment having been proposed by that substantial shareholder.

Our Nominating Committee, after having considered the following:

- (a) the number of listed company directorships held by each of our Independent Directors;
- (b) the principal occupation and commitments of our Independent Directors;
- (c) the attendance to-date at board meetings of listed companies at which each of our Independent Directors serves as independent directors (if any);
- (d) the confirmations by our Independent Directors that they are able to devote sufficient time and attention to the matters of our Group;
- (e) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder of our Company, has no material relationship with our Company, its related corporations or with any directors of these corporations, its 5.0% Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (f) the professional experience and expertise of our Independent Directors in different areas of specialisation; and
- (g) the composition of our Board,

is of the opinion that (i) our Independent Directors do not have any relationship with our Group, our Controlling Shareholders or our Executive Officers which could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment with a view to the best interests of the Company; (ii) each of our Independent Directors is individually and collectively able to commit sufficient time and resources to discharge their respective duties, and are suitable and possess the relevant experience to be appointed as Independent Directors of our Company; and (iii) our Independent Directors, as a whole, represent a strong and independent element on the Board which is able to exercise objective judgement on corporate affairs independently from the Controlling Shareholders.

Remuneration Committee

Our Remuneration Committee comprises Mr. Ng Hong Whee, Mr. Tan Siang Leng and Mr. Chua Ser Miang. The chairman of our Remuneration Committee is Mr. Ng Hong Whee. The quorum shall be any three (3) members, including the chairman of our Remuneration Committee.

CORPORATE GOVERNANCE

Our Remuneration Committee will, among others, recommend to our Board a framework of remuneration for our Directors, CEO and Executive Officers, and determine specific remuneration packages for each Executive Director and ensure that remuneration policies and systems of our Group support our Group's objectives and strategies and are consistently administered and being adhered to within our Group. The recommendations of our Remuneration Committee will be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be reviewed by our Remuneration Committee, to ensure they are fair and that the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation of our Group, taking into account our strategic objective. Our Remuneration Committee shall propose, for adoption of our Board, measurable, appropriate and meaningful performance targets for assessing the performance of our Key Executive Officers, individual Directors and of the Board as a whole. In the case of service contracts, our Remuneration Committee shall review our obligations arising in the event of termination of an Executive Director or Executive Officer's service contract, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous.

The remuneration of employees who are related to our Directors, CEO or Substantial Shareholders will also be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Our Remuneration Committee will also review and approve any bonuses, pay increments and/or promotions for these related employees. In addition, any new employment of related staff and the proposed terms of their employment will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the staff under review, he or she will abstain from the review.

Our Remuneration Committee shall also ensure that the level and structure of remuneration of our Board and our Executive Officers are appropriate and proportionate to the sustained performance and value creation of our Company, taking into account the strategic objectives of our Company, and should be aligned with the long-term interest and risk policies of our Group and should be appropriate, to attract, retain and motivate (a) our Directors to provide good stewardship of our Group and (b) our Executive Officers to successfully manage our Company and our Group for the long term, as well as ensure accountability of our Group.

Each member of the Remuneration Committee shall abstain from voting on any resolutions and/or participating in deliberations in respect of his remuneration package or that of employees related to him.

BOARD PRACTICES

Our Directors are appointed by our Shareholders at a general meeting, and an election of Directors takes place annually. Our Constitution provides that our Board will consist of not less than two (2) Directors. Save for Mr. Roger Tan and Mr. Alvin Ong, with whom we have entered into service agreements, our Directors do not have fixed terms of office. Each Director is required to retire from office once every three (3) years and for this purpose, at each annual general meeting, one-third (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) of our Directors is required to retire from office by rotation. Directors who retire are eligible to stand for re-election.

Our Constitution has been summarised and set out in "Appendix D – Summary of our Constitution" of this Offer Document.

LS 2 PERFORMANCE SHARE PLAN

In conjunction with our listing on Catalist, we have adopted the LS 2 PSP, which was approved at an Extraordinary General Meeting of our Shareholders held on 22 December 2021. The rules of the LS 2 PSP are set out in “Appendix H – Rules of the LS 2 Performance Share Plan” of this Offer Document. These rules comply with the requirements set out in the Catalist Rules and the Companies Act.

The LS 2 PSP will provide eligible participants (“**PSP Participants**”) with an opportunity to participate in the equity of our 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 our Company and/or our Group.

As at the Latest Practicable Date, no Options have been granted under the LS 2 PSP.

The rules of the LS 2 PSP may be inspected by Shareholders at the registered office of our Company for a period of six (6) months from the date of this Offer Document.

Summary of the LS 2 PSP

A summary of the rules of the LS 2 PSP is set out as follows:

1. Eligibility

Group Executives who have attained the age of 21 years on or before the date of the grant of the Award and hold such rank as may be designated by the Remuneration Committee from time to time, shall be eligible to participate in the LS 2 PSP, at the absolute discretion of the Remuneration Committee. The PSP Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors. For this purpose, “**Group Executives**” means full time employees of our Group and Directors of our Company (including non-executive Directors).

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 Remuneration Committee 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 our 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.

Directors and full-time employees of our Company’s parent company and its subsidiaries shall not be eligible to participate in the LS 2 PSP. As at the Latest Practicable Date, our Company does not have a parent company.

2. Scheme Administration

The Remuneration Committee will be designated as the committee responsible for the administration of the LS 2 PSP. The Remuneration Committee will determine, among others, the following in relation to an Award:

- (i) the PSP Participant;
- (ii) the Award Date;
- (iii) the Performance Period;
- (iv) the number of Shares which are the subject of the Award;

LS 2 PERFORMANCE SHARE PLAN

- (v) the Performance Condition;
- (vi) the Vesting;
- (vii) the Release Schedule; and
- (viii) any other condition(s) which the Remuneration Committee may determine in relation to that Award.

In compliance with the requirements of the Catalist Rules, a Participant of the LS 2 PSP who is a member of the Remuneration Committee shall not be involved in its deliberations in respect of Awards to be granted or held by that member of the Remuneration Committee.

3. Awards Share

Awards represent the right of a participant to receive fully paid Shares free of charge provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

An award shall be personal to the PSP Participant and, prior to the allotment and/or transfer to the participant of the shares to which the released award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of our Remuneration Committee.

4. Timing

While our Remuneration Committee has the discretion to grant awards at any time in the year, it is currently anticipated that awards would in general be made once a year. An award letter confirming the award and specifying (among others) the number of Shares which are the subject of the award, the prescribed performance target(s), the performance period during which the performance conditions(s) must be satisfied and the vesting date, will be sent to each PSP Participant as soon as reasonably practicable after the making of an award.

5. Events Prior to Vesting

Special provisions for the vesting and lapsing of awards apply in certain circumstances including the following:

- (a) where the PSP Participant being a Group Executive ceases to be in the employment of our Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of our Remuneration Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of our Remuneration Committee;
 - (v) the Company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group;
 - (vi) (where applicable) his transfer of employment between companies within our Group;

LS 2 PERFORMANCE SHARE PLAN

- (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within our Group; or
 - (viii) any other event approved by our Remuneration Committee; and
- (c) any other event approved by our Remuneration Committee.

Upon the occurrence of any of the events specified above, our Remuneration Committee may, in its absolute discretion, preserve all or any part of any Award, and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the LS 2 PSP. In exercising its discretion, our Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that PSP Participant and the extent to which the Performance Condition has been satisfied.

6. Size and Duration of the LS 2 PSP

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the LS 2 PSP on any date, when aggregated with the aggregate number of Shares over which options or awards are granted under any share option schemes or share schemes of our Company, including the ESOS, shall not exceed 15.0% of total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day preceding that date.

This 15.0% size is intended to accommodate the potential pool of participants arising from our base of eligible participants. We also hope that with the significant portion of our issued share capital set aside for our LS 2 PSP, our employees and Executive Directors will recognise that we are making a good effort to reward them for their invaluable contributions to our Company by allowing them greater opportunities to participate in our equity.

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the LS 2 PSP to PSP Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the LS 2 PSP.

The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the LS 2 PSP to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the LS 2 PSP.

The number of Shares which are the subject of each Award to be granted to a PSP Participant who is a non-executive director of our Company shall not exceed 10.0% of the total number of Shares available under the LS 2 PSP. We are of the view that the size of our LS 2 PSP is reasonable, taking into account the share capital base of our Company, the contributions by our employees and Executive Directors and the potential number of employees as our business expands. Implementing our LS 2 PSP with the maximum amount of Shares not exceeding 15.0% of the total issued and paid-up Shares of our Company will enable us to maintain flexibility and remain competitive in the industry.

The LS 2 PSP shall continue to be in force at the discretion of the Remuneration Committee subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that it may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

LS 2 PERFORMANCE SHARE PLAN

7. Operation of the LS 2 PSP

Subject to the Companies Act and the Catalist Rules, our Company shall have the flexibility to deliver Shares to PSP Participants upon the Release of their Awards by way of (a) the allotment and issuance to each Participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance, and/or (b) the transfer of existing Shares to the Participant, including (subject to applicable laws) any Shares acquired by our Company pursuant to a share purchase mandate and/or held by our Company as treasury shares. Any proposed allotment and issue of new Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Companies Act for the issue of Shares.

In determining whether to allot and issue new Shares or to purchase existing Shares for delivery to the PSP Participants upon the Release of their Awards, our Remuneration Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of either issuing new Shares or purchasing existing Shares.

New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the Release of an Award shall (i) be subject to all the provisions of the Constitution of our Company (including provisions relating to the liquidation of our Company) and the Companies Act; (ii) and rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue. For this purpose, “**Record Date**” means the date fixed by our Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

8. Abstention from voting

Shareholders who are eligible to participate in the LS 2 PSP are to abstain from voting on any shareholders’ resolution relating to the LS 2 PSP, including the participation in the LS 2 PSP and the grant of awards to the PSP Participants Controlling, and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, Shareholders who are eligible to participate in the LS 2 PSP shall abstain from voting on the following resolutions, where applicable: (a) the implementation of the LS 2 PSP, and (b) participation by and grant of Awards to Controlling Shareholders and their Associates.

Adjustments and Alterations under the LS 2 PSP

The following describes the adjustment events under, and provisions relating to alterations of, the LS 2 PSP.

1. Adjustment Events

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution, or otherwise howsoever) shall take place, then:

- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the LS 2 PSP,

shall be adjusted in such manner as the Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive and, except in relation to a bonus issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

LS 2 PERFORMANCE SHARE PLAN

2. Modifications or Alterations to the LS 2 PSP

Any or all the provisions of the LS 2 PSP may be modified and/or altered at any time and from time to time by a resolution of the Remuneration Committee, subject to compliance with the Catalist Rules or such other stock exchange on which the Shares are quoted or listed, and for so long as our Company is listed on the Catalist Board of the SGX-ST, shall not be made without the prior approval of Issue Manager and Full Sponsor (acting as agent and on behalf of the SGX-ST) and such other regulatory authorities as may be necessary. However, no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of PSP Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full.

No alteration shall be made to the particular rules of the LS 2 PSP to the advantage of the PSP Participants, except with the prior approval of Shareholders in a general meeting.

Rationale for participation of Controlling Shareholders and their Associates of our Group in the LS 2 PSP

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the LS 2 PSP to Controlling Shareholders or their Associates and who are also Group Executives allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of the Controlling Shareholders and their Associates in the LS 2 PSP will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although participants who are Controlling Shareholders or their Associates may already have shareholding interests in our Company, the extension of the LS 2 PSP to include them ensures that they are equally entitled, as the other employees of our Group, who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the LS 2 PSP solely by reason that he/she is a Controlling Shareholder or an Associate of our Controlling Shareholders.

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Awards. A separate resolution must be passed for each of such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of our Controlling Shareholders and their Associates, the number of and terms of the Awards to be granted to the Controlling Shareholders and their Associates shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the LS 2 PSP resulting from the participation of employees who are our Controlling Shareholders or their Associates.

Rationale for participation of non-executive directors (including our Independent Directors) of our Group in the LS 2 PSP

Although our Group Non-Executive Directors (including Independent Directors) are not involved in day-to-day running of our Group's business, they, nonetheless play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by our Group Non-Executive Directors (including Independent Directors) in the LS 2 PSP will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. The extension of the LS 2 PSP to Group Non-Executive Directors (including Independent Directors) allows our Group to have a fair and equitable system to reward Group Non-Executive Directors of our Group who have made and who continue to make significant contributions the long-term growth of our Group.

LS 2 PERFORMANCE SHARE PLAN

Rationale for having both the LS 2 PSP and LS 2 ESOS

Both the LS 2 PSP and LS 2 ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. Both the LS 2 PSP and LS 2 ESOS form an integral component of our compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group. The LS 2 PSP and LS 2 ESOS are designed to complement each other. The aim of implementing more than one incentive plan is to increase our Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve better performance by providing our Group with a more comprehensive set of remuneration tools and further strengthen our competitiveness in attracting and retaining local and foreign talent. Unlike the LS 2 ESOS whereby Participants are required to pay for the exercise of the Options, the LS 2 PSP allows our Group to provide an incentive for participants to achieve certain specific performance targets by awarding fully paid Shares to participants after these targets have been met. In addition, the assessment criteria for granting Options under the LS 2 ESOS are more general and do not relate to specific performance targets imposed by our Group. On the other hand, the assessment criteria for granting of Awards under the LS 2 PSP will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

Financial Effects of the LS 2 PSP

The LS 2 PSP is considered a share-based payment that falls under SFRS (I) 2 where participants will receive Shares and the awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the awards would be recognised as a charge to the income statement over the period between the grant date and the vesting date of an award. The fair value per share of the awards granted will be determined using a generally accepted valuation methodology for pricing financial instruments. The significant inputs into the valuation methodology will include, among others, the share price as at the date of grant of the award, the risk-free interest rate, the vesting period, volatility of the share and dividend yield. The total amount of the charge over the vesting period is determined by reference to the fair value of each award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to the reserve account. Before the end of the vesting period, at each accounting year end, the estimate of the number of awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the income statement with a corresponding adjustment to the reserve account. After the vesting date, no adjustment to the charge to the income statement is made.

The amount charged to the income statement also depends on whether or not the performance target attached to an award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the award granted at the grant date, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met. However, if the performance target is not a market condition and the awards vest as a result of meeting such performance target, the fair value per share of the awards granted at the grant date is used to compute the amount to be charged to the income statement at each accounting date, based on an assessment by the management at such accounting date of whether the non-market conditions have been met to enable the awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative charge to the profit or loss if the awards do not ultimately vest.

In the event that the participants receive cash, our Company shall measure the fair value of the liability at grant date. Until the liability is settled, our Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in the income statement.

LS 2 PERFORMANCE SHARE PLAN

The following sets out the financial effects of the LS 2 PSP.

(a) Share capital

The LS 2 PSP will result in an increase in our Company's issued share capital when new Shares are allotted to participants. The number of new Shares allotted will depend on, among others, the size of the awards granted under the LS 2 PSP. In any case, the LS 2 PSP provides that the total number of Shares over which our Remuneration Committee may grant new awards on any date, when added to:

- (i) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the LS 2 PSP;
- (ii) the total number of Shares subject to any other share option or share schemes of our Company,

shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of the relevant new award. If instead of allotting new Shares to participants, existing Shares are transferred to participants, the LS 2 PSP will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on EPS, the LS 2 PSP is likely to result in a charge to our Company's income statement over the period from the grant date to the vesting date of the awards. The amount of the charge will be computed in accordance with SFRS (I) 2. When new Shares are allotted under the LS 2 PSP, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of allotting new Shares to participants, existing Shares are purchased for transferred to participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to participants under the LS 2 PSP will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) EPS

The LS 2 PSP is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS (I) 2.

It should again be noted that the delivery of Shares to participants of the LS 2 PSP will generally be contingent upon the participants meeting the prescribed performance targets and conditions.

(d) Dilutive Impact

The allotment of new Shares under the LS 2 PSP will have a dilutive impact on our consolidated EPS.

Application to the SGX-ST

We have made an application to the SGX-ST for permission to deal in and for quotation of the Performance Shares which may be issued upon the vesting of awards to be granted under the LS 2 PSP. The approval of the SGX-ST is not to be taken as an indication of the merits of the LS 2 PSP or the Performance Shares.

LS 2 PERFORMANCE SHARE PLAN

Disclosures in Annual Reports

Our Company will make such disclosures in our annual report for so long as the LS 2 PSP is in operation as from time to time required by the Catalist Rules including the following (where applicable):

- (a) the names of the members of our Remuneration Committee administering the LS 2 PSP;
- (b) the information required in the table below for the following PSP Participants:
 - (i) Directors of our Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) PSP Participants, other than those in (i) and (ii) above, who have received 5.0% or more of the total number of Shares available under the LS 2 PSP; and

Name of participant	Aggregate number of Shares comprised in Awards under the LS 2 PSP during financial year under review (including terms)	Aggregate number of Shares comprised in Awards vested to such participant since the commencement of the LS 2 PSP to end of financial year under review	Aggregate number of Shares comprised in Awards issued since commencement of the LS 2 PSP to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at end of financial year under review

- (c) such other information as may be required by the Catalist Rules or the Companies Act.

provided that if any of the above requirements are not applicable, an appropriate negative statement shall be included therein.

LS 2 EMPLOYEE SHARE OPTION SCHEME

In conjunction with our listing on Catalist, we have adopted the LS 2 ESOS, which was approved at an Extraordinary General Meeting of our Shareholders held on 22 December 2021. The rules of the LS 2 ESOS are set out in “Appendix G – Rules of the LS 2 Employee Share Option Scheme” of this Offer Document. These rules comply with the requirements set out in the Catalist Rules and the Companies Act.

The LS 2 ESOS will provide eligible participants (“**ESOS Participants**”) with an opportunity to participate in the equity of our 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 our Group. Implementation of the LS 2 ESOS will enable our Company to give recognition to the contributions made by such ESOS Participants.

As at the Latest Practicable Date, no Options have been granted under the LS 2 ESOS.

The rules of the LS 2 ESOS may be inspected by Shareholders at the registered office of our Company for a period of six (6) months from the date of this Offer Document.

Objectives of the LS 2 ESOS

The LS 2 ESOS will provide an opportunity for ESOS Participants who have contributed significantly to the growth and performance of our Group to participate in the equity of our Company.

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 our Group. Implementation of the LS 2 ESOS will enable our Company to give recognition to the contributions made by such ESOS Participants. At the same time, it will give such ESOS Participants an opportunity to have a direct interest in our Company at no direct cost to its profitability and will also help to achieve the following positive objectives:

- (a) to motivate participants of the LS 2 ESOS to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and prosperity of our Group;
- (c) to instill loyalty to, and a stronger identification by ESOS Participants with the long-term prosperity of our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of ESOS Participants with the interests of the Shareholders.

Summary of the LS 2 ESOS

1. Eligibility

Group Executives shall be eligible to participate in the LS 2 ESOS, at the absolute discretion of the Remuneration Committee. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors. For this purpose, “**Group Executives**” means full time employees of our Group and Directors of our Company (including non-executive Directors).

LS 2 EMPLOYEE SHARE OPTION SCHEME

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 Remuneration Committee 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 our 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 Participant.

Directors and full-time employees of our Company's parent company and its subsidiaries who have contributed to the success and development of our Company shall not be eligible to participate in the LS 2 ESOS. As at the Latest Practicable Date, our Company does not have a parent company.

2. LS 2 ESOS Administration

The LS 2 ESOS shall be administered by the Remuneration Committee, in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of our Company, provided that no member of the Remuneration Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him. Please see the section entitled "Management – Directors – Committees of Our Board – Our Remuneration Committee" for details of our Remuneration Committee.

Our Remuneration Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the LS 2 ESOS) for the implementation and administration of the LS 2 ESOS as it thinks fit.

Any decision of our Remuneration Committee, made pursuant to any provision of the LS 2 ESOS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the LS 2 ESOS or any rule, regulation, or procedure thereunder or as to any rights under the LS 2 ESOS).

3. Size of the LS 2 ESOS

The aggregate number of Shares over which the Remuneration Committee 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 our Company, including the LS 2 PSP, shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day immediately preceding the Offer Date of the Option.

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 25.0% 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 10.0% of the Shares available under the LS 2 ESOS.

4. Maximum Entitlements

The aggregate number of Shares in respect of which Options may be offered to a Grantee for acquisition in accordance with the LS 2 ESOS shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as rank, past performance, years of service and potential development of the Grantee.

LS 2 EMPLOYEE SHARE OPTION SCHEME

5. Options, Exercise Period and Acquisition Price

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 Remuneration Committee at its absolute discretion, and shall be fixed by the Remuneration Committee at:

- (a) the market price; or
- (b) a price which is set at a discount to the market price, the quantum of such discount to be determined by the Remuneration Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20.0% 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, our Remuneration Committee shall take into consideration such criteria as our Remuneration Committee may, at its absolute discretion, deem appropriate, including but not limited to:

- (a) the performance of our 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 Group Executive;
- (c) the contribution of the eligible Participant to the success and development of our Company and/or our 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 our Remuneration Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against our 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 our Remuneration Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against our Company.

The exercise period of the Options as stated above is in line with Section 77 of the Companies Act.

6. Grant of Options

Our Remuneration Committee may, subject to the rules of the LS 2 ESOS, offer to grant Options 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 Options shall be granted during the period of 30 days immediately preceding the date of announcement of our Company's interim and/or final results (whichever the case may be).

LS 2 EMPLOYEE SHARE OPTION SCHEME

7. Termination of Options

An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against our Company:

- (a) upon the Participant ceasing to be in the employment of our Company or any of the companies within our Group for any reason whatsoever; or
- (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
- (c) in the event of misconduct on the part of the Participant, as determined by our Remuneration Committee in its absolute discretion.

For the foregoing purposes, a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

If a Participant ceases to be employed by our Group by reason of his:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Remuneration Committee;
- (b) redundancy;
- (c) retirement at or after a normal retirement age;
- (d) retirement before that age with the consent of the Remuneration Committee; or
- (e) for any other reason approved in writing by the Remuneration Committee,

he may, at the absolute discretion of the Remuneration Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

If a Participant ceases to be employed by a Subsidiary:

- (a) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within our Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within our Group; or
- (b) for any other reason,

provided our Remuneration Committee gives its consent in writing, he may, at the absolute discretion of our Remuneration Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Remuneration Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

If a Participant, who is also a Group Director ceases to be a director for any reason whatsoever, he may, at the absolute discretion of the Remuneration Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

LS 2 EMPLOYEE SHARE OPTION SCHEME

8. Acceptance of Options

An Option offered to a Grantee may only be accepted by the Grantee within 30 days after the relevant offer date and not later than 5.00 p.m. on the 30th day from such offer date in the manner set out in the Rules of the LS 2 ESOS. If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the 30 day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect. The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Remuneration Committee shall, within 15 Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.

9. Rights of Shares Arising

Subject to the Companies Act and the Catalist Rules, our Company shall have the flexibility to deliver Shares to ESOS Participants upon the exercise of their Options by way of:

- (a) an issue and allotment of new Shares; and/or
- (b) subject to applicable laws, the transfer of existing Shares, including any Shares acquired by our Company pursuant to a share purchase mandate and/or held by our Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to ESOS Participants upon the exercise of their Options, our Company will take into account factors such as (but not limited to):

- (i) the prevailing market price of the Shares;
- (ii) the prevailing market price of the Shares relative to the financial performance of our Company;
- (iii) the cash position of our Company;
- (iv) the projected cash needs of our Company;
- (v) the dilution impact (if any);
- (vi) the cost to our Company of either issuing either new Shares or purchasing existing Shares; and
- (vii) the liquidity of the Shares based on the average daily trading volume of the Shares, and in particular whether the repurchase by our Company of existing Shares to deliver to ESOS Participants upon exercise of their Options would materially impact upon the market price of the Shares.

Shares allotted and issued, and existing Shares procured by our Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Constitution of our Company and shall rank pari passu in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

10. Duration of the LS 2 ESOS

The LS 2 ESOS shall continue to be in force at the discretion of our Remuneration Committee, subject to a maximum period of 10 years, commencing on the date on which the LS 2 ESOS is adopted by Shareholders in the EGM. Subject to compliance with any applicable laws and regulations in Singapore, the LS 2 ESOS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

LS 2 EMPLOYEE SHARE OPTION SCHEME

11. Abstention from Voting

Shareholders who are eligible to participate in the LS 2 ESOS are to abstain from voting on any Shareholders' resolution relating to the LS 2 ESOS and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, Shareholders who are eligible to participate in the LS 2 ESOS shall abstain from voting on the following resolutions, where applicable: (a) implementation of the LS 2 ESOS; (b) the maximum discount which may be given in respect of any Option; and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

Adjustment Events under the LS 2 ESOS

If a variation in the issued share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the maximum entitlement in any one (1) Financial Year; and/or
- (d) the class and/or number of Shares in respect of which additional Options may be granted to ESOS Participants,

may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive and, except in relation to a bonus issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

Rationale for participation of Controlling Shareholders and their Associates of our Group in the LS 2 ESOS

Our Company acknowledges that the services and contributions of employees who are Controlling Shareholders or Associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the LS 2 ESOS to Controlling Shareholders or their Associates and who are also Group Executives allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of the Controlling Shareholders and their Associates in the LS 2 ESOS will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although participants who are Controlling Shareholders or their Associates may already have shareholding interests in our Company, the extension of the LS 2 ESOS to include them ensures that they are equally entitled, as the other employees of our Group, who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the LS 2 ESOS solely by reason that he/she is a Controlling Shareholder or an Associate of our Controlling Shareholders.

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number of and terms of such Options. A separate resolution must be passed for each of such participant. In seeking such approval from our independent Shareholders, clear justification as to the participation of our Controlling Shareholders and their Associates, the number of and terms of the Options to be granted to the Controlling Shareholders and their Associates shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the LS 2 ESOS resulting from the participation of employees who are our Controlling Shareholders or their Associates.

LS 2 EMPLOYEE SHARE OPTION SCHEME

Rationale for participation of non-executive directors (including our Independent Directors) of our Group in the LS 2 ESOS

Although our Group Non-Executive Directors (including Independent Directors) are not involved in day-to-day running of our Group's business, they, nonetheless play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by our Group Non-Executive Directors (including Independent Directors) in the LS 2 ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment. The extension of the LS 2 ESOP to Group Non-Executive Directors (including Independent Directors) allows our Group to have a fair and equitable system to reward Group Non-Executive Directors of our Group who have made and who continue to make significant contributions the long-term growth of our Group.

Rationale for having both the LS 2 PSP and LS 2 ESOS

Both the LS 2 PSP and LS 2 ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. Both the LS 2 PSP and LS 2 ESOS form an integral component of our compensation plan and are designed primarily to reward and retain employees whose services are vital to the growth and performance of our Company and/or our Group. The LS 2 PSP and LS 2 ESOS are designed to complement each other. The aim of implementing more than one incentive plan is to increase our Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve better performance by providing our Group with a more comprehensive set of remuneration tools and further strengthen our competitiveness in attracting and retaining local and foreign talent. Unlike the LS 2 ESOS whereby Participants are required to pay for the exercise of the Options, the LS 2 PSP allows our Group to provide an incentive for participants to achieve certain specific performance targets by awarding fully paid Shares to participants after these targets have been met. In addition, the assessment criteria for granting Options under the LS 2 ESOS are more general and do not relate to specific performance targets imposed by our Group. On the other hand, the assessment criteria for granting of Awards under the LS 2 PSP will be based on specific performance targets or to impose time-based service conditions, or a combination of both.

Financial Effects of the LS 2 ESOS

The LS 2 ESOS will increase our issued share capital to the extent of the new Shares that will be allotted pursuant to the exercise of options. Under the SFRS (I) 2, the fair value of employee services received in exchange for the grant of the options would be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of each options granted at the grant date and the number of options vested by vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of options that are expected to vest by the vesting date and recognises the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made. The proceeds net of any directly attributable transaction costs are credited to the share capital when the options are exercised.

During the vesting period, the consolidated earnings per share would be reduced by both the expense recognised and the potential ordinary shares to be issued under the LS 2 ESOS. When the options are exercised, the consolidated NTA will be increased by the amount of cash received for Exercise of the options. On a per share basis, the effect is accretive if the acquisition price is above the NTA per share but dilutive otherwise.

LS 2 EMPLOYEE SHARE OPTION SCHEME

There will be no cash outlay expended by us at the time of grant of such options as compared to the payment of cash bonuses. However, as Shareholders may be aware, any options granted to subscribe for new shares (whether the acquisition price is set at the market price of the shares at the date of grant or otherwise) have a fair value at the time of grant. The fair value of an option is an estimate of the amount that a willing buyer would pay a willing seller for the option on the grant date. Options are granted to participants at a nominal consideration of S\$1.00. Insofar as such options are granted at a consideration that is less than their fair value at the time of grant, there will be a cost to our Company in that we will receive from the participant upon the grant of the option a consideration that is less than the fair value of the option.

The following sets out the financial effects of the LS 2 ESOS.

(a) Share capital

The LS 2 ESOS will result in an increase in our Company's issued share capital when new Shares are allotted to participants. The number of new Shares allotted will depend on, among others, the size of the awards granted under the LS 2 ESOS. In any case, the LS 2 ESOS provides that the total number of Shares over which our Remuneration Committee may grant new awards on any date, when added to:

- (i) the total number of new Shares allotted and issued and/or to be allotted and issued and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards already granted under the LS 2 ESOS; and/or
- (ii) the total number of Shares subject to any other share option or share schemes of our Company,

shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the date preceding the date of the relevant new award. If instead of allotting new Shares to participants, existing Shares are transferred to participants, the LS 2 ESOS will have no impact on our Company's issued share capital.

(b) NTA

As described in paragraph (c) below on LS 2 ESOS, the LS 2 ESOS is likely to result in a charge to our Company's income statement over the period from the grant date to the vesting date of the awards. The amount of the charge will be computed in accordance with SFRS (I) 2. When new Shares are allotted under the LS 2 ESOS, there would be no effect on the NTA due to the offsetting effect of expenses recognised and the increase in share capital. However, if instead of allotting new Shares to participants, existing Shares are purchased for transferred to participants, the NTA would be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to participants under the LS 2 ESOS will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) EPS

Without taking into account earnings that may be derived by our Company from the use of the proceeds from the issuance of new Shares pursuant to the exercise of Options granted under the LS 2 ESOS, any new Shares issued pursuant to any exercise of the Options will have a dilutive impact on our Company's EPS.

(d) Dilutive Impact

The allotment of new Shares under the LS 2 ESOS will have a dilutive impact on our consolidated EPS.

LS 2 EMPLOYEE SHARE OPTION SCHEME

Application to the SGX-ST

We have made an application to the SGX-ST for permission to deal in and for quotation of the Option Shares which may be issued upon the exercise of the options to be granted under the LS 2 ESOS. The approval of the SGX-ST is not to be taken as an indication of the merits of the LS 2 ESOS or the Option Shares.

Disclosures in Annual Reports

Our Company will make such disclosures in our annual report for so long as the LS 2 ESOS is in operation as from time to time required by the Catalist Rules including the following (where applicable):

- (a) the names of the members of the Committee administering the LS 2 ESOS;
- (b) the information required in the table below for the following ESOS Participants:
 - (i) Directors of our Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) ESOS Participants, other than those in (i) and (ii) above, who receive 5.0% or more of the total number of Options available under the LS 2 ESOS;

Name of participant	Options granted during the financial year under review (including terms)	Aggregate Options granted since commencement of the LS 2 ESOS to end of financial year under review	Aggregate Options exercised since commencement of the LS 2 ESOS to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

- (c) the number and proportion of Options granted at the following discounts to the Market Price in the financial year under review:
 - (i) Options granted at up to 10.0% discount; and
 - (ii) Options granted at between 10.0% but not more than 20.0% discount; and
- (d) such other information as may be required under the Catalist Rules or the Companies Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, our Directors, CEO, Controlling Shareholders or their respective Associates) constitute interested person transactions. Details of interested person transactions of our Group for FY2018, FY2019, FY2020, 1H2021 and the period from 1 July 2021 to the Latest Practicable Date (“**Relevant Period**”) are set out below.

Save as disclosed below and in the “Restructuring Exercise” section of this Offer Document, none of our Directors, CEO, Controlling Shareholders or their respective Associates (each, an “**Interested Person**”) was or is interested in any material transaction undertaken by our Group during the Relevant Period.

In line with the rules set out in Chapter 9 of the Catalist Rules, a transaction of value less than S\$100,000 is not considered material in the context of the Placement and is not taken into account for the purposes of aggregation in this section.

INTERESTED PERSONS

Interested Person	Relationship with our Group
Mr. Roger Tan	: Executive Chairman and Executive Director
THK Capital Pte. Ltd.	: Associate of Mr. Roger Tan
News Environmental Pte. Ltd.	: Former Associate of Mr. Roger Tan
Integrated Training Consultants Pte. Ltd.	: Associate of Mr. Alvin Ong

PAST INTERESTED PERSON TRANSACTIONS

(I) Disposal of the Eco-Tech Properties to THK Capital Pte. Ltd

Prior to the admission of our Company to the Catalist board of the SGX-ST, our Executive Chairman and Executive Director, Mr. Roger Tan, had held the Eco-Tech Properties through LS 2 Services, given that he was a controlling shareholder (directly and/or indirectly) of LS 2 Services. The Eco-Tech Properties are classified as investment properties in the Group’s combined financial statements and leased to third parties as warehouses or factories, and are not used by our Group in our operations and are not intended to be used by our Group. Accordingly, to rationalise the operations of our Group in anticipation of the Listing and given that there are loans outstanding in respect of the Eco-Tech Properties, LS 2 Services sold the Eco-Tech Properties to THK Capital Pte. Ltd. for a consideration of S\$916,060 pursuant to two (2) sale and purchase agreements dated 12 October 2021. The consideration for the disposal of the Eco-Tech Properties was based on the carrying amount of such properties as at 30 June 2021, which was higher than the latest fair value of the Eco-Tech Properties as determined by an external, independent and qualified valuer using the sales comparison approach undertaken on 28 May 2021. The carrying amount of the Eco-Tech Properties is determined as cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight line method to allocate the depreciable amounts over the lease period of 30 years. The carrying amount of Eco-Tech Properties is accounted for in accordance with SFRS(I) 1-40 Investment Properties. Nexia TS Public Accounting Corporation has confirmed that the accounting treatment in relation to the Eco-Tech Properties is in accordance and consistent with SFRS(I) 1-40 Investment Properties and has performed relevant audit procedures in respect of the carrying amount of the Eco-Tech Properties.

As such, the disposal of the Eco-Tech Properties is unlikely to result in a significant impact on our Group’s financial statements. Consideration payable by THK Capital Pte. Ltd. to our Group for these Eco-Tech Properties was fully settled in cash by THK Capital Pte. Ltd. on the completion of such disposal on 23 November 2021. Our Directors are of the view that the disposal of the Eco-Tech Properties was conducted on an arm’s length basis and was on normal commercial terms, and was not prejudicial to the interests of our Group and our minority Shareholders, as the consideration was based on the carrying amount of the Eco-Tech Properties as at 30 June 2021. This is a one-off transaction and we do not intend to enter into similar transactions with any of our interested persons following the Listing.

INTERESTED PERSON TRANSACTIONS

Please also refer to the “Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020” and the “Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021” as set out in Appendix A and Appendix B respectively to this Offer Document for more details on the impact of this disposal to our financial statements.

(II) Advances to, and payment on behalf of, the Group by Mr. Roger Tan for working capital purposes

During the Relevant Period, Mr. Roger Tan made advances to, and payments on behalf of, LS 2 Services for working capital purposes. The amount of advances granted to and payments made on behalf of, LS 2 Services, and the amounts outstanding as at the end of FY2018, FY2019, FY2020, 1H2021 and the Latest Practicable Date and the largest amounts outstanding during the Relevant Period are as follow:

	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)	1H2021 (S\$'000)	1 July 2021 to the Latest Practicable Date (S\$'000)
Amount of advance extended and payments on behalf made	1,880	1,714	69	3	–

Outstanding as at 31 December 2018 (S\$'000)	Outstanding as at 31 December 2019 (S\$'000)	Outstanding as at 31 December 2020 (S\$'000)	Outstanding as at 30 June 2021 (S\$'000)	Outstanding as at the Latest Practicable Date (S\$'000)	Largest amount outstanding during the Relevant Period (S\$'000)
677	2,325	325	299	–	2,543

No interest was payable by our Group on the advances extended to, and payments made on behalf of, LS 2 Services by Mr. Roger Tan. Our Directors are of the view that such advances from, and payments on behalf by, Mr. Roger Tan to LS 2 Services were not extended on an arm’s length basis and not on normal commercial terms but nonetheless were not prejudicial to the interests of our Company and our minority Shareholders, as they were interest-free, unsecured and had no fixed term of repayment. As at the Latest Practicable Date, all amounts owing to Mr. Roger Tan by LS 2 Services have been repaid in full. We do not intend to obtain any further advances from or payments on behalf by Mr. Roger Tan following the Listing.

(III) Provision of project management services

During the Period Under Review, News Environmental Pte. Ltd. had provided project management services to our Group. Pursuant to and in consideration of such services, our Group paid fees to News Environmental Pte. Ltd.. We 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 we engage (including but not limited to News Environmental Pte. Ltd.), we agree 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 we actually pay to the project management firm comprises only the Management Fees.

INTERESTED PERSON TRANSACTIONS

Our Executive Chairman and Executive Director, Mr. Roger Tan was the sole shareholder of News Environmental Pte. Ltd. from 18 October 2019 to 2 March 2020. On 2 March 2020, his percentage ownership in News Environmental Pte. Ltd. decreased to 50.0%, and subsequently, increased to 60.0% on 1 October 2020. He was also a director of News Environmental Pte. Ltd. from 18 October 2019 to 31 May 2021. Following the disposal of Mr. Roger Tan's entire shareholding interest in News Environmental Pte. Ltd. on 11 March 2021 to his brother-in-law, such transactions between News Environmental Pte. Ltd. and our Group ceased to be interested person transactions.

The aggregate values of the transactions paid to News Environmental Pte. Ltd. pursuant to such project management services during the Relevant Period were as follow⁽¹⁾:

	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)	1H2021 (S\$'000)	1 July 2021 to the Latest Practicable Date (S\$'000)
News Environmental Pte. Ltd.	–	–	3	110	218

Note:

- (1) The amounts set out in the table above comprise only the Management Fees paid to News Environmental Pte. Ltd. during the Period Under Review. For completeness, the Total Contract Sums paid to News Environmental Pte. Ltd. were approximately S\$1.3 million in FY2020, S\$1.2 million in 1H2021, and S\$0.3 million from 1 July 2021 to the Latest Practicable Date.

The provision of the project management services by News Environmental Services Pte. Ltd. was conducted on an arm's length basis and on normal commercial terms, taking into account the profit margin earned by our Group in other similar projects where we also engaged project management firms. Our Audit Committee is of the view that the terms of the provision of the project management services by News Environmental Pte. Ltd. were not prejudicial to the interests of our Company and our minority Shareholders. We may continue to engage News Environmental Pte. Ltd. as our supplier following the Listing. However, such transactions will not constitute interested person transactions. Mr. Roger Tan does not currently hold any shares and currently does not intend to hold any shares in any of our suppliers in future. He is also currently not a director in any of our suppliers and currently does not intend to be appointed as a director in any of our suppliers in future.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

(I) Disposal of keyman insurance policies by our Group to Mr. Roger Tan

Prior to the admission of our Company to the Catalist board of the SGX-ST, our Executive Chairman and Executive Director, Mr. Roger Tan, had purchased certain life insurance policies through LS 2 Services, given that he was a controlling shareholder (directly and/or indirectly) of LS 2 Services. These life insurance policies are not a core asset or used as part of our operations. Accordingly, to rationalise the operations of our Group and clean up our balance sheet in anticipation of the Listing, pursuant to a Directors' resolution passed on 12 October 2021, LS 2 Services agreed to transfer one (1) life insurance policy with each of Transamerica Life Bermuda Ltd and Prudential Assurance Co. Singapore (Pte) Ltd ("**Keyman Policies**") to Mr. Roger Tan for an aggregate consideration of S\$783,787.72. All premiums for the Keyman Policies have been paid up in full. 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. As at the Latest Practicable Date, the transfer of the Keyman Policy with Transamerica Life Bermuda Ltd was completed and consideration for such transfer was fully settled in cash by Mr. Roger Tan on 1 December 2021. As at the Latest Practicable Date, the transfer of the Keyman Policy with Prudential Assurance Co. Singapore (Pte) Ltd remained outstanding, pending the insurer's processing of the relevant forms. As at the date of this Offer Document, the transfer of the Keyman Policy with Prudential Assurance Co. Singapore (Pte) Ltd has also completed and

INTERESTED PERSON TRANSACTIONS

the consideration for the transfer of this Keyman Policy was fully settled in cash by Mr. Roger Tan on 30 December 2021. Our Directors are of the view that the transfer of the Keyman Policies was conducted on an arm's length basis and was on normal commercial terms, and was not prejudicial to the interests of our Group and minority Shareholders, as the consideration 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, and there was no loss or gain recognised by our Group on such disposal. This is a one-off transaction and we do not intend to enter into similar transactions with any of our interested persons following Listing.

(II) Provision of personal guarantees by Mr. Roger Tan and Mr. Alvin Ong to our Group for facilities

During the Relevant Period, Mr. Roger Tan has provided personal guarantees in favour of our Group for facilities granted by various financial institutions to LS 2 Services, details of which are set out below:

Financial Institution	Type of facility	Date of facility	Credit line (S\$'000)	Amount outstanding and guaranteed as at the Latest Practicable Date (S\$'000)	Largest amount outstanding and guaranteed during the Relevant Period (S\$'000)
DBS Bank Ltd	Accounts receivable purchase facility	7 October 2019	5,000	237	1,252
DBS Bank Ltd	Term Loan	7 October 2019	544	470	544
DBS Bank Ltd	Term Loan	7 October 2019	544	470	544
Maybank Singapore Limited	Term Loan	28 February 2019	524	460	524
Standard Chartered Bank (Singapore) Limited	Overdraft and Short-Term Loan	6 December 2019	500	–	–
United Overseas Bank Limited	Commercial property loan	26 August 2015	532	0	473
United Overseas Bank Limited	Commercial property loan	21 March 2019	576	475	576
Ethoz Capital Ltd	Hire purchase	1 March 2012	81	0	35
Ethoz Capital Ltd	Hire purchase	2 June 2017	60	16	55
Ethoz Capital Ltd	Hire purchase	6 September 2017	62	27	60
Ethoz Capital Ltd	Hire purchase	6 September 2017	62	27	60
Ethoz Capital Ltd	Hire purchase	1 October 2017	62	27	60
Ethoz Capital Ltd	Hire purchase	1 October 2017	62	27	60
Ethoz Capital Ltd	Hire purchase	1 October 2017	62	27	60
Ethoz Capital Ltd	Hire purchase	1 October 2017	62	27	60
Ethoz Capital Ltd	Hire purchase	1 October 2017	62	27	60
Ethoz Capital Ltd	Hire purchase	1 November 2017	56	25	55

INTERESTED PERSON TRANSACTIONS

Financial Institution	Type of facility	Date of facility	Credit line (S\$'000)	Amount outstanding and guaranteed as at the Latest Practicable Date (S\$'000)	Largest amount outstanding and guaranteed during the Relevant Period (S\$'000)
Hong Leong Finance Limited	Hire purchase	3 November 2017	44	17	43
Mercedes-Benz Financial Services Singapore Ltd.	Hire purchase	29 December 2015	70	11	52
Mercedes-Benz Financial Services Singapore Ltd.	Hire purchase	20 February 2017	64	22	57
Mercedes-Benz Financial Services Singapore Ltd.	Hire purchase	18 March 2019	48	23	48
Mercedes-Benz Financial Services Singapore Ltd.	Hire purchase	19 March 2019	48	23	48
Hui Hua Credit Pte Ltd	Hire purchase	18 June 2018	20	0	20
Abwin Pte Ltd	Hire purchase	26 July 2019	30	12	30
DBS Bank Ltd	Hire purchase	22 November 2019	230	66	230
Maybank Singapore Ltd	Hire purchase	22 June 2020	49	35	49
HL Bank	Hire purchase	23 July 2021	56	53	56
Ethoz Capital Ltd	Lease Agreement	21 January 2021	40	33	40
Ethoz Capital Ltd	Lease Agreement	14 January 2021	40	33	40
Ethoz Capital Ltd	Lease Agreement	3 April 2020	54	36	54
United Overseas Bank Limited	Hire purchase	4 October 2021	49	47	49
United Overseas Bank Limited	Hire purchase	4 October 2021	45	43	45
Oversea-Chinese Banking Corporation Limited	Temporary bridging loan	8 December 2021	3,000	Nil	Nil

INTERESTED PERSON TRANSACTIONS

During the Relevant Period, Mr. Alvin Ong has provided a personal guarantee in favour of our Group for facilities granted by Oversea-Chinese Banking Corporation Limited to LS 2 Services, details of which are set out below:

Financial Institution	Type of facility	Date of facility	Credit line (S\$'000)	Amount outstanding and guaranteed as at the Latest Practicable Date (S\$'000)	Largest amount outstanding and guaranteed during the Relevant Period (S\$'000)
Oversea-Chinese Banking Corporation Limited	Temporary bridging loan	8 December 2021	3,000	Nil	Nil

Please refer to the section entitled “Capitalisation and Indebtedness” of this Offer Document for the details of the facilities, including their interest rates and maturity profiles.

The personal guarantees granted by Mr. Roger Tan and Mr. Alvin Ong for the facilities granted to our Group were provided without any consideration paid by LS 2 Services. Accordingly, our Directors are of the view that the provision of the abovementioned personal guarantees was not conducted on an arm’s length basis and not on normal commercial terms but was nevertheless not prejudicial to the interests of our Company and our minority Shareholders. Our Group does not intend to enter into such arrangements with Mr. Roger Tan and Mr. Alvin Ong in respect of any new facilities to be obtained from financial institutions.

Following the Listing, we intend to request for the discharge of the above personal guarantees by Mr. Roger Tan and Mr. Alvin Ong and replace them with a corporate guarantee by our Company. Should any of the counterparties not agree to release and discharge the above personal guarantees, or if such release, discharge and replacement is on terms and conditions not acceptable to our Group, Mr. Roger Tan and Mr. Alvin Ong have undertaken to our Company to continue to provide the relevant personal guarantees without charge, fee, commission, benefit-in-kind or other interest payable to him, and on the same terms and conditions of the relevant facilities currently maintained, until such time as we are able to secure alternative facilities from other financial institutions. We do not intend to enter into such transactions with any of our interested persons following Listing.

(III) Provision of training services by Integrated Training Consultants Pte. Ltd.

During the Period Under Review, Integrated Training Consultants Pte. Ltd. had provided training services to our Group (“**Training Services**”). Our Group paid fees to Integrated Training Consultants Pte. Ltd. in consideration of the Training Services provided to our Group.

The aggregate values of the transactions as Training Services during the Relevant Period were as follow:

	FY2018 (S\$'000)	FY2019 (S\$'000)	FY2020 (S\$'000)	1H2021 (S\$'000)	1 July 2021 to the Latest Practicable Date (S\$'000)
Integrated Training Consultants Pte. Ltd.	82	85	145	20	22

The provision of Training Services was conducted on an arm’s length basis and on normal commercial terms, taking into account the range of fees charged by Integrated Training Consultants Pte. Ltd. to other third parties for similar services. We may continue to engage Integrated Training Consultants Pte. Ltd. to provide Training Services following Listing, subject to the guidelines and review procedures set out in the section entitled “Interested Person Transactions – Guidelines and Review Procedures for On-going and Future Interested Person Transactions” of this Offer Document and in compliance with Chapter 9 of the Catalist Rules. Our Audit Committee is of the view that the terms of the provision of Training Services were not prejudicial to the interests of our Company and our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with interested persons are not prejudicial to the interests of our Company and our minority Shareholders and are undertaken on an arm's length basis, on normal commercial terms and are consistent with our Group's usual business practices and policies, which are generally no more favourable to the interested persons than those transacted with unrelated third parties, the following procedures will be implemented by our Group.

In relation to any purchase of products or procurement of services from interested persons, quotes from at least two (2) unrelated third parties in respect of the same or substantially the same type of transactions will be used as comparison wherever possible. The purchase price, procurement price or fee for services shall not be higher than the most competitive price of the two (2) comparative prices from the two (2) unrelated third parties. Our Audit Committee will review the comparable quotes, taking into account, among others, the quality, requirements, delivery time and the track record of the supplier.

In relation to any sale of products or provision of services to interested persons, the price and terms of two (2) other completed transactions of the same or substantially the same type of transactions to unrelated third parties are to be used as comparison wherever possible. The interested persons shall not be charged at rates lower than those charged to the unrelated third parties to ensure that the interests of our Group and minority Shareholders are not disadvantaged.

All interested persons transactions above S\$200,000 are to be approved by a Director who shall not be an interested person in respect of the particular transaction. Any contracts to be made with an interested person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated parties and the terms are no more favourable than those extended to or received from unrelated parties.

When renting properties from or to an interested person, appropriate steps will be taken to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties and obtaining suitable reports or reviews published by property agents (as necessary), including an independent valuation report by a property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar properties in terms of size and location, based on the results of the relevant enquiries.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties will be used as a basis for comparison to determine whether the price and terms offered to or received from the interested person are no more favourable than those extended to or received from unrelated parties. In the event that it is not possible for appropriate information for comparative purposes to be obtained, the matter will be referred to our Audit Committee, and our Audit Committee will determine whether the relevant price and terms are fair and reasonable and consistent with our Group's usual business practices and policies.

In addition, we shall monitor all interested person transactions entered into by us categorising the transactions as follow:

- (a) a "category one" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof is equal to or in excess of 3.0% of the latest audited NTA of our Group; and
- (b) a "category two" interested person transaction (either individually or as part of a series or if aggregated with other transactions involving the same interested person during the same financial year) is one where the value or aggregate value thereof is below 3.0% of the latest audited NTA of our Group.

INTERESTED PERSON TRANSACTIONS

All “category one” interested person transactions must be approved by our Audit Committee prior to entry. All “category two” interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee.

We will prepare relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. Our Audit Committee will include the review of interested person transactions as part of its procedures while examining the adequacy of our internal controls. Further, if during these periodic reviews, our Audit Committee believes that the guidelines and review procedures as stated above are not sufficient to ensure that the interested person transactions will be on normal commercial terms, on an arm’s length basis and not prejudicial to the interests of our Company and our minority Shareholders, we will adopt new guidelines and review procedures for future interested person transactions as may be appropriate. Our Audit Committee may request for an independent financial adviser’s opinion if it deems fit.

Before any agreement or arrangement with an interested person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from our Audit Committee. In the event that a member of our Audit Committee is interested in any interested person transactions, he will abstain from reviewing that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit Committee.

We will also comply with the provisions in Chapter 9 of the Catalist Rules in respect of all future interested person transactions, and if required under the Catalist Rules, the Companies Act or the SFA, we will make immediate announcements and/or seek independent Shareholders’ approval for such transactions. In particular, interested persons and their Associates shall abstain from voting on resolutions approving interested person transactions involving themselves. In addition, such interested persons shall not act as proxies in relation to such resolutions unless specific instructions as to voting have been given by the Shareholders.

Our Board will also ensure that all disclosures, approvals and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards are complied with.

POTENTIAL CONFLICTS OF INTERESTS

Interests of Directors, CEO, Controlling Shareholders or Their Associates

In general, a conflict of interests situation arises when any of our Directors, CEO, Controlling Shareholders or their respective Associates carries on or has any interest in any other corporation carrying on the same business or dealing in similar products or services as our Group.

Save as disclosed in the section entitled “Interested Person Transactions” of this Offer Document, none of our Directors, CEO, Controlling Shareholders or any of their respective Associates has any interest, whether direct or indirect, in:

- (a) any transactions to which our Company or our Subsidiaries were or are a party;
- (b) any company or entity carrying on the same business or dealing in similar products or services as our Group;
- (c) any company or entity that is our customer or supplier of goods and services; and
- (d) any existing contract or arrangement which was or is significant in relation to the business of our Group.

None of our Directors, CEO, Controlling Shareholders, and/or any of their Associates is involved in the management of any company or entity involved in a similar or related business as our Group.

INTERESTED PERSON TRANSACTIONS

Interests of Experts

None of the experts named in this Offer Document:

- (a) is employed on a contingent basis by our Company or our Subsidiaries;
- (b) has a material interest, whether direct or indirect, in our Shares or in the shares of our Subsidiaries; or
- (c) has a material economic interest, whether direct or indirect, in our Company, including having an interest in the success of the Placement.

Interests of the Issue Manager and Full Sponsor, and the Placement Agent

In the reasonable opinion of our Directors, the Issue Manager and Full Sponsor and the Placement Agent do not have material relationships with our Company save for the following:

- (a) RHT Capital is the Issue Manager and Full Sponsor for the Placement;
- (b) RHT Capital will be the continuing Sponsor of our Company for a period of three (3) years from the date our Company is admitted and listed on Catalist; and
- (c) SCCM is the Placement Agent for the Placement.

Please refer to the section entitled "Sponsorship, Management and Placement Arrangements" of this Offer Document for further details on our Management and Sponsorship Agreement, and Placement Agreement.

CLEARANCE AND SETTLEMENT

For the purposes of trading on the SGX-ST, a board lot of the Shares will comprise 100 Shares. Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of the Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. Transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange rates will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No stamp duty for transfer is currently payable for Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement through CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the second Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. As at the date of this Offer Document, save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
 - (a) has at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction 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 two (2) years after the date he ceased to be a partner;
 - (b) has at any time during the last 10 years, had an application or a petition under any law of any jurisdiction 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 two (2) years after 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;
 - (c) has any unsatisfied judgment against him;
 - (d) 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;
 - (e) has 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 pending criminal proceedings of which he is aware) for such breach;
 - (f) at any time during the last 10 years, had judgment 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 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;
 - (g) has been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) has 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;
 - (i) has 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;
 - (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (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;
 - (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

GENERAL AND STATUTORY INFORMATION

- (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 the period when he was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

MOM investigations and regulatory action

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

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

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

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

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

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

None of the above contraventions resulted in any work injury compensation claims. Our Group has put in place policies and procedures to ensure compliance with the MOM rules. These policies and procedures include (a) requiring overtime claims to be approved by the site supervisor before they are submitted for processing, thereby ensuring that our employees will not be paid beyond their stipulated working hours and that pay slips are provided on a timely basis, (b) establishing a checklist that will be completed and submitted to the Board on a regular basis which will include, amongst others, requirements on the hiring of foreign workers, overtime and health insurance under the Employment Act, and (c) ensuring that all our new employees are aware of our Group's policies and procedures. We have also reminded all foreign workers to inform our human resources department immediately if their registered premises change and to declare their registered premises on a monthly basis. These declarations will be checked against the Online Foreign Worker Address Service maintained by the MOM. Surprise spot checks will also be conducted on a monthly basis to ensure compliance with this requirement. An administrative executive who oversees the administrative matters relating to foreign workers employed by the Group will be responsible for the initial input of addresses and subsequent updating of such address in the event of any change, with the MOM. The administrative executive reports to our Group's human resource manager who functions as an independent third-party check.

Our internal auditors, BDO Advisory Pte Ltd, through the course of its internal audit, have reviewed such policies and procedures, in particular, on overtime, provision of detailed payslips and the monitoring of workers accommodation, and is satisfied that the internal controls are adequate and effective in ensuring compliance with the MOM rules and preventing such incidents from happening again. Taking into account the Group's current policies and procedures and having considered the view of our internal auditors, our Board is of the view that our Group has adequate and effective systems of internal controls (including operational and compliance controls) and risk management systems. Our Audit Committee will review such policies and procedures at least annually to ensure that such policies and procedures are commensurate with our operations.

Investigations relating to Yamada Green

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

GENERAL AND STATUTORY INFORMATION

Notice of Compliance Issued to Spackman Entertainment Group Limited

Mr Ng. Hong Whee is an independent director of Spackman Entertainment Group Limited (“**Spackman**”) which has received a notice of compliance from the Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) dated 3 September 2020 (“**NOC**”). The NOC was concerned with certain transactions that Spackman had entered into with certain shareholders of Spackman Media Group Limited (“**SMGL**”) pursuant to which Spackman increased its shareholding interest in SMGL to 43.88% (“**Past Transactions**”), and a proposed disposal of such interests to Spackman Equities Group (“**Proposed Disposal**”). The concerns arose from, amongst others, past and current common directors in these companies, and that the consideration for the Proposed Disposal was substantially lower than what Spackman had paid in the Past Transactions. Accordingly, the NOC directed that Spackman’s audit and risk management committee (“**ARMC**”) perform a holistic review of the Past Transactions and provide the SGX RegCo with details of past due diligence performed on the Past Transactions. In addition, Spackman was not to enter into a binding agreement in relation to the Proposed Disposal prior to completion of the ARMC’s review, and the SGX RegCo being satisfied with the findings of the review. As at the Latest Practicable Date, the review is ongoing.

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

Notwithstanding the above, our Board is of the view that each of Mr. Roger Tan, Mr. Chua Ser Miang, Mr. Ng Hong Whee and Ms. Tan Wei Ying have the character and integrity expected of a listed issuer as (a) none of the above disclosures relate to the character and integrity of any of Mr. Roger Tan, Mr. Chua Ser Miang, Mr. Ng Hong Whee and Ms. Tan Wei Ying, (b) all lapses highlighted by the MOM have been rectified and our Group has put in place additional policies and procedures to ensure compliance with MOM’s regulations, (c) Mr. Chua Ser Miang was not the subject of the investigations and further was a member of the audit committee that engaged an independent party to investigate the relevant matter and (d) Mr. Ng Hong Whee was not personally involved in any of the Past Transactions or the Proposed Disposal, and further that the ARMC, of which Mr. Ng Hong Whee is a member, has cooperated and complied with the directions set out in the NOC. Notwithstanding this, our Nominating Committee will (a) monitor the status of the Spackman’s independent review of the Past Transactions and in particular, in relation to Mr. Ng Hong Whee’s involvement as its independent director; and (b) review his suitability as our Group’s independent director upon any material developments of this matter. For the avoidance of doubt, Mr. Ng Hong Whee, being a member of the Nominating Committee, will recuse himself from the discussions pertaining to (a) and (b).

GENERAL AND STATUTORY INFORMATION

CHANGES IN SHARE CAPITAL

2. As at the Latest Practicable Date, there is only one (1) class of shares, being ordinary shares, in the capital of our Company. There are no founder, management, deferred shares or unissued shares reserved for issuance for any purpose. The rights and privileges attached to our Shares are stated in our Constitution.
3. Save as disclosed in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document and below, there are no changes in the issued and paid-up capital of our Company and our Subsidiaries within the three (3) years preceding the Latest Practicable Date:

Date of issue	Number of shares issued/change in the number of shares	Issue price per share/ Consideration	Purpose of issue/change	Resultant share capital
<i>Our Company</i>				
18 June 2020	One (1) ordinary share	S\$1	Subscriber share issued upon incorporation	S\$1
<i>Subsidiaries</i>				
<i>LS 2 Services</i>				
1 July 2021	297,000,000 ordinary shares	Total nominal consideration of S\$100	Restructuring Exercise	S\$3,000,100
<i>LS 2 Management</i>				
18 June 2020	One (1) ordinary share	S\$1	Subscriber share issued upon incorporation	S\$1
<i>LS 2 Facilities</i>				
8 July 2021	One (1) ordinary share	S\$1	Subscriber share issued upon incorporation	S\$1

4. Save as disclosed above and in the sections entitled “Share Capital” and “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or our Subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the three (3) years preceding the date of this Offer Document.
5. No option to subscribe for Shares in, or debentures of, our Company or our Subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the last two (2) years preceding the date of this Offer Document.
6. As at the Latest Practicable Date, no person has been or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or our Subsidiaries.

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MATERIAL CONTRACTS

7. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our Subsidiaries within the two (2) years preceding the date of lodgement of this Offer Document and are or may be material:
- (a) the moratorium undertakings referred to in the section entitled “Shareholders – Moratorium” of this Offer Document;
 - (b) the deed of undertakings to be entered into by each of Mr. Roger Tan and Mr. Alvin Ong in favour of our Company, pursuant to which each of Mr. Roger Tan and Mr. Alvin Ong will undertake to notify our Company, as soon as he becomes aware of any share pledging arrangements relating to his Shares and of any event which may result in a breach of the loan provisions under the bank facilities extended to our Group;
 - (c) the undertakings by Mr. Roger Tan and Mr. Alvin Ong referred to in the section entitled “Interested Person Transactions – Present and On-going Interested Person Transactions” of this Offer Document;
 - (d) the sale and purchase agreements between LS 2 Services and THK Capital Pte. Ltd. dated 12 October 2021 for disposal of the Eco-Tech Properties, referred to in the section entitled “Interested Person Transactions” of this Offer Document;
 - (e) the Management and Sponsorship Agreement referred to in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document;
 - (f) the Placement Agreement referred to in the section entitled “Sponsorship, Management and Placement Arrangements” of this Offer Document; and
 - (g) the Service Agreements referred to in the section entitled “Directors, Executive Officers and Staff – Service Agreements” of this Offer Document.

MATERIAL LITIGATION

8. As at the Latest Practicable Date, our Group was not engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of lodgement of this Offer Document, a material effect on our Group’s financial position or profitability.

CONSTITUTION

9. The nature of our Company’s business has been stated earlier in this Offer Document. Our objects can be found in our Constitution.
10. An extract of our Constitution relating to, among others, Directors’ powers to vote on contracts in which they are interested, Directors’ remuneration, Directors’ borrowing powers, Directors’ retirement, Directors’ share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in “Appendix D – Summary of our Constitution” of this Offer Document. The Constitution of our Company is available for inspection at our registered office in accordance with paragraph 24 in the section entitled “General and Statutory Information” of this Offer Document.

GENERAL AND STATUTORY INFORMATION

MISCELLANEOUS

11. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two (2) years preceding the date of this Offer Document.
12. There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between the date of incorporation of our Company and the Latest Practicable Date.
13. Save as disclosed in the section entitled “Sponsor, Management and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two (2) years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or our Subsidiaries.
14. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
15. Save as disclosed the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “General Information on our Group” of this Offer Document, our Directors are not aware of any event which has occurred between 1 July 2021 and the Latest Practicable Date which may have a material effect on the results of operations and financial position of our Group or the financial information provided in this Offer Document.
16. Save as disclosed in the sections entitled “Risk Factors”, “Capitalisation and Indebtedness”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “General Information on our Group” of this Offer Document, the results of operations and financial position of our Group are not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group’s liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that may materially affect the amount of reported income from operations; and
 - (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
17. Details, including the name, address and professional qualifications including membership in a professional body of the auditors of our Company for the Period Under Review are as follow:

Name and address	Professional body	Director-in-charge / Professional qualification
Nexia TS Public Accounting Corporation 80 Robinson Road #25-00 Singapore 068898	Public Accountants and Chartered Accountants Singapore	Ms. Meriana Ang Mei Ling / a practising member of the Institute of Singapore Chartered Accountants

GENERAL AND STATUTORY INFORMATION

Our internal auditors are BDO Advisory Pte Ltd, located at 600 North Bridge Road, #23-01, Parkview Square, Singapore 188778. The Partner-in-charge is Mr. Koh Chin Beng, who is a Chartered Accountant (Singapore) and Certified Internal Auditor.

We currently have no intention of changing the auditors of the companies in our Group after the Listing.-

CONSENTS

18. RHT Capital Pte. Ltd., the Issue Manager and Full Sponsor, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation of this Offer Document.
19. SooChow CSSD Capital Markets (Asia) Pte. Ltd., the Placement Agent, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they appear in this Offer Document and to act in such capacity in relation of this Offer Document.
20. Nexia TS Public Accounting, the Independent Auditor and Reporting Accountant, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of (i) the *“Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years ended 31 December 2018, 2019 and 2020”*, *“Independent Auditor’s Review Report and unaudited Interim Condensed Combined Financial Statements for the six months period ended 30 June 2021”* and the *“Independent Auditor’s Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2020”* as set out in Appendix A, Appendix B and Appendix C, respectively, of this Offer Document, and (ii) the statements attributed to it in the sections entitled “Summary of our Financial Information – Basis of Preparation” and “Directors, Executive Officers and Staff – Executive Officers” of this Offer Document, in the form and context in which they are included, as well as all references to its name in the form and context in which it appears in this Offer Document and to act in such capacity in relation of this Offer Document.
21. Bird & Bird ATMD LLP, the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law has given, and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto, in the form and context in which it appears in this Offer Document and to act in such capacity in relation of this Offer Document.
22. BDO Advisory Pte. Ltd., our internal auditors, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and the statements attributed to it in the sections entitled “Directors, Executive Officers and Staff – Executive Officers” and “General and Statutory Information” of this Offer Document, and all references thereto in the form and context in which it appears in this Offer Document and to act in such capacity in relation of this Offer Document.
23. Each of the Issue Manager and Full Sponsor, the Placement Agent, the Solicitors to the Placement and Legal Advisers to our Company on Singapore Law, the Share Registrar and the Receiving Bank do not make, or purport to make, any statement in this Offer Document or any statement upon which a statement in this Offer Document is based and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Offer Document.

GENERAL AND STATUTORY INFORMATION

DOCUMENTS AVAILABLE FOR INSPECTION

24. Copies of the following documents may be inspected at our registered address during normal business hours for a period of six (6) months from the date of registration by the SGX-ST acting as agent on behalf of the Authority, of this Offer Document:
- (i) the Constitution;
 - (ii) the material contracts referred to in the section entitled “General and Statutory Information – Material Contracts” of this Offer Document;
 - (iii) the letters of consent referred to in the section entitled “General and Statutory Information – Consents” of this Offer Document;
 - (iv) the Independent Auditor’s Report and the Audited Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020 as set out in Appendix A of this Offer Document;
 - (v) the Independent Auditor’s Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021 as set out in Appendix B of this Offer Document;
 - (vi) the Independent Auditor’s Assurance Report and the Compilation of Unaudited Pro Forma Combined Financial Information for the Financial Year Ended 31 December 2020 as set out in Appendix C of this Offer Document; and
 - (vii) the audited financial statements of our Subsidiaries for FY2018, FY2019 and FY2020.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

25. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Placement and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Offer Document in its proper form and context.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2018, 2019 AND 2020**

**LS 2 HOLDINGS LIMITED AND
ITS SUBSIDIARY CORPORATIONS**
(Incorporated in the Republic of Singapore)

**INDEPENDENT AND REPORTING AUDITOR’S REPORT
ON THE COMBINED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 and 2020**

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2018, 2019 AND 2020**

**LS 2 Holdings Limited and its Subsidiary Corporations
Directors’ Statement
For the financial years ended 31 December 2018, 2019 and 2020**

In the opinion of the directors,

- (a) the combined financial statements of LS 2 Holdings Limited (the “Company”) and its subsidiary corporations (collectively, the “Group”) as set out on pages A-6 to A-55 are drawn up so as to give a true and fair view of the combined financial position of the Group as at 31 December 2018, 2019 and 2020 and the combined financial performance, combined changes in equity and combined cash flows of the Group for the financial years covered by the combined 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.

The directors have, on the date of this statement, authorised these combined financial statements for issue.

.....
Tan Hoo Kiat
Director

.....
Ong Khong Weng, Alvin
Director

15 February 2022

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2018, 2019 AND 2020**

INDEPENDENT AND REPORTING AUDITOR’S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF LS 2 HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020

Board of Directors of LS 2 Holdings Limited
1 Bukit Batok Crescent
#04-11
WCEGA Plaza
Singapore 658064

Dear Sirs

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of LS 2 Holdings Limited (the “Company”) and its subsidiary corporations (collectively, the “Group”), which comprise the combined balance sheet as at 31 December 2018, 2019 and 2020, and the combined statement of comprehensive income, combined statement of changes in equity and combined statement of cash flows for the financial years ended 31 December 2018, 2019 and 2020, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages A-6 to A-55.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) so as to give a true and fair view of the combined financial position of the Group as at 31 December 2018, 2019 and 2020 and of the combined financial performance, combined changes in equity and combined cash flows of the Company for the financial years ended 31 December 2018, 2019 and 2020.

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 combined 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.

APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020

INDEPENDENT AND REPORTING AUDITOR’S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF LS 2 HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (continued)

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with the 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 combined financial statements and to maintain accountability of assets.

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

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

Auditor’s Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2018, 2019 AND 2020**

INDEPENDENT AND REPORTING AUDITOR’S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF LS 2 HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 (continued)

Auditor’s Responsibilities for the Audit of the Combined Financial Statements (continued)

- 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 Company’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 combined 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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 combined 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 directors 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.

Restriction on Distribution and Use

This report is made solely for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of LS 2 Holdings Limited on the Catalist, the sponsor-supervised Board of Singapore Exchange Securities Trading Limited and for no other purpose.

The engagement director on the audit resulting in this independent auditor’s report is Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

15 February 2022

**APPENDIX A – INDEPENDENT AUDITOR’S REPORT AND
THE AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS
ENDED 31 DECEMBER 2018, 2019 AND 2020**

**LS 2 Holdings Limited and Its Subsidiary Corporations
Combined Statement of Comprehensive Income
For the financial years ended 31 December 2018, 2019 and 2020**

	Note	2018 \$	2019 \$	2020 \$
Revenue	4	43,447,725	49,041,607	54,639,534
Other income	5	666,604	728,046	339,349
Expenses				
- Purchases and related costs		(9,395,648)	(9,940,407)	(10,818,306)
- Employee benefits	6	(27,977,692)	(31,600,353)	(30,649,476)
Direct operating costs		(37,373,340)	(41,540,760)	(41,467,782)
- Depreciation of property, plant and equipment	13	(552,437)	(986,170)	(1,403,451)
- Depreciation of investment properties	16	(44,353)	(54,260)	(39,400)
- Other expenses	7	(4,868,738)	(5,625,219)	(4,436,878)
- Finance costs	8	(331,789)	(365,830)	(390,652)
Total expenses		(43,170,657)	(48,572,239)	(47,738,163)
Profit before income tax		943,672	1,197,414	7,240,720
Income tax (expense)/credit	9	(237,494)	(209,055)	90,216
Total comprehensive income, representing net profit for the financial year		<u>706,178</u>	<u>988,359</u>	<u>7,330,936</u>
Earnings per share (“EPS”) for net profit attributable to equity holders of the Company (Cents per share)				
Basic and diluted EPS	10	<u>0.45</u>	<u>0.63</u>	<u>4.66</u>

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

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Combined Balance Sheets
As at 31 December 2018, 2019 and 2020**

	Note	2018 \$	2019 \$	2020 \$
ASSETS				
Current assets				
Cash and bank balances	11	1,441,681	1,874,631	7,299,679
Trade and other receivables	12	11,601,734	17,775,492	16,610,860
		<u>13,043,415</u>	<u>19,650,123</u>	<u>23,910,539</u>
Non-current assets				
Property, plant and equipment	13	1,568,575	5,464,975	4,963,591
Investment properties	16	1,663,392	985,012	945,612
Financial assets, at fair value through profit or loss (“FVPL”)	17	762,203	767,756	767,756
		<u>3,994,170</u>	<u>7,217,743</u>	<u>6,676,959</u>
Total Assets		<u>17,037,585</u>	<u>26,867,866</u>	<u>30,587,498</u>
LIABILITIES				
Current liabilities				
Trade and other payables	18	5,015,411	9,351,228	8,144,903
Borrowings	19	4,315,206	6,879,133	5,540,079
Current income tax liabilities		–	182,045	227,229
		<u>9,330,617</u>	<u>16,412,406</u>	<u>13,912,211</u>
Non-current liabilities				
Borrowings	19	1,926,732	3,686,865	2,821,229
Deferred income tax liabilities	21	363,020	363,020	117,545
		<u>2,289,752</u>	<u>4,049,885</u>	<u>2,938,774</u>
Total liabilities		<u>11,620,369</u>	<u>20,462,291</u>	<u>16,850,985</u>
Net assets		<u>5,417,216</u>	<u>6,405,575</u>	<u>13,736,513</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	22	3,000,000	3,000,000	3,000,002
Retained profits		2,417,216	3,405,575	10,736,511
Total equity		<u>5,417,216</u>	<u>6,405,575</u>	<u>13,736,513</u>

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

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Combined Statements of Changes in Equity
For the financial years ended 31 December 2018, 2019 and 2020**

	Note	Share capital \$	Retained profits* \$	Total equity \$
2018				
Beginning of financial year		3,000,000	1,711,038	4,711,038
Total comprehensive income – Net profit for the financial year		–	706,178	706,178
End of financial year		<u>3,000,000</u>	<u>2,417,216</u>	<u>5,417,216</u>
2019				
Beginning of financial year		3,000,000	2,417,216	5,417,216
Total comprehensive income – Net profit for the financial year		–	988,359	988,359
End of financial year		<u>3,000,000</u>	<u>3,405,575</u>	<u>6,405,575</u>
2020				
Beginning of financial year		3,000,000	3,405,575	6,405,575
Issue of new shares	22	2	–	2
Total comprehensive income – Net profit for the financial year		–	7,330,936	7,330,936
End of financial year		<u>3,000,002</u>	<u>10,736,511</u>	<u>13,736,513</u>

* Retained profits of the Group are fully distributable.

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

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Combined Statements of Cash Flows
For the financial years ended 31 December 2018, 2019 and 2020**

	Note	2018 \$	2019 \$	2020 \$
Cash flows from operating activities				
Profit before income tax		943,672	1,197,414	7,240,720
Adjustments for:				
- Bad debt written off		–	–	41,000
- Depreciation of property, plant and equipment	13	552,437	986,170	1,403,451
- Depreciation of investment properties	16	44,353	54,260	39,400
- Property, plant and equipment written-off	7	4,577	17,128	2,596
- Gain on disposal of property, plant and equipment	5	(6,458)	–	(4,645)
- Gain on disposal of investment properties	5	–	(205,880)	–
- Interest income	5	(51)	(111)	(4,906)
- Fair value gains on financial assets, at FVPL	5	(18,385)	(5,553)	–
- Interest expense	8	331,789	365,830	390,652
		<u>1,851,934</u>	<u>2,409,258</u>	<u>9,108,268</u>
Changes in working capital:				
- Trade and other receivables		540,653	(6,173,758)	1,123,632
- Trade and other payables		(289,401)	2,687,736	794,086
Cash generated from/(used in) operations		<u>2,103,186</u>	<u>(1,076,764)</u>	<u>11,025,986</u>
Income tax paid		(64,494)	(27,010)	(110,075)
Interest paid		–	–	(92)
Interest received		51	111	3,402
Net cash provided by/(used in) operating activities		<u>2,038,743</u>	<u>(1,103,663)</u>	<u>10,919,221</u>
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment		32,862	–	31,545
Proceeds from disposal of investment properties		–	830,000	–
Additions to property, plant and equipment		(496,609)	(3,458,768)	(378,165)
Net cash used in investing activities		<u>(463,747)</u>	<u>(2,628,768)</u>	<u>(346,620)</u>
Cash flows from financing activities				
Bank deposit pledged		–	(300,000)	–
Release of bank deposit pledged		–	–	300,000
Principal repayment of lease liabilities		(193,829)	(500,456)	(933,745)
Proceeds from issuance of shares		–	–	2
Proceeds from borrowings		–	3,188,000	–
Repayments of borrowings		(395,393)	(640,545)	(1,382,780)
Repayment of trade receivables factoring		–	–	(441,563)
Proceeds from trade receivables factoring		496,281	836,131	–
(Payments to)/Receipts from a director		(200,653)	1,648,081	(2,000,411)
Interest paid		(331,789)	(365,830)	(390,560)
Interest received		–	–	1,504
Net cash (used in)/provided by financing activities		<u>(625,383)</u>	<u>3,865,381</u>	<u>(4,847,553)</u>
Net increase in cash and bank balances		949,613	132,950	5,725,048
Cash and bank balances				
Beginning of the financial year		492,068	1,441,681	1,574,631
End of the financial year	11	<u>1,441,681</u>	<u>1,574,631</u>	<u>7,299,679</u>

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

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Reconciliation of liabilities arising from financing activities

	1 January 2018	Proceeds from borrowings	Principal and interest payments	Non-cash changes		31 December 2018
				Interest expense	Additions	
				\$	\$	
Bank borrowings	2,028,980	–	(455,895)	60,502	–	1,633,587
Trade receivables factoring	3,452,482	496,281	(238,787)	238,787	–	3,948,763
Finance lease liabilities	833,417	–	(226,329)	32,500	20,000	659,588
Amount due to a director	877,885	–	(200,653)	–	–	677,232

	1 January 2019	Proceeds from borrowings	Principal and interest payments	Non-cash changes			31 December 2019
				Interest expense	Adoption of SFRS(I) 16 - Leases	Additions	
				\$	\$	\$	
Bank borrowings	1,633,587	3,188,000	(726,199)	85,654	–	–	4,181,042
Trade receivables factoring	3,948,763	836,131	(232,815)	232,815	–	–	4,784,894
Finance lease liabilities	659,588	–	–	–	(659,588)	–	–
Lease liabilities	–	–	(547,817)	47,361	1,106,352	994,166	1,600,062
Amount due to a director	677,232	1,648,081	–	–	–	–	2,325,313

	1 January 2020	Principal and interest payments	Non-cash changes			31 December 2020
			Interest expense	Effect of lease termination	Additions	
			\$	\$	\$	
Bank borrowings	4,181,042	(1,467,743)	84,963	–	–	2,798,262
Trade receivables factoring	4,784,894	(659,811)	218,248	–	–	4,343,331
Lease liabilities	1,600,062	(1,021,094)	87,349	(10,463)	563,861	1,219,715
Amount due to a director	2,325,313	(2,000,411)	–	–	–	324,902

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

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Notes to the Combined Financial Statements
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These notes form an integral part of and should be read in conjunction with the combined financial statements.

1. General information

1.1 The Company

The Company was incorporated in Singapore on 18 June 2020 as an exempt private company limited by shares under the name of LS 2 Pest Management Pte. Ltd. and it subsequently changed its name to LS 2 Holdings Pte. Ltd. on 29 March 2021. The address of its registered office is at 1 Bukit Batok Crescent, #04–11 WCEGA Plaza, Singapore 658064.

As at the date of incorporation, the Company’s issued and paid-up share capital was \$1, comprising one ordinary share held by the director of the Company, Mr Tan Hoo Kiat (Roger Tan). For the purpose of acquiring the existing companies of the Group pursuant to the Group Restructuring Exercise (Note 1.2), the Company subscribed for 297,000,000 new ordinary shares of LS 2 Services Pte Ltd and became the holding corporation of the Group.

The Company was converted into a public limited company and the name was changed to “LS 2 Holdings Limited” on 25 November 2021. The combined financial statements are presented in Singapore Dollar (“\$”) except otherwise indicated.

The combined financial statements of LS 2 Holdings Limited (the “Company”) and its subsidiary corporations (collectively, the “Group”) have been prepared for the purpose of inclusion in filings associated with the proposed initial public offering (“IPO”) of ordinary shares in the capital of the Company on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

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

The Group, after the restructuring exercise, comprises the Company and the following subsidiary corporations:

Name of companies	Country of business/ incorporation	Principal activities	Equity holding (%)
LS 2 Services Pte Ltd ("LS 2 Services")	Singapore	Cleaning services and landscape care and maintenance service activity	100
LS 2 Management Pte. Ltd. ("LS 2 Management")	Singapore	Other holding companies	100
LS 2 Facilities Pte. Ltd. (formerly known as THK Property Holdings Pte. Ltd.) ("LS 2 Facilities")	Singapore	Facilities management for buildings and offices	100

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1. General information (continued)

1.2 Restructuring exercise

The Company undertook the following restructuring exercise prior to the placement of the Company’s new shares in preparation for its listing on Catalist:

(a) Incorporation of the Company

The Company was incorporated on 18 June 2020 in Singapore in accordance with the Companies Act as a private company limited by shares with an issued and paid-up share capital of \$1 comprising one (1) Share held by Mr. Roger Tan.

(b) Incorporation of LS 2 Management

On 18 June 2020, the Company incorporated LS 2 Management as a holding company in preparation for future expansion of its businesses.

(c) Acquisition of shares in LS 2 Services by the Company

On 1 July 2021, LS 2 Services issued and allotted 297,000,000 ordinary shares, representing 99% of the issued and paid-up share capital of LS 2 Services to the Company for a nominal cash consideration of \$100. On 1 September 2021, the Company acquired 2,400,000 ordinary shares and 600,000 ordinary shares respectively representing 0.8% and 0.2% of the issued and paid-up share capital of LS 2 Services from Mr. Roger Tan and Ms. Tan Wei Ying, respectively, for an aggregate nominal cash consideration of \$2. Ms. Tan Wei Ying is the daughter of Mr. Roger Tan. Following such acquisition, LS 2 Services became a wholly-owned subsidiary of the Company.

(d) Incorporation of LS 2 Facilities

On 8 July 2021, the Company incorporated LS 2 Facilities as a facilities management company in preparation for future expansion of its businesses.

(e) Share split

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 became \$1, comprising 157,250,000 Shares.

(f) Acquisition of shares by Mr. Ong Khong Weng, Alvin (Alvin Ong)

On 17 September 2021, Mr. Alvin Ong acquired 37,000,000 ordinary shares representing 23.5% of the issued and paid-up share capital of the Company from Mr. Roger Tan for a cash consideration of \$705,882. The cash consideration was determined on a willing buyer willing seller basis based on the combined paid-up share capital of the Group of \$3,000,002 at the time of the acquisition.

(g) Conversion of the Company into a Public Company

On 25 November 2021, the Company was converted into a public company limited by shares. In connection with such conversion, the Company changed its name to “LS 2 Holdings Limited”.

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LS 2 Holdings Limited and Its Subsidiary Corporations Notes to the Combined Financial Statements For the financial years ended 31 December 2018, 2019 and 2020

1. General information (continued)

1.2 Restructuring exercise (continued)

The combined financial statements of the Group have been prepared to reflect the operations of the combining entities as a single economic enterprise and consist of those companies under common control during the financial years ended 31 December 2018, 2019 and 2020. As at 31 December 2018, 2019 and 2020, the subsidiary corporations of the Group are set out in Note 1.1 to the combined financial statements, except for LS 2 Facilities which was incorporated on 8 July 2021.

Transfer of entities under common control

The Restructuring Exercise is considered to be an acquisition of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the restructuring have been accounted for in a manner similar to the pooling-of-interest method. Accordingly, the assets and liabilities of these entities have been included in the combined financial statements at their historical carrying amounts. Although the Restructuring Exercise was completed after 31 December 2020, the combined financial statements present the financial condition, results of operations and cash flows as if the restructuring had occurred as of the beginning of the earliest period presented.

2. Significant accounting policies

2.1 Basis of preparation

These combined financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. These are the Group’s first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied.

The combined financial statements are prepared on a going concern basis under the historical cost convention except where a SFRS(I)s requires an alternative treatment (such as fair values) as disclosed where appropriate in these combined financial statements.

The preparation of these combined financial statements in conformity with SFRS(I)s 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 combined financial statements are disclosed in Note 3 to the combined financial statements.

Coronavirus (COVID-19) Impact

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. From 7 April 2020 to 1 June 2020 (“Circuit Breaker Period”), the Singapore Government implemented measures to stem the spread of COVID-19 in the community. The Group’s business is essential services and was permitted to operate with additional safety measures implemented during the Circuit Breaker Period, therefore the Group’s operations have not been significantly disrupted and its financial performance was not adversely affected.

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2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Coronavirus (COVID-19) Impact (continued)

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of combined financial statements:

- (a) The Group has assessed that the going concern basis of preparation for these combined financial statements remain appropriate.
- (b) The Group has received rental rebates for its leased office premises and has provided rental rebates to the tenants for its investment properties during financial years. The effects of such rental concessions received and provided are offset against rental expense and rental income respectively.
- (c) The Group has considered the market conditions (including the impact of COVID-19) as at the end of each financial year affected by COVID-19, in making estimates and judgements on the recoverability of assets and assessment of fair value of investment properties. The critical accounting estimates, assumptions and judgements applied are disclosed in Note 3 to the combined financial statement.

As the global COVID-19 situation remains very fluid as at the date of these combined financial statements were authorised for issuance, there is no assurance that the Group’s business, financial performance and results of operations for subsequent financial years would not be materially and adversely affected.

Interpretation and amendments to published standards effective in 2018, 2019 and 2020

On 1 January 2018, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the financial years ended 31 December 2018, 2019, and 2020 except for the following:

A. Adoption of SFRS(I) 9 – *Financial Instruments*

SFRS(I) 9 includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace SFRS(I) 1-39 incurred loss model.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.9.

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2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretation and amendments to published standards effective in 2018, 2019 and 2020
(continued)

B. Adoption of SFRS(I) 15 – Revenue from Contracts with Customers

SFRS(I) 15 applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The accounting policies for revenue from contracts with customers under SFRS(I) 15 is as disclosed in Note 2.2.

C. Adoption of SFRS(I) 16 – Leases

SFRS(I) 16 resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group’s accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.13.

The Group applied SFRS(I) 16 for the first time for the annual period beginning on 1 January 2019. The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, SFRS(I) 1-17 – *Leases* and related interpretations. The details of the changes in accounting policies are disclosed in Note 2.11. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information for 2018.

The effect of adoption of SFRS(I) 16 on the Group’s financial statement as at 1 January 2019 are as follows:

	Increase/ (Decrease) \$
Property, plant and equipment (Note 13)	446,764
Lease liabilities	1,106,352
Finance lease liabilities	(659,588)

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2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretation and amendments to published standards effective in 2018, 2019 and 2020 (continued)

C. Adoption of SFRS(I) 16 – Leases (continued)

An explanation of the differences between the operating lease commitments previously disclosed in the Group’s financial statements as at 31 December 2018 and the lease liabilities recognised in the combined balance sheet as at 1 January 2019 are as follows:

	\$
Operating lease commitment disclosed as at 31 December 2018	549,141
Less: Short term leases	(22,282)
Less: Committed non-cancellable leases with lease term commencing after 1 January 2019	(72,300)
Less: Discounting effect using incremental borrowing rate	(7,795)
Add: Finance lease liabilities recognised as at 31 December 2018	659,588
Lease liabilities recognised as at 1 January 2019	1,106,352

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 commensurate with the pattern of transfer of provision of services to the customers.

(b) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

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

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2. Significant accounting policies (continued)

2.3 Government grants (continued)

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 combined 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 combined statement of comprehensive income, statement of changes in equity, and balance sheet. 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.

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.

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2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisitions (continued)

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 combined 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 combined 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.

The combined 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-subsidiary relationships were not established.

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2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(iii) Business combinations involving entities under common control (continued)

Pursuant to this:

- (1) Assets and liabilities are brought into the combined financial statements at their existing carrying amounts from the perspective of the controlling party;
- (2) The combined statements of comprehensive income include the results of the acquired entities since the earliest date the entities are under common control;
- (3) No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- (4) No additional goodwill is recognised as a result of the combination;
- (5) The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued; and
- (6) 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.

(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.

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2. Significant accounting policies (continued)

2.5 Property, plant and equipment

(b) 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.

(c) Depreciation

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

	<u>Useful lives</u>
Leasehold buildings	50 years
Furniture and fittings	5 years
Motor Vehicles	5 years
Office equipment	5 years
Renovation	5 years
Tools & Machinery	5 years
Other equipments	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 balance sheet 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 combined financial statements until they are no longer in use.

(d) 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.

(e) 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.

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2. Significant accounting policies (continued)

2.6 Borrowing costs

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

2.7 Investment properties

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using straight line method to allocate the depreciable amounts over the lease period of 30 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

Transfer to or from, investment properties are made when there is a change in use, evidenced by:

- (i) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property; and
- (ii) end of owner-occupation, for a transfer from owner-occupied property to investment property.

2.8 Impairment of non-financial assets

Investment properties

Property, plant and equipment

Right-of-use assets

Investment properties, 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.

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2. Significant accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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 and fair value through profit or loss (FVPL).

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.

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.

- (i) 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 recognized or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

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2. Significant accounting policies (continued)

2.9 Financial assets (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

- Debt instrument (continued)

(ii) FVPL

Debt instruments that are held for trading as well as those that do not meet the criteria or classification as amortised cost or fair value through other comprehensive losses are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in “other gains and losses”.

(b) Impairment

The Company 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 Company applies the simplified approach permitted by the SFRS(I) 9, 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 Company 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 Company 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.

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2. Significant accounting policies (continued)

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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 balance sheet, 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

The accounting policy for leases before 1 January 2019 are as follows:

(a) When the Group is the lessee:

The Group leases motor vehicles under finance leases and leases motor vehicles, premises and office equipment under operating leases from non-related parties.

- *Lessee – Finance leases*

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

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2. Significant accounting policies (continued)

2.13 Leases (continued)

(a) *When the Group is the lessee: (continued)*

- *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(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 of office spaces and investment properties 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.

The accounting policy for leases after 1 January 2019 are as follows:

(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 recognised 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”.

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2. Significant accounting policies (continued)

2.13 Leases (continued)

(a) When the Group is the lessee (continued)

- Lease liabilities (continued)

The initial measurement of 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 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.

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2. Significant accounting policies (continued)

2.13 Leases (continued)

(a) *When the Group is the lessee* (continued)

- 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.

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

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16.

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 balance sheet 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 combined financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

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

Deferred income tax is measured:

- i. at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and
- ii. based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet 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.

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2. Significant accounting policies (continued)

2.15 Employee compensation

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

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.

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 combined financial statements of the Group are presented in Singapore Dollar (“\$”), 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 balance sheet 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 any significant 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.

2.20 Dividends to Company’s shareholders

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

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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 2018, 2019 and 2020 is disclosed in Note 12 to the combined financial statements.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables are recognised by the Group for the financial years ended 31 December 2018, 2019 and 2020 as there is no customer in financial difficulties during each of the financial year except for a customer with outstanding amount of \$41,000 which was written-off as bad debt during the financial year ended 31 December 2020.

4. Revenue

Disaggregation of revenue from contracts with customers

The Group derive revenue from the transfer of services over time. Revenue is attributed to different type of customers as follows:

	2018	2019	2020
	\$	\$	\$
Public sector	37,636,782	41,283,448	46,836,890
Private sector	5,810,943	7,758,159	7,802,644
	<u>43,447,725</u>	<u>49,041,607</u>	<u>54,639,534</u>

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5. Other income

	2018	2019	2020
	\$	\$	\$
Government grants			
- Absentee Payroll Funding ⁽¹⁾	194,328	205,048	85,828
- Enterprise Development Grant ⁽²⁾	–	16,380	23,860
- Productivity Solutions Grant ⁽³⁾	–	72,847	–
- WorkPro Grant ⁽⁴⁾	285,120	8,000	24,000
- Other grants	5,000	–	–
	<u>484,448</u>	<u>302,275</u>	<u>133,688</u>
Rental income (Note 16)	68,230	70,722	49,950
Fair value gains on financial assets, at FVPL (Note 17)	18,385	5,553	–
Gain on disposal of property, plant and equipment	6,458	–	4,645
Gain on disposal of an investment property	–	205,880	–
Insurance claims	60,371	103,389	121,981
Interest income	51	111	4,906
Others	28,661	40,116	24,179
	<u>666,604</u>	<u>728,046</u>	<u>339,349</u>

- (1) Grant income of \$194,328, \$205,048 and \$85,828 was recognised in the respective financial year ended 31 December 2018, 2019 and 2020 under the Absentee Payroll Funding (“AP”). AP is introduced to help employer defray manpower costs incurred when they send their employees for certifiable skills training.
- (2) Grant income of \$16,380 and \$23,860 was recognised in the respective financial years ended 31 December 2019 and 2020 under the Enterprise Development Grant (“EDG”). EDG is introduced in 2018 to help enterprises grow and transform through upgrade of business capabilities, innovation and overseas venture.
- (3) For the financial year ended 31 December 2019, the Group recognised grant income of \$72,847 under the Production Solutions Grant (“PSG”). PSG is introduced in 2018 to support companies keen on adopting IT solutions and equipment to enhanced business process.
- (4) Grant income of \$285,120, \$8,000 and \$24,000 was recognised in the respective financial year ended 31 December 2018, 2019 and 2020 under the WorkPro Grant. The WorkPro grant is introduced in 2013 to encourage employers to implement age-and family-friendly workplaces and adopt flexible work arrangement for all local workers.

6. Employee benefits

	2018	2019	2020
	\$	\$	\$
Salaries and wages	25,719,653	29,156,862	28,054,144
Employer’s contribution to defined contribution plans including Central Provident Fund	2,258,039	2,443,491	2,595,332
	<u>27,977,692</u>	<u>31,600,353</u>	<u>30,649,476</u>

Key management’s remuneration is disclosed in Note 24(b) to the combined financial statements.

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6. Employee benefits (continued)

The above salaries and wages are presented as net, after offsetting against the following grant income recognised in the respective financial years ended 31 December 2018, 2019 and 2020:

	2018	2019	2020
	\$	\$	\$
Job Support Scheme ⁽¹⁾	–	–	6,494,114
Special Employment Credit ⁽²⁾	1,065,398	1,979,486	1,542,028
Wage Credit Scheme ⁽³⁾	168,328	636,249	131,603
Other grants	57,918	11,485	25,130
Total	<u>1,291,644</u>	<u>2,627,220</u>	<u>8,192,875</u>

(1) Grant income of \$6,494,114 was recognised during the financial year ended 31 December 2020 under the Jobs Support Scheme (the “JSS”). The 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) Grant income of \$1,065,398, \$1,979,486 and \$1,542,028 was recognised in the respective financial years ended 31 December 2018, 2019 and 2020 under Special Employment Credit (SEC). 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) Grant income of \$168,328, \$636,249 and \$131,603 was recognised in the respective financial year ended 31 December 2018, 2019 and 2020 under Wages Credit Scheme (WCS). 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.

7. Other expenses

	2018	2019	2020
	\$	\$	\$
Foreign worker levy ⁽¹⁾	2,558,891	3,506,870	2,113,291
Insurance charges	189,779	170,495	358,532
License fees	101,211	155,385	154,458
Property, plant and equipment written-off	4,577	17,128	2,596
Professional fees	44,303	134,549	192,695
Rental expenses on operating leases	551,422	–	–
Lease expense – short term leases and low-value assets (Note 14(d)) ⁽²⁾	–	231,376	226,062
Repair and maintenance	517,571	336,644	258,596
Software charges	120,824	119,789	115,582
Staff welfare	281,966	261,254	423,142
Travelling and transportation	152,279	261,048	187,656
Utilities	119,459	158,812	193,348
Others	226,456	271,869	210,920
Total expenses	<u>4,868,738</u>	<u>5,625,219</u>	<u>4,436,878</u>

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7. Other expenses (continued)

- (1) The Group recognised foreign worker levy rebates and waiver of \$900,000 during the financial year ended 31 December 2020. As part of the Solidarity Budget, the Singapore Government provided companies who hire foreign worker on work permits and S-passes with Foreign Worker Levy waivers and FWL rebates to ease the labour costs of such firms during the Circuit Breaker Period. The grant was disclosed as an offset against the foreign worker levy.
- (2) The Group recognised temporary housing support and rental waiver of \$44,100 and \$6,190 respectively during the financial year ended 31 December 2020. The temporary housing grant was provided to companies who are affected by Malaysia’s implementation of a Movement Control Order to help employer defray additional costs of housing affected workers in a short-term housing. The grant was disclosed as an offset against the lease expense – short term leases (Note 14(d)).

8. Finance costs

	2018	2019	2020
	\$	\$	\$
- Interest expenses			
- Term loan	60,502	85,654	84,963
- Finance lease liabilities	32,500	–	–
- Lease liabilities (Note 14(c))	–	47,361	87,349
- Trade receivables factoring	238,787	232,815	218,248
- Others	–	–	92
	<u>331,789</u>	<u>365,830</u>	<u>390,652</u>

9. Income taxes expense/(credit)

	2018	2019	2020
	\$	\$	\$
Tax expense attributable to profit is made up of:			
- Current income tax	–	182,045	131,104
- Deferred income tax (Note 21)	233,395	–	22,395
	<u>233,395</u>	<u>182,045</u>	<u>153,499</u>
Under/(over) provision in prior financial years			
- Current income tax	4,099	27,010	24,155
- Deferred income tax (Note 21)	–	–	(267,870)
	<u>4,099</u>	<u>27,010</u>	<u>(243,715)</u>
	<u>237,494</u>	<u>209,055</u>	<u>(90,216)</u>

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9. Income taxes expense/(credit) (continued)

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

	2018 \$	2019 \$	2020 \$
Profit before income tax	943,672	1,197,414	7,240,720
Tax calculated at tax rate of 17%	160,424	203,560	1,230,922
Effects of:			
- income not subject to tax	(371)	(48,744)	(1,112,006)
- expenses not deductible for tax purposes	54,342	59,654	34,671
- tax exemption	(20,444)	(17,425)	(16,575)
- tax incentives	(3,919)	(15,000)	–
- under/(over) provision of tax	4,099	27,010	(243,715)
- others	43,363	–	16,487
	<u>237,494</u>	<u>209,055</u>	<u>(90,216)</u>

10. Earnings per share

The earnings per share have been calculated based on the net profit attributable to equity holders of the Company for each of the financial year ended 31 December 2018, 31 December 2019 and 31 December 2020 and pre-placement share capital of 157,250,000 shares. The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

11. Cash and bank balances

	2018 \$	2019 \$	2020 \$
Cash at bank and cash on hand	1,441,681	1,574,631	6,246,796
Short-term bank deposits	–	300,000	1,052,883
	<u>1,441,681</u>	<u>1,874,631</u>	<u>7,299,679</u>

For the purpose of presenting the combined statements of cash flows, cash and cash equivalents comprise the followings:

	2018 \$	2019 \$	2020 \$
Cash and bank deposits (as above)	1,441,681	1,874,631	7,299,679
Less: bank deposits pledged	–	(300,000)	–
Cash and cash equivalents per combined statements of cash flows	<u>1,441,681</u>	<u>1,574,631</u>	<u>7,299,679</u>

Bank deposits pledged are in relation to the security granted for certain borrowings (Note 19) for the financial year ended 31 December 2019.

As at 31 December 2019 and 2020, the bank deposits are placed with financial institutions with maturity period of 4 to 12 months with the average of fixed interest rate of 0.5%.

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12. Trade and other receivables

	2018	2019	2020
	\$	\$	\$
Trade receivables – Non-related parties	10,083,296	14,109,430	13,011,100
Non-trade receivables			
- Non-related parties	1,259,631	1,401,323	1,296,804
- Related parties	–	457,008	103,199
	<u>1,259,631</u>	<u>1,858,331</u>	<u>1,400,003</u>
Deposits	124,750	310,531	354,213
Government grant receivables	–	1,295,998	1,618,638
Prepayments	134,057	201,202	226,906
	<u>11,601,734</u>	<u>17,775,492</u>	<u>16,610,860</u>

The carrying amounts of the trade receivables include receivables of \$6,114,076, \$7,132,111 and \$6,903,593 which are subject to factoring arrangement as at 31 December 2018, 2019 and 2020 respectively. Under this arrangement, the Group has factored the relevant receivables in exchange for cash and is prevented from selling or pledging these receivables. However, the Group has retained the late payment and credit risk. The Group therefore continues to recognise the factored assets in their entirety in the combined balance sheet. The amount repayable under the factoring agreement is presented as borrowings (Note 19). The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

Non-trade receivables from related parties are unsecured, interest-free and receivable on demand.

Included in non-trade receivables are costs recoverable from suppliers in relation to the consumption of the Group’s supplies and manpower by the suppliers in providing the services to the Group amounting to \$1,021,919, \$1,687,623 and \$1,247,183 as at 31 December 2018, 2019 and 2020 respectively.

Government grant receivables

Included in the government grant receivables are:

- (a) As at 31 December 2020, \$823,308 from the Jobs Support Scheme, that are used to help enterprises retain local employees, and are expected to receive in the following year.
- (b) Government grant of \$722,323 and \$795,330 as at 31 December 2019 and 2020 from the Special Employment Credit, that are used to compensate wages paid during the respective financial years ended 31 December 2019 and 2020 and are expected to receive in the following year.
- (c) As at 31 December 2019, the Company expects to receive \$355,042 from the Wages Credit Scheme for the qualifying year 2019, \$72,847 from the Productivity Solution Grant for qualifying assets acquired in 2019 and \$145,786 from Absentee Payroll Funding for the trainings attended by the employees in 2019.

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13. Property, plant and equipment

	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools & machinery	Total
	\$	\$	\$	\$	\$	\$	\$
2018							
Cost							
Beginning of financial year	743,000	22,270	1,493,019	203,445	50,694	883,999	3,396,427
Additions	–	21,764	84,718	6,465	17,135	386,527	516,609
Transfer to investment properties (Note 16)	(743,000)	–	–	–	–	–	(743,000)
Written-off/disposal	–	–	(91,500)	(48,545)	–	(31,817)	(171,862)
End of financial year	–	44,034	1,486,237	161,365	67,829	1,238,709	2,998,174
Accumulated depreciation							
Beginning of financial year	89,160	2,893	474,084	65,501	23,198	462,274	1,117,110
Depreciation charge	9,907	7,706	264,067	40,152	12,656	217,949	552,437
Transfer to investment properties (Note 16)	(99,067)	–	–	–	–	–	(99,067)
Written-off/disposal	–	–	(90,875)	(22,751)	–	(27,255)	(140,881)
End of financial year	–	10,599	647,276	82,902	35,854	652,968	1,429,599
Net book value							
End of financial year	–	33,435	838,961	78,463	31,975	585,741	1,568,575

	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools & machinery	Other equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2019								
Cost								
Beginning of financial year	–	44,034	1,486,237	161,365	67,829	1,238,709	–	2,998,174
Adoption of SFRS(I) 16	219,615	–	–	90,339	–	–	136,810	446,764
Additions	3,128,992	39,827	255,106	202,129	74,103	722,766	30,011	4,452,934
Disposal/write-off	–	(11,641)	–	(21,276)	(50,694)	(1,850)	–	(85,461)
End of financial year	3,348,607	72,220	1,741,343	432,557	91,238	1,959,625	166,821	7,812,411
Accumulated depreciation								
Beginning of financial year	–	10,599	647,276	82,902	35,854	652,968	–	1,429,599
Depreciation charge	275,769	12,949	306,764	73,770	17,297	215,070	84,551	986,170
Disposal/write-off	–	(5,991)	–	(21,276)	(39,463)	(1,603)	–	(68,333)
End of financial year	275,769	17,557	954,040	135,396	13,688	866,435	84,551	2,347,436
Net book value								
End of financial year	3,072,838	54,663	787,303	297,161	77,550	1,093,190	82,270	5,464,975

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13. Property, plant and equipment (continued)

	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools & machinery	Other equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2020								
Cost								
Beginning of financial year	3,348,607	72,220	1,741,343	432,557	91,238	1,959,625	166,821	7,812,411
Additions	339,937	5,285	344,945	115,683	7,715	55,160	73,301	942,026
Effect of lease termination	-	-	-	-	-	-	(14,771)	(14,771)
Disposal/write-off	(226,566)	-	(113,647)	(14,510)	-	(191,000)	(42,116)	(587,839)
End of financial year	3,461,978	77,505	1,972,641	533,730	98,953	1,823,785	183,235	8,151,827
Accumulated depreciation								
Beginning of financial year	275,769	17,557	954,040	135,396	13,688	866,435	84,551	2,347,436
Depreciation charge	563,093	14,540	342,767	94,796	18,762	289,792	79,701	1,403,451
Effect of lease termination	-	-	-	-	-	-	(4,308)	(4,308)
Disposal/write-off	(226,566)	-	(113,647)	(1,628)	-	(174,386)	(42,116)	(558,343)
End of financial year	612,296	32,097	1,183,160	228,564	32,450	981,841	117,828	3,188,236
Net book value								
End of financial year	2,849,682	45,408	789,481	305,166	66,503	841,944	65,407	4,963,591

- (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 14.
- (b) Included within the additions are leasehold buildings, motor vehicles, office equipment and other equipment acquired under lease arrangements amounting to \$20,000, \$994,166 and \$563,861 in the respective financial years ended 31 December 2018, 2019 and 2020.
- (c) Property, plant and equipment of the Group with carrying amounts of \$2,635,467 and \$2,582,367 as at 31 December 2019 and 2020 respectively are pledged as collateral for the borrowings of the Group (Note 19).
- (d) As at 31 December 2018, the carrying amounts of motor vehicles held under finance leases were \$705,675.

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14. Leases – The Group as a lessee

Nature of the Group’s leasing activities

Leasehold buildings

The Group leases office spaces for the purpose of back office operations.

Office equipment

The Group leases photocopiers to support the operations.

Other equipment

The Group leases 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

	2018	2019	2020
	\$	\$	\$
Motor vehicles	–	623,351	427,290
Leasehold buildings	–	437,371	267,315
Office equipment	–	184,682	215,223
Other assets	–	82,270	65,407
Tools and machinery	–	247,467	196,267
	<u>–</u>	<u>1,575,141</u>	<u>1,171,502</u>

(b) Depreciation charge during the financial year

	2018	2019	2020
	\$	\$	\$
Motor vehicles	–	251,978	214,712
Leasehold buildings	–	256,236	509,993
Office equipment	–	39,421	58,520
Other assets	–	84,552	79,701
Tools and machinery	–	8,533	51,200
	<u>–</u>	<u>640,720</u>	<u>914,126</u>

(c) Interest expense

	2018	2019	2020
	\$	\$	\$
Interest expense on lease liabilities (Note 8)	<u>–</u>	<u>47,361</u>	<u>87,349</u>

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14. Leases – The Group as a lessee (continued)

- (d) Lease expense not capitalised in lease liabilities

	2018	2019	2020
	\$	\$	\$
Lease expense – short term leases and low-value assets (Note 7)	–	231,376	276,352

- (e) Total cash outflow for all leases in the respective financial years ended 31 December 2019 and 2020 was \$779,193 and \$1,297,446.
- (f) Addition of ROU assets in the respective financial year ended 31 December 2019 and 2020 was \$994,166 and \$563,861.

15. Commitments

- (a) Where the Group is a lessor

The Group has leased out their owned investment properties to a 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. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties is disclosed in Note 5.

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

	2018	2019	2020
	\$	\$	\$
Not later than one year	59,302	3,825	56,400
Between one and five years	32,000	–	14,100
	91,302	3,825	70,500

- (b) Where the Group is a lessee

The Group leases dormitory, motor vehicles, office equipment and other equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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15. Commitments (continued)

(b) Where the Group is a lessee (continued)

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	2018
	\$
Not later than one year	357,804
Between one and five years	191,337
	549,141

As disclosed in Note 2.1, the Group has adopted SFSR(I) 16 on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the combined balance sheet as at 31 December 2019 and 2020, except for short-term leases and low value assets.

16. Investment properties

	2018	2019	2020
	\$	\$	\$
<u>Cost</u>			
Beginning of financial year	1,182,013	1,925,013	1,182,013
Transfer from property, plant and equipment (Note 13)	743,000	–	–
Disposals	–	(743,000)	–
End of financial year	1,925,013	1,182,013	1,182,013
<u>Accumulated depreciation</u>			
Beginning of financial year	118,201	261,621	197,001
Transfer from property, plant and equipment (Note 13)	99,067	–	–
Charge for the financial year	44,353	54,260	39,400
Disposals	–	(118,880)	–
End of financial year	261,621	197,001	236,401
<u>Carrying amount</u>			
End of financial year	1,663,392	985,012	945,612
Fair value of the investment properties	2,180,000	1,060,000	820,000

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16. Investment properties (continued)

The following amounts are recognised in profit and loss:

	2018	2019	2020
	\$	\$	\$
Rental income (Note 5)	68,230	70,722	49,950
Direct operating expenses arising from:			
- Investment properties that generate rental income	<u>(44,935)</u>	<u>(29,644)</u>	<u>(20,816)</u>

As at 31 December 2018, the details of the Group’s investment properties are as follows:

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
1 Bukit Batok Crescent #04-40 WCEGA Plaza Singapore 658064 ⁽¹⁾	A leasehold unit of approximately 364 square metres	60 years lease from 13 March 1997

As at 31 December 2019 and 2020, the details of the Group’s investment properties are as follows:

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

(1) On 1 September 2018, the previously owner-occupied property is rented to an external party, resulting in a reclassification from property, plant and equipment to investment properties, at carrying amount of \$643,933. The investment property is subsequently disposed of in 2019.

The fair value of the investment properties as at 31 December 2018, 2019 and 2020 are \$2,180,000, \$1,060,000 and \$820,000 respectively. The fair values are determined by an external, independent and qualified valuer using sales comparison approach, where properties are valued using transacted prices for similar properties with appropriate adjustment to reflect the characteristic of the properties being values, such as location, sizes, age and condition, and tenure. As at 31 December 2018, 2019 and 2020, the fair values of the properties have been determined by United Valuers Pte. Ltd.

Management assesses the investment properties for impairment whenever there is an objective evidence or indication that investment properties may be impaired. Although the fair values less costs to sell of the investment properties are lower than the carrying amounts, no allowances for impairment of investment properties are provided as management believes that the shortfall is temporary and unlikely to have significant impact on the Group.

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16. Investment properties (continued)

Investment properties of the Group with carrying amount of \$1,663,392, \$985,012 and \$945,612 as at 31 December 2018, 2019 and 2020 respectively are pledged as collateral for the borrowings of the Group (Note 19).

17. Financial assets, at FVPL

	2018	2019	2020
	\$	\$	\$
Beginning of financial year	743,818	762,203	767,756
Fair value gains (Note 5)	18,385	5,553	–
End of financial year	<u>762,203</u>	<u>767,756</u>	<u>767,756</u>

The Group’s subsidiary corporation, LS 2 Services Pte Ltd purchased as owner, individual life insurance policy on the live of the director of the Company in 2015. The total insured amount of the policy is US\$1,000,000 and death benefit of US\$1,093,262 will be paid on the date upon the death of the insured person.

The Group’s subsidiary corporation, LS 2 Services Pte Ltd purchased as owner, individual life insurance policy on the lives of the director of the Company in 2017. The total insured amount of the policy is S\$630,000 and multiplier benefit for death and accelerated terminal illness benefit of S\$1,134,000 will be paid on the date upon the death of the insured person.

18. Trade and other payables

	2018	2019	2020
	\$	\$	\$
Trade payables			
- Non-related parties	1,779,941	2,738,436	2,459,933
- Related parties	–	903,222	–
	<u>1,779,941</u>	<u>3,641,658</u>	<u>2,459,933</u>
Non-trade payables			
- A director	677,232	2,325,313	324,902
- A related party	–	–	53,422
	<u>677,232</u>	<u>2,325,313</u>	<u>378,324</u>
Accrued expenses	2,038,843	2,701,983	3,299,557
Deferred grant income	–	–	1,252,051
Deposit	12,900	4,900	9,400
Goods and services tax payables	461,495	526,374	538,638
Retention payable	45,000	151,000	207,000
	<u>5,015,411</u>	<u>9,351,228</u>	<u>8,144,903</u>

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18. Trade and other payables (continued)

Non-trade payables to a director and a related party are unsecured, interest-free and repayable on demand.

Deferred grant income pertains to the Jobs Support Scheme, of which \$1,252,051 has been deferred as the Group will recognise the grant as deduction against the employee benefits in profit or loss on a systematic basis over the period of economic uncertainty in which the Group recognises the related salary cost from April 2020 to August 2021.

19. Borrowings

	2018	2019	2020
	\$	\$	\$
<i>Current</i>			
Trade receivables factoring	3,948,763	4,784,894	4,343,331
Term loan (secured)	206,086	1,383,726	560,914
Finance lease liabilities (Note 20)	160,357	–	–
Lease liabilities	–	710,513	635,834
	<u>4,315,206</u>	<u>6,879,133</u>	<u>5,540,079</u>
<i>Non-current</i>			
Term loan (secured)	1,427,501	2,797,316	2,237,348
Finance lease liabilities (Note 20)	499,231	–	–
Lease liabilities	–	889,549	583,881
	<u>1,926,732</u>	<u>3,686,865</u>	<u>2,821,229</u>
Total borrowings	<u>6,241,938</u>	<u>10,565,998</u>	<u>8,361,308</u>

(a) Security granted

Total borrowings include secured liabilities of \$1,633,587, \$4,181,042 and \$2,798,262 as at 31 December 2018, 2019 and 2020 respectively. Term loan of the Group are secured over property, plant and equipment of the Group (Note 13(c)), investment properties (Note 16) and personal guarantee from a Director of subsidiary corporation, LS 2 Services Pte Ltd.

(b) Fair value of non-current borrowings

	2018	2019	2020
	\$	\$	\$
Term loan (secured)	<u>1,553,473</u>	<u>3,301,274</u>	<u>2,738,941</u>

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19. Borrowings (continued)

(b) Fair value of non-current borrowings (continued)

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 balance sheet date which the directors expect to be available to the Group as follows:

	2018	2019	2020
	\$	\$	\$
Term loan (secured)	<u>2.28%-2.93%</u>	<u>2.25%-2.38%</u>	<u>2.25%-3.21%</u>

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

20. Finance lease liabilities

As at 31 December 2018, the Group leases motor vehicles from non-related parties under finance leases. The leases agreement do not have renewal clauses, but provided the Group with options to purchase the leased assets at nominal values at the end of the lease term.

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

	2018
	\$
Minimum lease payment due	
- Not later than one year	187,697
- Between one and five years	598,920
	<u>786,617</u>
Less: Future finance charges	(127,029)
Present value of finance lease liabilities	<u>659,588</u>

The present value of finance lease liabilities are analysed as follows:

	2018
	\$
Not later than one year (Note 19)	160,357
Later than one year (Note 19)	
- Between one and five years	499,231
	<u>659,588</u>

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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 2018, 2019 and 2020.

The movements in the deferred tax account are as follows:

	2018	2019	2020
	\$	\$	\$
Accelerated tax depreciation			
Beginning of financial year	129,625	363,020	363,020
Tax charged/(credited) to profit or loss (Note 9)	233,395	–	(245,475)
End of financial year	<u>363,020</u>	<u>363,020</u>	<u>117,545</u>
Representing:			
<i>Non-current</i>			
Deferred tax liabilities	<u>363,020</u>	<u>363,020</u>	<u>117,545</u>

22. Share capital

The share capital in the combined statements of financial position as at 31 December 2018, 2019 and 2020 comprises the aggregate paid up share capital of the Company and its subsidiary corporations.

	Number of ordinary shares		
	2018	2019	2020
Beginning of financial year	3,000,000	3,000,000	3,000,000
Share issued:			
- LS 2 Holdings Limited	–	–	1
- LS 2 Management Pte. Ltd.	–	–	1
End of financial year	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,002</u>
	2018	2019	2020
	\$	\$	\$
Share issued:	3,000,000	3,000,000	3,000,000
- LS 2 Holdings Limited	–	–	1
- LS 2 Management Pte. Ltd.	–	–	1
End of financial year	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,002</u>

As the Company was incorporated on 18 June 2020, for the purpose of these combined financial statements, the share capital as at 31 December 2020 represents the aggregation of the Group’s interest in the issued and paid up capital of the Company and all of its subsidiary corporations under common control.

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22. Share capital (continued)

On 18 June 2020, the Company incorporated LS 2 Management Pte. Ltd. as a holding company in preparation for future expansion of its businesses.

On 1 September 2021, the issued and paid-up share capital of LS 2 Services Pte Ltd of 3,000,000 ordinary shares were transferred to the Company for an aggregate nominal cash consideration of as a result of the Restructuring Exercise as disclosed in Note 1.2(c) to combined financial statements.

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 respective companies’ residual assets.

23. Dividends

On 31 March 2021 and 30 June 2021, interim one-tier tax exempt dividends of \$1,000,000 and \$4,500,000 respectively are declared by the subsidiary corporation, LS 2 Services Pte Ltd for the financial year ending 31 December 2021. These combined financial statements do not reflect this dividend, which will be accounted for in shareholder’s equity as an appropriation of retained profits in the financial year ending 31 December 2021.

24. Related party transactions

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

(a) *Purchases of services*

	2018	2019	2020
	\$	\$	\$
<u>Related parties</u>			
Project management fees ⁽¹⁾	–	2,598,182	2,392,908

(1) The Group’s subsidiary corporation, LS 2 Services Pte Ltd enter into back-to-back agreements with its related parties (“project management firms”) for the management of projects. Pursuant to the terms of the agreements, the subsidiary corporation agrees to pay project management firms an agreed amount (“Total Contract Sum”) which comprises the amounts payable to the Group’s 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 firms and as such, the amounts set out in the table above comprises only the Management Fees paid to the relevant project management firms. For completeness, the Total Contract Sum paid to project management firms were approximately \$6,215,262 and \$6,344,739 during the respective financial year ended 31 December 2019 and 2020.

Related parties comprise mainly companies which are controlled by the Group’s key management personnel and their close family members.

Outstanding trade and non-trade balances as at 31 December 2018, 2019 and 2020, arising from sales/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 12 and 18 to the combined financial statements.

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24. Related party transactions (continued)

(b) *Key management personnel compensation, representing remuneration of the directors of the Company.*

	2018	2019	2020
	\$	\$	\$
Salaries and bonuses	192,000	228,000	258,800
Employer’s contribution to The Central Provident Fund	9,495	11,960	16,145
	<u>201,495</u>	<u>239,960</u>	<u>274,945</u>

25. 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 directors are 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.

(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.

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25. Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and Interest rate risk (continued)

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 2018, 2019 and 2020 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 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 2018, 2019 and 2020, the Group has concentrated credit risk on 2 debtors, 2 debtors, and 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:

	2018	2019	2020
	\$	\$	\$
<u>By type of customers</u>			
- Public sector	9,092,702	12,333,928	11,522,063
- Private sector	990,594	1,775,502	1,489,037
	<u>10,083,296</u>	<u>14,109,430</u>	<u>13,011,100</u>

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25. Financial risk management (continued)

(b) Credit risk (continued)

(i) Impairment of trade receivables

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

Trade receivables from public sector are generally of good reputations and payment records, therefore are assessed to have low credit risk and no credit loss allowances are required. The Group categories a receivable under private sector to be doubtful when a debtor fails to make contractual payments greater than 90 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 2018, 2019 and 2020 and no bad debts were written-off except for a customer with outstanding amount of \$41,000 which was written-off as bad debt during the financial year ended 31 December 2020.

The Group’s credit risk exposure in relation to trade receivables from customers as at 31 December 2018, 2019 and 2020 are set out in the ageing analysis as follows.

	← Past due →					Total
	Current	Within 30 days	30 to 60 days	60 to 90 days	More 90 days	
	\$	\$	\$	\$	\$	\$
2018	5,830,667	2,692,879	985,165	441,203	133,382	10,083,296
2019	8,327,030	4,547,838	1,008,038	43,635	182,889	14,109,430
2020	6,383,926	3,447,553	1,071,779	1,733,824	374,018	13,011,100

(ii) Cash and bank balances

As at 31 December 2018, 2019 and 2020, the Group held cash and bank balances of \$1,441,681, \$1,874,631 and \$7,299,679 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.

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25. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Non-trade receivables

As at 31 December 2018, 2019 and 2020, the Group has non-trade receivables from non-related parties and related parties amounting to \$237,712, \$170,708 and \$152,820 respectively. For non-trade receivables, the Group has applied a 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.

(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 and short-term bank deposit as disclosed in Note 11.

The table below analyses non-derivative financial liabilities of the Group 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 and 5 years \$	More than 5 years \$
2018			
Trade and other payables	4,553,916	–	–
Borrowings	<u>4,381,173</u>	<u>1,351,726</u>	<u>932,970</u>
2019			
Trade and other payables	8,824,854	–	–
Borrowings	<u>7,011,606</u>	<u>2,452,047</u>	<u>1,937,899</u>
2020			
Trade and other payables	6,354,214	–	–
Borrowings	<u>5,556,757</u>	<u>1,808,793</u>	<u>1,442,820</u>

(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.

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25. Financial risk management (continued)

(d) Capital risk (continued)

Management monitors its capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt. The Group is also required by certain financial institution to maintain certain level of net worth.

	2018	2019	2020
	\$	\$	\$
Net debt	9,815,668	18,042,595	9,206,532
Total equity	5,417,216	6,405,575	13,736,513
Total capital	<u>15,232,884</u>	<u>24,448,170</u>	<u>22,943,045</u>
Gearing ratio	<u>64%</u>	<u>74%</u>	<u>40%</u>

The Group is in compliance with all externally imposed level of net worth and gearing ratio for the financial years 31 December 2018, 2019 and 2020.

(e) Fair value measurements

The table below presents assets recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3
	\$	\$	\$
2018			
Financial assets, at FVPL	<u>–</u>	<u>–</u>	<u>762,203</u>
2019			
Financial assets, at FVPL	<u>–</u>	<u>–</u>	<u>767,756</u>
2020			
Financial assets, at FVPL	<u>–</u>	<u>–</u>	<u>767,756</u>

The fair value of financial instruments that are not traded in an active market is determined by independent third party. The fair value of financial instrument, which is the cash surrender value of the life insurance as provided by independent insurance companies on annual basis is computed based on accumulated values, less off applicable surrender penalty.

The carrying amounts of financial assets and liabilities carried at amortised cost approximate their fair values.

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25. Financial risk management (continued)

(f) Financial instruments by category

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

	2018	2019	2020
	\$	\$	\$
Financial asset, at FVPL	762,203	767,756	767,756
Financial assets, at amortised cost	11,887,439	17,761,298	22,436,450
Financial liabilities, at amortised cost	<u>10,795,854</u>	<u>19,390,852</u>	<u>14,715,522</u>

26. 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” which operates only in Singapore as its sole operating segment and other non-reportable business activities included in “Others” segment. No segment reporting by geographical location for the respective financial years ended 31 December 2018, 2019 and 2020 is required.

(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) 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.

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26. Segment information (continued)

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

	Cleaning services	Others	Total
	\$	\$	\$
2018			
Revenue	43,039,550	408,175	43,447,725
Other income	20,472	68,230	88,702
Purchases and related costs	(9,362,381)	(33,267)	(9,395,648)
Employee benefits	(27,089,669)	(104,296)	(27,193,965)
Depreciation of property, plant and equipment	(417,974)	(134,463)	(552,437)
Depreciation of investment properties	–	(44,353)	(44,353)
Other expenses	(4,181,934)	(10,609)	(4,192,543)
Finance costs	(265,143)	(66,646)	(331,789)
Segment profit before income tax	1,742,921	82,771	1,825,692
Unallocated costs			(882,020)
Profit before income tax			943,672
Income tax expense			(237,494)
Net Profit			706,178
Segment assets	12,880,834	4,156,751	17,037,585
Addition to:			
- Property, plant and equipment	422,834	93,775	516,609
Segment liabilities	9,615,748	2,004,621	11,620,369

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26. Segment information (continued)

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

	Cleaning services	Others	Total
	\$	\$	\$
2019			
Revenue	48,729,930	311,677	49,041,607
Other income	26,025	71,722	97,747
Purchases and related costs	(9,617,541)	(322,866)	(9,940,407)
Employee benefits	(30,482,179)	(141,063)	(30,623,242)
Depreciation of property, plant and equipment	(805,030)	(181,140)	(986,170)
Depreciation of investment properties	–	(54,260)	(54,260)
Other expenses	(4,995,711)	(23,052)	(5,018,763)
Finance costs	(265,390)	(100,440)	(365,830)
Segment profit/(loss) before income tax	2,590,104	(439,422)	2,150,682
Unallocated costs			(953,268)
Profit before income tax			1,197,414
Income tax expense			(209,055)
Net profit			988,359
Segment assets	18,480,618	8,387,248	26,867,866
Addition to:			
- Property, plant and equipment	1,397,510	3,055,424	4,452,934
Segment liabilities	15,480,986	4,981,305	20,462,291

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26. Segment information (continued)

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

	Cleaning services	Others	Total
	\$	\$	\$
2020			
Revenue	53,926,840	712,694	54,639,534
Other income	17,236	49,950	67,186
Purchases and related costs	(10,265,038)	(553,268)	(10,818,306)
Employee benefits	(29,749,782)	(133,634)	(29,883,416)
Depreciation of property, plant and equipment	(1,114,199)	(289,252)	(1,403,451)
Depreciation of investment properties	–	(39,400)	(39,400)
Other expenses	(3,691,642)	(25,575)	(3,717,217)
Finance costs	(257,959)	(132,693)	(390,652)
Segment profit/(loss) before income tax	8,865,456	(411,178)	8,454,278
Unallocated costs			(1,213,558)
Profit before income tax			7,240,720
Income tax credit			90,216
Net profit			7,330,936
Segment assets	16,026,997	14,560,501	30,587,498
Addition to:			
- Property, plant and equipment	542,841	399,185	942,026
Segment liabilities	13,151,451	3,699,534	16,850,985

Revenue from major products and services

Revenue of \$22,638,650, \$17,871,100 and \$19,708,932 are derived from two, one and one external customer(s) who individually contributed about 11% to 41%, 36% and 36% of the Group’s revenue and is attributable to the cleaning segment for the respective financial years ended 31 December 2018, 2019 and 2020.

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27. Events after the balance sheet date

- (a) On 10 August 2021, the subsidiary corporation, LS 2 Services Pte Ltd received notification for cancellation of banking facilities from a financial institution in relation to term loans granted for the acquisition of two investment properties of LS 2 Services Pte Ltd. The term loans amounting to \$897,833, \$841,531 and \$784,799 as at 31 December 2018, 2019 and 2020 are included in borrowings (Note 19) and shall be cancelled upon completion of the impending redemption of two investment properties (Note 16) pledged as collateral for the term loans.
- (b) Pursuant to two separate sale and purchase agreements dated 12 October 2021, LS 2 Services sold its two investment properties (the “Eco-Tech Properties”) to THK Capital Pte. Ltd. with an aggregate carrying amount of \$1,024,412, \$985,012 and \$945,612 as at 31 December 2018, 2019 and 2020 respectively, for a consideration of \$916,060. The consideration for the acquisition was based on the carrying amount of Eco-Tech Properties as at 30 June 2021 which was higher than the latest fair values of the Eco-Tech Properties determined by an external, independent and qualified valuer using sales comparison approach on 28 May 2021.

Consideration for the acquisition was fully settled in cash by the purchaser on the completion of such disposal on 23 November 2021.

- (c) Pursuant to a Directors’ resolution passed on 12 October 2021, the subsidiary corporation, LS 2 Services agreed to transfer one life insurance policy from each of Transamerica Life Bermuda Ltd and Prudential Assurance Co. Singapore (Pte) Ltd (“Keyman Policies”) to Mr. Roger Tan with fair value amount of \$762,203, \$767,756 and \$767,756 as at 31 December 2018, 2019 and 2020 respectively, which are classified as financial assets, at FVPL (Note 17), for an aggregate 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. The relevant forms to effect the transfer have been submitted to the respective insurers for processing and the transfer of the Keyman Policy with Transamerica Life Bermuda Ltd was completed on 1 December 2021. Consideration for the transfer of this Keyman Policy has been fully settled in cash by Mr. Roger Tan on 1 December 2021. The transfer of the Keyman Policy with Prudential Assurance Co. Singapore (Pte) Ltd has also completed and the consideration for the transfer of this Keyman policy was fully settled in cash by Mr. Roger Tan on 30 December 2021.

The completion of the above events is unlikely to result in significant impact on the Group’s financial statements.

28. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2021 or later periods and which the Group has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

29. Authorisation of combined financial statements

These combined financial statements have been prepared for inclusion in the offer documents of LS 2 Holdings Limited and were authorised for issue by the Directors of the Company on 15 February 2022.

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND
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**LS 2 HOLDINGS LIMITED AND
ITS SUBSIDIARY CORPORATIONS**

**UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021**

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND
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**LS 2 Holdings Limited and Its Subsidiary Corporations
Directors’ Statement
For the six-month period ended 30 June 2021**

In the opinion of the directors,

- (a) the unaudited interim condensed combined financial statements of LS 2 Holdings Limited (the “Company”) and its subsidiary corporations (collectively, the “Group”) as set out on pages B-5 to B-31 are drawn up so as to present fairly the unaudited interim condensed combined balance sheet as at 30 June 2021, the unaudited interim condensed combined statements of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six-month period ended 30 June 2021 in accordance with Singapore Financial Reporting Standards (International) 1-34 Interim Financial Reporting; 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.

The directors have, on the date of this statement, authorised these unaudited interim condensed combined financial statements for issue.

.....
Tan Hoo Kiat
Director

.....
Ong Khong Weng, Alvin
Director

15 February 2022

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND
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**INDEPENDENT AND REPORTING AUDITOR’S REVIEW REPORT ON THE UNAUDITED INTERIM
CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2021**

Board of Directors of LS 2 Holdings Limited
1 Bukit Batok Crescent
#04-11
WCEGA Plaza
Singapore 658064

Dear Sirs

Report on the Review of Unaudited Interim Condensed Combined Financial Statements

Introduction

We have reviewed the accompanying unaudited interim condensed combined financial statements of LS 2 Holdings Limited (the “Company”) and its subsidiary corporations (collectively, the “Group”), which comprise the unaudited interim condensed combined balance sheet as at 30 June 2021, the related unaudited interim condensed combined statements of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the six-month period ended 30 June 2021, and selected explanatory notes, as set out in pages B-5 to B-31. Management is responsible for the preparation and fair presentation of these unaudited interim condensed combined financial statements in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the unaudited interim condensed combined financial statements based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed combined financial statements are not prepared, in all material respects, in accordance with SFRS(I) 1-34.

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**INDEPENDENT AND REPORTING AUDITOR’S REVIEW REPORT ON THE UNAUDITED INTERIM
CONDENSED COMBINED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2021 (continued)**

Other matter

Other than the Group’s combined balance sheet as at 31 December 2020 which has been audited, all other comparative figures have not been audited nor reviewed. The unaudited interim condensed combined financial information for the corresponding six-month period ended 30 June 2021 is the responsibility of management.

Restriction on Distribution and Use

This report is made solely for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of LS 2 Holdings Limited on the Catalist, the sponsor-supervised Board of Singapore Exchange Securities Trading Limited and for no other purpose.

The engagement director on the review resulting in this independent auditor’s review report is Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

15 February 2022

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND
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**LS 2 Holdings Limited and Its Subsidiary Corporations
Unaudited Interim Condensed Combined Statement of Comprehensive Income
For the six-month period ended 30 June 2021**

	Note	Six-month period ended 30 June	
		2021 (Unaudited) \$	2020 (Unaudited) \$
Revenue	4	25,468,458	28,222,543
Other income	5	327,085	154,386
Expenses			
- Purchases and related costs		(4,338,819)	(6,270,863)
- Employee benefits	6	(15,866,277)	(15,313,091)
Direct operating costs		(20,205,096)	(21,583,954)
- Depreciation of property, plant and equipment		(729,936)	(693,206)
- Depreciation of investment properties		(19,700)	(19,700)
- Other expenses	7	(2,717,338)	(1,796,773)
- Finance costs	8	(133,714)	(203,048)
Total expenses		(23,805,784)	(24,296,681)
Profit before income tax		1,989,759	4,080,248
Income tax (expense)/credit	9	(111,010)	94,170
Total comprehensive income, representing net profit for the financial period attributable to equity holders of the Company		1,878,749	4,174,418
Earnings per share (“EPS”) for net profit attributable to equity holders of the Company (Cents per share)	10	1.19	2.65

The accompanying notes form an integral part of these unaudited interim condensed combined financial statements.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Unaudited Interim Condensed Combined Balance Sheet
As at 30 June 2021**

	Note	30 June 2021 (Unaudited) \$	31 December 2020 (Audited) \$
ASSETS			
Current assets			
Cash and bank balances	11	5,195,360	7,299,679
Trade and other receivables	12	16,709,007	16,610,860
		<u>21,904,367</u>	<u>23,910,539</u>
Non-current assets			
Property, plant and equipment	13	5,696,375	4,963,591
Investment properties	16	925,912	945,612
Financial assets, at fair value through profit or loss (“FVPL”)	17	767,756	767,756
		<u>7,390,043</u>	<u>6,676,959</u>
Total Assets		<u>29,294,410</u>	<u>30,587,498</u>
LIABILITIES			
Current liabilities			
Trade and other payables	18	12,582,536	8,144,903
Borrowings	19	3,210,384	5,540,079
Current income tax liabilities		191,462	227,229
		<u>15,984,382</u>	<u>13,912,211</u>
Non-current liabilities			
Borrowings	19	3,077,221	2,821,229
Deferred income tax liabilities	20	117,545	117,545
		<u>3,194,766</u>	<u>2,938,774</u>
Total liabilities		<u>19,179,148</u>	<u>16,850,985</u>
Net assets		<u>10,115,262</u>	<u>13,736,513</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	21	3,000,002	3,000,002
Retained profits		7,115,260	10,736,511
Total equity		<u>10,115,262</u>	<u>13,736,513</u>

The accompanying notes form an integral part of these unaudited interim condensed combined financial statements.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Unaudited Interim Condensed Combined Statement of Changes in Equity
For the six-month period ended 30 June 2021**

	Note	Share capital \$	Retained profit* \$	Total equity \$
(Unaudited)				
Balance at 1 January 2021		3,000,002	10,736,511	13,736,513
Total comprehensive income – Net profit for the financial period		–	1,878,749	1,878,749
Dividend declared	22	–	(5,500,000)	(5,500,000)
End of financial period 30 June 2021		<u>3,000,002</u>	<u>7,115,260</u>	<u>10,115,262</u>
(Unaudited)				
Balance at 1 January 2020		3,000,000	3,405,575	6,405,575
Issuance of new shares	21	2	–	2
Total comprehensive income – Net profit for the financial period		–	4,174,418	4,174,418
End of financial period 30 June 2020		<u>3,000,002</u>	<u>7,579,993</u>	<u>10,579,995</u>

*Retained profits of the Group are fully distributable.

The accompanying notes form an integral part of these unaudited interim condensed combined financial statements.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Unaudited Interim Condensed Combined Statement of Cash Flows
As at 30 June 2021**

	Note	Six-month period ended 30 June	
		2021 (Unaudited) \$	2020 (Unaudited) \$
Cash flows from operating activities			
Profit before income tax		1,989,759	4,080,248
Adjustments for:			
- Depreciation of property, plant and equipment		729,936	693,206
- Depreciation of investment properties		19,700	19,700
- Property, plant and equipment written off	7	48	2,492
- Gain on disposal of property, plant and equipment	5	(1,480)	(2,336)
- Interest expense	8	133,714	203,048
- Interest income	5	(829)	(136)
		2,870,848	4,996,222
Changes in working capital:			
- Trade and other receivables		(98,147)	(493,034)
- Trade and other payables		(36,749)	2,624,545
Cash generated from operations		2,735,952	7,127,733
Income tax paid		(146,777)	–
Interest paid		(48)	(92)
Interest received		829	136
Net cash provided by operating activities		2,589,956	7,127,777
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		8,030	22,759
Additions to property, plant and equipment		(452,794)	(72,089)
Net cash used in investing activities		(444,764)	(49,330)
Cash flows from financing activities			
Dividend paid to equity holders of the Company		(1,000,000)	–
Release of bank deposit pledged		–	300,000
Principal repayment of lease liabilities		(456,366)	(464,389)
Repayments of borrowings		(475,264)	(1,157,605)
Repayment of trade receivables factoring		(2,158,597)	(856,076)
Payments to a director		(25,618)	(2,036,345)
Interest paid		(133,666)	(202,956)
Net cash used in financing activities		(4,249,511)	(4,417,371)
Net (decrease)/increase in cash and bank balances		(2,104,319)	2,661,076
Cash and bank balances			
Beginning of the financial period		7,299,679	1,574,631
End of the financial period		5,195,360	4,235,707

The accompanying notes form an integral part of these unaudited interim condensed combined financial statements.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Unaudited Interim Condensed Combined Statement of Cash Flows
For the six-month period ended 30 June 2021**

Reconciliation of liabilities arising from financing activities

	1 January 2021	Principal and interest payments	Non-cash changes			30 June 2021
			Interest expense	Effect of lease termination	Additions	
	\$	\$	\$	\$	\$	\$
Bank borrowings	2,798,262	(506,692)	31,428	–	–	2,322,998
Trade receivables factoring	4,343,331	(2,234,388)	75,791	–	–	2,184,734
Lease liabilities	1,219,715	(482,813)	26,447	(45,360)	1,061,884	1,779,873
Amount due to a director	324,902	(25,618)	–	–	–	299,284

	1 January 2020	Principal and interest payments	Non-cash changes			30 June 2020
			Interest expense	Effect of lease termination	Additions	
	\$	\$	\$	\$	\$	\$
Bank borrowings	4,181,042	(1,207,783)	50,178	–	–	3,023,437
Trade receivables factoring	4,784,894	(975,384)	119,308	–	–	3,928,818
Lease liabilities	1,600,062	(497,859)	33,470	(10,463)	813,160	1,938,370
Amount due to a director	2,325,313	(2,036,345)	–	–	–	288,968

The accompanying notes form an integral part of these unaudited interim condensed combined financial statements.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Notes to the Unaudited Interim Condensed Combined Financial Statements
For the six-month period ended 30 June 2021**

These notes form an integral part of and should be read in conjunction with the unaudited interim condensed combined financial statements.

1. General information

1.1 The Company

The Company was incorporated in Singapore on 18 June 2020 as an exempt private company limited by shares under the name of LS 2 Pest Management Pte. Ltd. and it subsequently changed its name to LS 2 Holdings Pte. Ltd. on 29 March 2021. The address of its registered office is at 1 Bukit Batok Crescent, #04–11 WCEGA Plaza, Singapore 658064.

The Company was converted into a public limited company and the name was changed to “LS 2 Holdings Limited” on 25 November 2021. The unaudited interim condensed combined financial statements are presented in Singapore Dollar (“\$”) except otherwise indicated.

The unaudited interim condensed combined financial statements of the LS 2 Holdings Limited (the “Company”) and its subsidiary corporations (collectively, the “Group”) have been prepared solely in connection with the proposed listing of the Company on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

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

Name of companies	Country of business/ incorporation	Principal activities	Equity holding as at 30 June	
			2021 %	2020 %
LS 2 Services Pte Ltd ("LS 2 Services")	Singapore	Cleaning services and landscape care and maintenance service activity	100	100
LS 2 Management Pte. Ltd. ("LS 2 Management")	Singapore	Other holding companies	100	100
LS 2 Facilities Pte. Ltd. (formerly known as THK Property Holdings Pte. Ltd.) ("LS 2 Facilities")	Singapore	Facilities management for buildings and offices	100	–

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Notes to the Unaudited Interim Condensed Combined Financial Statements
For the six-month period ended 30 June 2021**

2. Significant accounting policies and other explanatory notes

2.1 Basis of preparation

These unaudited interim condensed combined financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34, *Interim Financial Reporting*.

These unaudited interim condensed combined financial statements do not include all the information and full disclosures normally included in a complete set of financial statements, and should be read in conjunction with the Group’s audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020 which is included in Appendix A of the Offer Document of the Company.

The preparation of the Group’s unaudited interim condensed combined financial statements in conformity with SFRS(I) 1-34 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 assumptions and estimates are significant to the unaudited interim condensed combined financial statements are disclosed in Note 3 to the unaudited interim condensed combined financial statements.

Coronavirus (COVID-19) Impact

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group’s significant operations are in Singapore, which have been affected by the spread of COVID-19. From 7 April 2020 to 1 June 2020 (“Circuit Breaker Period”), the Singapore Government implemented measures to stem the spread of COVID-19 in the community. The Group’s business is essential services and was permitted to operate with additional safety measures implemented during the Circuit Breaker Period, therefore the Group’s operations have not been significantly disrupted and its financial performance was not adversely affected.

Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of unaudited interim condensed combined financial statements:

- (a) The Group has assessed that the going concern basis of preparation for these unaudited interim condensed combined financial statements remain appropriate.
- (b) The Group has considered the market conditions (including the impact of COVID-19) as at the end of each financial year affected by COVID-19, in making estimates and judgements on the recoverability of assets and assessment of fair value of investment properties. The critical accounting estimates, assumptions and judgements applied are disclosed in Note 3 to the financial statement.

As the global COVID-19 situation remains very fluid as at the date these unaudited interim condensed combined financial statements were authorised for issuance, there is no assurance that the Group’s business, financial performance and results of operations for subsequent financial periods would not be materially and adversely affected.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
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2. Significant accounting policies and other explanatory notes (continued)

2.2 Summary of significant accounting policies

The unaudited interim condensed combined financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies in the Group’s audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020 which is included in Appendix A of the Offer Document of the Company.

The accounting policies applied in these unaudited interim condensed combined financial statements are the same as those applied in the Group’s audited combined financial statements for the latest financial year ended 31 December 2020.

3. Critical accounting estimates, assumptions and judgements

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

Expected credit losses (ECL) on trade receivables

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

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

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of other receivables. The carrying amount of the Group’s trade receivables at the reporting date is disclosed in Note 12 to the combined interim financial statements.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables are recognised by the Group for the six-month period ended 30 June 2021 as there is no customer in financial difficulties during the financial period.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
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For the six-month period ended 30 June 2021**

4. Revenue

Disaggregation of revenue from contracts with customers

The Group derive revenue from the transfer of services over time. Revenue is attributed to different type of customers as follows:

	Six-month period ended 30 June	
	2021 (Unaudited) \$	2020 (Unaudited) \$
Public sector	21,160,600	24,049,161
Private sector	4,307,858	4,173,382
	<u>25,468,458</u>	<u>28,222,543</u>

5. Other income

	Six-month period ended 30 June	
	2021 (Unaudited) \$	2020 (Unaudited) \$
Government grants		
- Absentee Payroll Funding ⁽¹⁾	76,658	30,242
- Enterprise Development Grant ⁽²⁾	24,015	23,860
- Productivity Solutions Grant ⁽³⁾	4,056	–
	<u>104,729</u>	<u>54,102</u>
Rental income (Note 16)	28,500	21,750
Gain on disposal of property, plant and equipment	1,480	2,336
Insurance claims	137,866	63,433
Interest income	829	136
Others	53,681	12,629
	<u>327,085</u>	<u>154,386</u>

(1) Grant income of \$76,658 and \$30,242 was recognised during the respective financial period ended 30 June 2021 and 2020 under Absentee Payroll Funding (“AP”). AP is introduced to help employer defray manpower costs incurred when they send their employees for certifiable skills training.

(2) Grant income of \$24,015 and \$23,860 was recognised during the financial period ended 30 June 2021 and 2020 under the Enterprise Development Grant (“EDG”). EDG is introduced in 2018 to help enterprises grow and transform through upgrade of business capabilities, innovation and overseas venture.

(3) Grant income of \$4,056 was recognised during the financial period ended 30 June 2021 under the Production Solutions Grant (“PSG”). PSG is introduced in 2018 to support companies keen on adopting IT solutions and equipment to enhance business process.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
Notes to the Unaudited Interim Condensed Combined Financial Statements
For the six-month period ended 30 June 2021**

6. Employee benefits

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Salaries and wages	14,608,368	14,024,368
Employer’s contribution to defined contribution plans including The Central Provident Fund	1,257,909	1,288,723
	<u>15,866,277</u>	<u>15,313,091</u>

Key management’s remuneration is disclosed in Note 23(b) to the combined interim financial statements.

The above salaries and wages are presented as net, after offsetting against the following grant income recognised in the respective financial period ended 30 June 2020 and 2021:

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Job Support Scheme ⁽¹⁾	1,378,173	3,428,251
Special Employment Credit ⁽²⁾	771,014	746,698
Wage Credit Scheme ⁽³⁾	554,768	131,603
Other grants	8,836	13,230
Total	<u>2,712,791</u>	<u>4,319,782</u>

(1) Grant income of \$3,428,251 and \$1,378,173 was recognised during the respective six-month period ended 30 June 2020 and 2021 under the Jobs Support Scheme (the “JSS”). The 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) Grant income of \$746,698 and \$771,014 was recognised during the respective six-month period ended 30 June 2020 and 2021 under Special Employment Credit (SEC). 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) Grant income of \$131,603, and \$554,768 was recognised during the respective six-month period ended 30 June 2020 and 2021 under Wages Credit Scheme (WCS). 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.

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**LS 2 Holdings Limited and Its Subsidiary Corporations
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For the six-month period ended 30 June 2021**

7. Other expenses

	Six-month period ended 30 June	
	2021 (Unaudited) \$	2020 (Unaudited) \$
Foreign worker levy ⁽¹⁾	1,562,099	483,008
Insurance charges	194,664	160,814
Licence fees	65,560	110,425
Professional fees	47,734	140,433
Property, plant and equipment written-off	48	2,492
Lease expense – short term leases and low-valued assets (Note 14(d))	133,951	174,727
Repair and maintenance	224,508	115,752
Software charges	58,779	57,632
Staff welfare	114,511	258,050
Travelling and transportation	93,184	106,649
Utilities	90,395	95,488
Others	131,905	91,303
Total expenses	2,717,338	1,796,773

(1) The Group recognised foreign worker levy rebates and waiver of \$900,000 during the six-month period ended 30 June 2020. As part of the Solidarity Budget, the Singapore Government provided companies who hire foreign worker on work permits and S-passes with foreign worker levy waivers and FWL rebates to ease the labour costs of such firms during the Circuit Breaker Period from 7 April 2020 to 1 June 2020. The grant was disclosed as an offset against the foreign worker levy.

8. Finance costs

	Six-month period ended 30 June	
	2021 (Unaudited) \$	2020 (Unaudited) \$
Interest expenses		
- Term loan	31,428	50,178
- Lease liabilities (Note 14(c))	26,447	33,470
- Trade receivables factoring	75,791	119,308
- Others	48	92
	133,714	203,048

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**LS 2 Holdings Limited and Its Subsidiary Corporations
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For the six-month period ended 30 June 2021**

9. Income tax expense/(credit)

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Tax expense attributable to profit is made up of:		
- Current income tax	111,010	109,570
- Overprovision of deferred income tax in prior financial years	–	(203,740)
	<u>111,010</u>	<u>(94,170)</u>

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

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Profit before income tax	<u>1,989,759</u>	<u>4,080,248</u>
Tax calculated at tax rate of 17%	338,259	693,642
Effects of:		
- income not subject to tax	(237,032)	(586,141)
- expenses not deductible for tax purposes	22,552	23,769
- tax exemption	(16,575)	(16,575)
- overprovision of tax in prior financial years	–	(203,740)
- others	3,806	(5,125)
	<u>111,010</u>	<u>(94,170)</u>

10. Earnings per share

The earnings per share have been calculated based on the net profit attributable to equity holders of the Company for each of the financial period ended 30 June 2021 and 2020 and pre-placement share capital of 157,250,000 shares. The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

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11. Cash and bank balances

	30 June 2021 (Unaudited) \$	31 December 2020 (Audited) \$
Cash at bank and on hand	4,141,648	6,246,796
Short-term bank deposits	1,053,712	1,052,883
	<u>5,195,360</u>	<u>7,299,679</u>

As at 30 June 2021 and 31 December 2020, the bank deposits are placed with financial institutions with maturity period of 4 to 12 months with the average of fixed interest rate of 0.5%.

12. Trade and other receivables

	30 June 2021 (Unaudited) \$	31 December 2020 (Audited) \$
Trade receivables- Non-related parties	12,568,744	13,011,100
Non-trade receivables		
- Non-related parties	2,755,287	1,296,804
- Related parties	–	103,199
	<u>2,755,287</u>	<u>1,400,003</u>
Deferred listing fees	84,000	–
Deposits	338,461	354,213
Government grant receivables	771,014	1,618,638
Prepayments	191,501	226,906
	<u>16,709,007</u>	<u>16,610,860</u>

The carrying amounts of the trade receivables as at 30 June 2021 and 31 December 2020 include receivables of \$3,080,283 and \$6,903,593 respectively which are subject to factoring arrangement. Under this arrangement, the Group has factored the relevant receivables in exchange for cash and is prevented from selling or pledging these receivables. However, the Group has retained the late payment and credit risk. The Group therefore continues to recognise the factored assets in their entirety in the balance sheet. The amount repayable under the factoring agreement is presented as borrowings (Note 19). The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

Non-trade receivables from related parties are unsecured, interest-free and receivable on demand.

Included in non-trade receivables are costs recoverable from suppliers in relation to the consumption of the Group’s supplies and manpower by the suppliers in providing the services to the Group amounting to \$2,030,408 and \$1,247,183 as at 30 June 2021 and 31 December 2020 respectively.

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12. Trade and other receivables (continued)

Government grant receivables

Included in the government grant receivables are:

- (a) Government grant of \$771,014 and \$795,330 as at 30 June 2021 and 31 December 2020 from the Special Employment Credit, that are used to compensate wages paid during the financial period/year ended 30 June 2021 and 31 December 2020 are expected to receive in the following period/year.
- (b) As at 31 December 2020, \$823,308 from the Jobs Support Scheme, that are used to help enterprises retain local employees, and are expected to receive in the following year.

13. Property, plant and equipment

	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools & machinery	Other equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Unaudited								
30 June 2021								
<i>Cost</i>								
At 1 January 2021	3,461,978	77,505	1,972,641	533,730	98,953	1,823,785	183,235	8,151,827
Additions	726,067	950	–	399,594	–	127,772	260,295	1,514,678
Effect of lease termination	–	–	–	–	–	–	(73,301)	(73,301)
Disposal/write-off	(374,783)	–	–	(8,369)	–	(140)	(109,934)	(493,226)
At 30 June 2021	3,813,262	78,455	1,972,641	924,955	98,953	1,951,417	260,295	9,099,978
<i>Accumulated depreciation</i>								
At 1 January 2021	612,296	32,097	1,183,160	228,564	32,450	981,841	117,828	3,188,236
Depreciation charge	290,849	7,686	155,141	72,593	9,895	152,034	41,738	729,936
Effect of lease termination	–	–	–	–	–	–	(27,941)	(27,941)
Disposal/write-off	(374,783)	–	–	(1,818)	–	(93)	(109,934)	(486,629)
At 30 June 2021	528,362	39,783	1,338,301	299,339	42,345	1,133,782	21,691	3,403,603
<i>Net book value</i>								
End of financial period	3,284,900	38,672	634,340	625,616	56,608	817,635	238,604	5,696,375

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13. Property, plant and equipment (continued)

	Leasehold buildings	Furniture and fittings	Motor vehicles	Office equipment	Renovation	Tools & machinery	Other equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Audited								
31 December 2020								
<i>Cost</i>								
At 1 January 2020	3,348,607	72,220	1,741,343	432,557	91,238	1,959,625	166,821	7,812,411
Additions	339,937	5,285	344,945	115,683	7,715	55,160	73,301	942,026
Effect of lease termination	–	–	–	–	–	–	(14,771)	(14,771)
Disposal/write-off	(226,566)	–	(113,647)	(14,510)	–	(191,000)	(42,116)	(587,839)
At 31 December 2020	3,461,978	77,505	1,972,641	533,730	98,953	1,823,785	183,235	8,151,827
<i>Accumulated depreciation</i>								
At 1 January 2020	275,769	17,557	954,040	135,396	13,688	866,435	84,551	2,347,436
Depreciation charge	563,093	14,540	342,767	94,796	18,762	289,792	79,701	1,403,451
Effect of lease termination	–	–	–	–	–	–	(4,308)	(4,308)
Disposal/write-off	(226,566)	–	(113,647)	(1,628)	–	(174,386)	(42,116)	(558,343)
At 31 December 2020	612,296	32,097	1,183,160	228,564	32,450	981,841	117,828	3,188,236
<i>Net book value</i>								
End of financial period	2,849,682	45,408	789,481	305,166	66,503	841,944	65,407	4,963,591

- (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 14.
- (b) Included within the additions are leasehold buildings, motor vehicles, office equipment, and other equipment acquired under lease arrangements amounting to \$1,061,884 and \$563,861 in the respective financial period/year ended 30 June 2021 and 31 December 2020.
- (c) Bank borrowings (Note 19) are secured on property, plant and equipment of the Group with carrying amount of \$2,555,817 and \$2,582,367 as at 30 June 2021 and 31 December 2020 respectively.

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14. Leases – The Group as a lessee

Nature of the Group’s leasing activities

Leasehold buildings

The Group leases office space for the purpose of back office operations.

Office equipment

The Group leases photocopiers to support the operations.

Other equipment

The Group leases 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

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	\$	\$
Leasehold buildings	729,083	267,315
Motor vehicles	324,958	427,290
Office equipment	244,834	215,223
Tools & machinery	170,667	196,267
Other equipment	238,604	65,407
	<u>1,708,146</u>	<u>1,171,502</u>

(b) Depreciation charge during the financial period

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Leasehold buildings	264,299	259,435
Motor vehicles	102,332	60,758
Office equipment	39,361	26,711
Tools & machinery	25,600	25,600
Other equipment	41,738	40,877
	<u>473,330</u>	<u>413,381</u>

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14. Leases – The Group as a lessee (continued)

(c) Interest expense

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Interest expense on lease liabilities (Note 8)	26,447	33,470

(d) Lease expense not capitalised in lease liabilities

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Lease expense – short term leases and low-value assets (Note 7)	133,951	174,727

(e) Total cash outflow for all leases for respective financial period ended 30 June 2021 and 2020 were \$616,766 and \$672,586.

(f) Additions of ROU assets for the respective financial period ended 30 June 2021 and 2020 were \$1,061,884 and \$813,160 respectively.

15. Commitments

Nature of the Group’s leasing activities – the Group as a lessor

The Group has leased out their owned investment properties to a 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. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 5.

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

	30 June 2021 (Unaudited) \$	31 December 2020 (Audited) \$
Less than one year	42,300	56,400
One to two years	–	14,100
	42,300	70,500

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16. Investment properties

	30 June 2021 (Unaudited) \$	31 December 2020 (Audited) \$
Cost		
Beginning and end of financial period/year	1,182,013	1,182,013
Accumulated depreciation		
Beginning of financial period/year	236,401	197,001
Charge for financial period/year	19,700	39,400
End of financial period/year	256,101	236,401
Carrying amount		
End of financial period/year	925,912	945,612
Fair value of the investment properties	820,000	820,000

The following amounts are recognised in profit or loss for the financial period:

	Six-month period ended 30 June 2021 (Unaudited) \$	2020 (Unaudited) \$
Rental income (Note 5)	28,500	21,750
Direct operating expenses arising from:		
- Investment properties that generate rental income	7,837	9,825

As at 30 June 2021 and 31 December 2020, the details of the Group’s investment properties are as follows:

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

The fair value of the investment properties as at 30 June 2021 is determined by management by reference to the fair value determined by an external, independent and qualified valuer using sales comparison approach, where properties are valued using transacted prices for similar properties with appropriate adjustment to reflect the characteristic of the properties being values, such as location, sizes, age and condition, and tenure as at 30 June 2021.

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16. Investment properties (continued)

Management assesses the investment properties for impairment whenever there is an objective evidence or indication that investment properties may be impaired. Although the fair values less costs to sell of the investment properties are lower than the carrying amounts, no allowances for impairment of investment properties are provided as management believes that the shortfall is temporary and unlikely to have significant impact on the Group.

Investment properties of the Group with carrying amount of \$925,612 and \$945,612 as at 30 June 2021 and 31 December 2020 respectively are pledged as collateral for the borrowings of the Group (Note 19).

17. Financial assets, at FVPL

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	\$	\$
<i>Cash surrender value of life insurance</i>		
Beginning and end of financial period/year	767,756	767,756

The Group’s subsidiary corporation, LS 2 Services Pte Ltd purchased as owner, individual life insurance policy on the live of the director of the Company in 2015. The total insured amount of the policy is US\$1,000,000 and death benefit of US\$1,093,262 will be paid on the date upon the death of the insured person.

The Group’s subsidiary corporation, LS 2 Services Pte Ltd purchased as owner, individual life insurance policy on the lives of the director of the Company in 2017. The total insured amount of the policy is S\$630,000 and multiplier benefit for death and accelerated terminal illness benefit of S\$1,134,000 will be paid on the date upon the death of the insured person.

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18. Trade and other payables

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	\$	\$
Trade payables -Non-related parties	3,703,175	2,459,933
Non-trade payables		
- A director	299,284	324,902
- A related party	–	53,422
	<u>299,284</u>	<u>378,324</u>
Accrued expenses	2,861,954	3,299,557
Deferred grant income	459,943	1,252,051
Deposit	19,400	9,400
Dividend payables	4,500,000	–
Goods and services tax payables	573,780	538,638
Retention payable	165,000	207,000
	<u>12,582,536</u>	<u>8,144,903</u>

Non-trade payables to a director and a related party are unsecured, interest-free and repayable on demand.

Deferred grant income has been deferred as the Group will recognise the grant as deduction against the employee benefits in profit or loss on a systematic basis over the period of economic uncertainty in which the Group recognises the related salary cost from April 2020 to August 2021.

19. Borrowings

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	\$	\$
<i>Current</i>		
Trade receivables factoring	2,184,734	4,343,331
Term loan (secured)	165,536	560,914
Lease liabilities	860,114	635,834
	<u>3,210,384</u>	<u>5,540,079</u>
<i>Non-current</i>		
Term loan (secured)	2,157,462	2,237,348
Lease liabilities	919,759	583,881
	<u>3,077,221</u>	<u>2,821,229</u>
Total borrowings	<u>6,287,605</u>	<u>8,361,308</u>

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19. Borrowings (continued)

(a) Security granted

Total borrowings include secured liabilities of \$2,322,998 and \$2,798,262 as at 30 June 2021 and 31 December 2020 respectively. Term loan of the Group are secured over property, plant and equipment (Note 13(c)), investment properties (Note 16) and personal guarantee from a Director of a subsidiary corporation, LS 2 Services Pte Ltd.

(b) Fair value of non-current borrowings

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	\$	\$
Term loan (secured)	2,760,559	2,738,941

The above fair value are determined from the cash flow analyses discounted at market borrowing rates of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group of 2.25%-4.88% and 2.25%-3.21% as at 30 June 2021 and 31 December 2020 respectively.

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

20. 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 30 June 2021 and 31 December 2020.

The movements in the deferred tax account are as follows:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	\$	\$
Accelerated tax depreciation		
Beginning of financial period/year	117,545	363,020
Tax credited to profit or loss	–	(245,475)
End of financial period/year	117,545	117,545

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21. Share capital

	No. of shares		Amount	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
			\$	\$
Beginning of financial period/year	3,000,002	3,000,000	3,000,002	3,000,000
Share issued:				
- LS 2 Holdings Limited	–	1	–	1
- LS 2 Management Pte. Ltd.	–	1	–	1
End of financial period/year	<u>3,000,002</u>	<u>3,000,002</u>	<u>3,000,002</u>	<u>3,000,002</u>

As the Company was incorporated on 18 June 2020, for the purpose of these unaudited interim condensed combined financial statements, the share capital as at 30 June 2021 and 31 December 2020 represents the aggregation of the Group’s interest in the issued and paid up capital of the Company and all of its subsidiary corporations under common control.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. All ordinary shares rank equally with regard to the respective companies’ residual assets.

22. Dividends

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
<i>Ordinary dividends declared by LS 2 Services Pte Ltd</i>		
First Interim dividends of \$3.33 per ordinary share declared in respect of the financial year ending 31 December 2021	1,000,000	–
Second Interim dividends of \$14.99 per ordinary share declared in respect of the financial year ending 31 December 2021	<u>4,500,000</u>	<u>–</u>
	<u>5,500,000</u>	<u>–</u>

As at 30 June 2021, \$4,500,000 of second interim dividends declared remains outstanding to shareholders of LS 2 Services Pte Ltd and is disclosed in Note 18.

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23. Related party transactions

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

(a) *Purchases of services*

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
<u>Related parties</u>		
Project management fees ⁽¹⁾	82,857	2,389,700

- (1) The Group’s subsidiary corporation, LS Services Pte. Ltd. enter into back-to-back agreements with its related parties (“project management firms”) for the management of projects. Pursuant to the terms of the agreements, the subsidiary corporation agrees to pay project management firms an agreed amount (“Total Contract Sum”) which comprises the amounts payable to the Group’s 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 firms and as such, the amounts set out in the table above comprises only the Management Fees paid to the relevant project management firms. For completeness, the Total Contract Sum paid to project management firm were approximately \$1,008,047 and \$5,037,116 during the respective financial period ended 30 June 2021 and 2020.

Related parties comprise mainly companies which are controlled by the Group’s key management personnel and their close family members.

Outstanding trade and non-trade balances as at 31 December 2020 and 30 June 2021, arising from sales/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 12 and 18 to the combined interim financial statements.

(b) *Key management personnel compensation*, representing remuneration of the directors of the Company.

	Six-month period ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	\$	\$
Salaries and bonuses	142,800	114,000
Employer’s contribution to Central Provident Fund	9,198	4,748
	151,998	118,748

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24. Segment information

The Board of Directors is the Company’s chief operating decision maker. 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” which operates only in Singapore as its sole operating segment and other non-reportable business activities included in “Others” segment.

(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) 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.

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24. Segment information (continued)

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.

The segment information provided to the Board of Directors for the reportable segment and the reconciliation to the unaudited interim condensed combined statements of comprehensive income are as follows:

	Cleaning services	Others	Total
	\$	\$	\$
Unaudited			
For the six-month period ended 30 June 2021			
Revenue	25,136,399	332,059	25,468,458
Other income	48,188	28,500	76,688
Purchases and related costs	(4,107,435)	(231,384)	(4,338,819)
Employee benefits	(14,868,541)	(54,583)	(14,923,124)
Depreciation of property, plant and equipment	(545,875)	(184,061)	(729,936)
Depreciation of investment properties	–	(19,700)	(19,700)
Other expenses	(2,388,789)	(14,790)	(2,403,579)
Finance costs	(33,905)	(99,809)	(133,714)
Segment profit/(loss) before income tax	3,240,042	(243,768)	2,996,274
Unallocated costs			(1,006,515)
Profit before income tax			1,989,759
Income tax expense			(111,010)
Net profit			1,878,749
Unaudited			
As at 30 June 2021			
Segment assets	16,928,350	12,366,060	29,294,410
Addition to:			
- Property, plant and equipment	1,054,134	460,544	1,514,678
Segment liabilities	15,461,660	3,717,488	19,179,148

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24. Segment information (continued)

	Cleaning services	Others	Total
	\$	\$	\$
Unaudited			
For the six-month period ended 30 June 2020			
Revenue	27,857,521	365,022	28,222,543
Other income	6,940	21,750	28,690
Purchases and related costs	(5,961,351)	(309,512)	(6,270,863)
Employee benefits	(14,874,628)	(74,936)	(14,949,564)
Depreciation of property, plant and equipment	(566,261)	(126,945)	(693,206)
Depreciation of investment properties	–	(19,700)	(19,700)
Other expenses	(1,385,224)	(13,749)	(1,398,973)
Finance costs	(54,901)	(148,147)	(203,048)
Segment profit/(loss) before income tax	5,022,096	(306,217)	4,715,879
Unallocated costs			(635,631)
Profit before income tax			4,080,248
Income tax credits			94,170
Net Profit			4,174,418
Audited			
As at 31 December 2020			
Segment assets	16,026,997	14,560,501	30,587,498
Addition to:			
- Property, plant and equipment	542,841	399,185	942,026
Segment liabilities	13,151,451	3,699,534	16,850,985

Revenue from major products and services

Revenue of \$10,082,604 and \$9,629,390 are derived from 1 external customer who individually contributed about 40% and 34% of the Group’s revenue and is attributable to the cleaning segment for the respective financial period ended 30 June 2020 and 2021.

**APPENDIX B – INDEPENDENT AUDITOR’S REVIEW REPORT AND
UNAUDITED INTERIM CONDENSED COMBINED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

**LS 2 Holdings Limited and Its Subsidiary Corporations
Notes to the Unaudited Interim Condensed Combined Financial Statements
For the six-month period ended 30 June 2021**

25. Events after the balance sheet date

- (a) On 10 August 2021, LS 2 Services Pte Ltd received notification for cancellation of banking facilities from a financial institution in relation to term loans granted for the acquisition of two investment properties of LS 2 Services Pte Ltd. The term loans amounting to \$378,528 and \$784,799 as at 30 June 2021 and 31 December 2020 are included in borrowings (Note 19) and shall be cancelled upon completion of the impending redemption of two investment properties (Note 16) pledged as collateral for the term loans.
- (b) Pursuant to two separate sale and purchase agreements dated 12 October 2021, LS 2 Services sold its two investment properties (the “Eco-Tech Properties”) to THK Capital Pte. Ltd. with an aggregate carrying amount of \$1,024,412, \$985,012 and \$945,612 as at 31 December 2018, 2019 and 2020 respectively, for a consideration of \$916,060. The consideration for the acquisition was based on the carrying amount of Eco-Tech Properties as at 30 June 2021 which was higher than the latest fair values of the Eco-Tech Properties determined by an external, independent and qualified valuer using sales comparison approach on 28 May 2021.

Consideration for the acquisition was fully settled in cash by the purchaser on the completion of such disposal on 23 November 2021.

- (c) Pursuant to a Directors’ resolution passed on 12 October 2021, the subsidiary corporation, LS 2 Services agreed to transfer one life insurance policy from each of Transamerica Life Bermuda Ltd and Prudential Assurance Co. Singapore (Pte) Ltd (“Keyman Policies”) to Mr. Roger Tan with fair value amount of \$762,203, \$767,756 and \$767,756 as at 31 December 2018, 2019 and 2020 respectively, which are classified as financial assets, at FVPL (Note 17), for an aggregate 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. The relevant forms to effect the transfer have been submitted to the respective insurers for processing and the transfer of the Keyman Policy with Transamerica Life Bermuda Ltd was completed on 1 December 2021. Consideration for the transfer of this Keyman Policy has been fully settled in cash by Mr. Roger Tan on 1 December 2021. The transfer of the Keyman Policy with Prudential Assurance Co. Singapore (Pte) Ltd has also completed and the consideration for the transfer of this Keyman policy was fully settled in cash by Mr. Roger Tan on 30 December 2021.

The completion of the above events is unlikely to result in significant impact on the Group’s financial statements.

26. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 July 2021 or later periods and which the Group has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

27. Authorisation of unaudited interim condensed combined financial statements

The unaudited interim condensed combined financial statements for the six-month period ended 30 June 2021 have been prepared for inclusion in the Offer Document were authorised for issue by the Board of Directors on 15 February 2022.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND
THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**LS 2 HOLDINGS LIMITED AND
ITS SUBSIDIARY CORPORATIONS**
(Incorporated in the Republic of Singapore)

**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND
THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION OF LS 2 HOLDINGS LIMITED AND ITS
SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

Board of Directors of LS 2 Holdings Limited
1 Bukit Batok Crescent
#04-11
WCEGA Plaza
Singapore 658064

Dear Sirs

Report on the Compilation of Unaudited Pro Forma Combined Financial Information

We have completed our assurance engagement to report on the compilation of the unaudited pro forma combined financial information of LS 2 Holdings Limited (the “Company”) and its subsidiary corporations (the “Group”) by management. The unaudited pro forma combined financial information of the Group consists of the pro forma combined statement of financial position as at 31 December 2020, the pro forma combined statement of cash flows and related notes as set out on pages C-5 to C-9 of the Offer Document issued by the Company. The applicable criteria on the basis of which management has compiled the unaudited pro forma combined financial information is described in Note 3.

The unaudited pro forma combined financial information has been compiled by the management to illustrate the impact of the significant event set out in Note 2 (“Significant Event”) on the unaudited pro forma combined financial position of the Group as at 31 December 2020 and the unaudited pro forma combined cash flows of the Group as if the Significant Event had occurred on 31 December 2020.

The pro forma adjustments do not have any material effect on the combined statement of comprehensive income of the Group for the financial year ended 31 December 2020. Accordingly, the unaudited pro forma combined statement of comprehensive income for the financial year ended 31 December 2020 have not been presented.

As part of this process, information about the Group’s financial position and cash flows has been extracted by management from the Group’s audited combined financial statements for the financial year ended 31 December 2020, on which an audit report has been published.

Management’s Responsibility for the Unaudited Pro Forma Combined Financial Information

Management is responsible for compiling the unaudited pro forma combined financial information of the Group on the basis of the applicable criteria as described in Note 3.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF LS 2 HOLDINGS LIMITED AND ITS SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

Auditor’s Responsibilities

Our responsibility is to express an opinion about whether the unaudited pro forma combined financial information has been compiled, in all material respects, by management on the basis of the applicable criteria as described in Note 3.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements (“SSAE”) 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* (“SSAE 3420”), issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditors comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the unaudited pro forma combined financial information of the Group on the basis of the applicable criteria as described in Note 3.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma combined financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma combined financial information.

The purpose of the unaudited pro forma combined financial information included in the Offer Document is solely to illustrate the impact of Significant Event or transactions on unadjusted financial information of the Group as if the event had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma combined financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the management in the compilation of the unaudited pro forma combined financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (i) The related pro forma adjustments give appropriate effect to those criteria; and
- (ii) The unaudited pro forma combined financial information of the Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor’s judgment, having regard to his understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma combined financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma combined financial information of the Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND
THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION OF LS 2 HOLDINGS LIMITED AND ITS
SUBSIDIARY CORPORATIONS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020** (continued)

Opinion

In our opinion:

- (a) The unaudited pro forma combined financial information has been compiled:
 - (i) in a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards (International);
 - (ii) on the basis of the applicable criteria stated in Note 3 of the unaudited pro forma combined financial information of the Group; and
- (b) Each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information is appropriate for the purpose of preparing such unaudited financial information.

Restriction on Distribution and Use

This report is made solely for the inclusion in the Offer Document of the Company to be issued in relation to the proposed offering of the shares of LS 2 Holdings Limited on the Catalist, the sponsor-supervised Board of Singapore Exchange Securities Trading Limited and for no other purpose.

The engagement director on the review resulting in this independent auditor’s assurance report is Meriana Ang Mei Ling.

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

Singapore

15 February 2022

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND
THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**LS 2 Holdings Limited and Its Subsidiary Corporations
Unaudited Pro Forma Combined Balance Sheet
As at 31 December 2020**

	Audited combined balance sheet	Unaudited pro forma adjustments Note 2	Unaudited pro forma combined balance sheet
	\$	\$	\$
ASSETS			
Current assets			
Cash and bank balances	7,299,679	(1,000,000)	6,299,679
Trade and other receivables	16,610,860	–	16,610,860
	<u>23,910,539</u>	<u>(1,000,000)</u>	<u>22,910,539</u>
Non-current assets			
Property, plant and equipment	4,963,591	–	4,963,591
Investment properties	945,612	–	945,612
Financial assets, at fair value through profit or loss ("FVPL")	767,756	–	767,756
	<u>6,676,959</u>	<u>–</u>	<u>6,676,959</u>
Total Assets	<u>30,587,498</u>	<u>(1,000,000)</u>	<u>29,587,498</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8,144,903	4,500,000	12,644,903
Borrowings	5,540,079	–	5,540,079
Current income tax liabilities	227,229	–	227,229
	<u>13,912,211</u>	<u>4,500,000</u>	<u>18,412,211</u>
Non-current liabilities			
Borrowings	2,821,229	–	2,821,229
Deferred income tax liabilities	117,545	–	117,545
	<u>2,938,774</u>	<u>–</u>	<u>2,938,774</u>
Total liabilities	<u>16,850,985</u>	<u>4,500,000</u>	<u>21,350,985</u>
Net assets	<u>13,736,513</u>	<u>(5,500,000)</u>	<u>8,236,513</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	3,000,002	–	3,000,002
Retained profits	10,736,511	(5,500,000)	5,236,511
Total equity	<u>13,736,513</u>	<u>(5,500,000)</u>	<u>8,236,513</u>

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND
THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**LS 2 Holdings Limited and Its Subsidiary Corporations
Combined Statement of Cash Flows
For the financial year ended 31 December 2020**

	Audited combined statement of cash flows	Unaudited pro forma adjustments	Unaudited pro forma combined statement of cash flows
	\$	Note 2 \$	\$
Cash flows from operating activities			
Profit before income tax	7,240,720	–	7,240,720
Adjustments for:			
- Bad debt written off	41,000	–	41,000
- Depreciation of property, plant and equipment	1,403,451	–	1,403,451
- Depreciation of investment properties	39,400	–	39,400
- Property, plant and equipment written-off	2,596	–	2,596
- Gain on disposal of property, plant and equipment	(4,645)	–	(4,645)
- Interest income	(4,906)	–	(4,906)
- Interest expense	390,652	–	390,652
	9,108,268	–	9,108,268
Changes in working capital:			
- Trade and other receivables	1,123,632	–	1,123,632
- Trade and other payables	794,086	–	794,086
Cash generated from operations	11,025,986	–	11,025,986
Income tax paid	(110,075)	–	(110,075)
Interest paid	(92)	–	(92)
Interest received	3,402	–	3,402
Net cash provided by operating activities	10,919,221	–	10,919,221
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	31,545	–	31,545
Additions to property, plant and equipment	(378,165)	–	(378,165)
Net cash used in investing activities	(346,620)	–	(346,620)

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND
THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**LS 2 Holdings Limited and Its Subsidiary Corporations
Unaudited Pro Forma Combined Statement of Cash Flow
For the financial year ended 31 December 2020**

	Audited combined statement of cash flows	Unaudited pro forma adjustments	Unaudited pro forma combined statement of cash flows
	\$	Note 2 \$	\$
Cash flows from financing activities			
Release of bank deposit pledged	300,000	–	300,000
Principal repayment of lease liabilities	(933,745)	–	(933,745)
Proceeds from issuance of shares	2	–	2
Proceeds from borrowings	–	–	–
Repayments of borrowings	(1,382,780)	–	(1,382,780)
Repayment of trade receivables factoring	(441,563)	–	(441,563)
Proceeds from trade receivables factoring	–	–	–
(Payments to)/Receipts from a director	(2,000,411)	–	(2,000,411)
Interest paid	(390,560)	–	(390,560)
Interest received	1,504	–	1,504
Dividend paid to equity holders of the Company	–	(1,000,000)	(1,000,000)
Net cash used in financing activities	<u>(4,847,553)</u>	<u>(1,000,000)</u>	<u>(5,847,553)</u>
Net increase in cash and bank balances	5,725,048	(1,000,000)	4,725,048
Cash and bank balances			
Beginning of the financial year	1,574,631	–	1,574,631
End of the financial year	<u>7,299,679</u>	<u>(1,000,000)</u>	<u>6,299,679</u>

APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

LS 2 Holdings Limited and Its Subsidiary Corporations Notes to the Unaudited Pro Forma Combined Financial Information For the financial year ended 31 December 2020

1. General information

The Company was incorporated in Singapore on 18 June 2020 as an exempt private company limited by shares under the name of LS 2 Pest Management Pte. Ltd. and it subsequently changed its name to LS 2 Holdings Pte. Ltd. on 29 March 2021. The address of its registered office is at 1 Bukit Batok Crescent, #04–11 WCEGA Plaza, Singapore 658064.

The Company was converted into a public limited company and the name was changed to “LS 2 Holdings Limited” on 25 November 2021. The unaudited pro forma combined financial information are presented in Singapore Dollar (“\$”) except otherwise indicated.

The principal activity of the Company is that of an investment holding.

The principal activities of the subsidiary corporations are disclosed in Note 1.1 to the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020 as set out in Appendix A of the Offer Document.

2. Significant events

Save for the following significant event discussed below (“Significant Event”), Management, as at the date of this report, are not aware of any other significant acquisitions, disposal of assets and subsidiaries or significant changes made to the capital structure of the Group subsequent to 31 December 2020.

Declaration of interim dividends

On 31 March 2021 and 30 June 2021, interim one-tier tax exempt dividends of \$1,000,000 and \$4,500,000 respectively were declared by the subsidiary corporation, LS 2 Services Pte Ltd for the financial year ending 31 December 2021 to be paid to the persons who were registered shareholders of the Company as at 31 December 2020 (“Existing Shareholders”), which were determined based on the available profits of the Group as at 31 December 2020. As at the date of these combined financial statements, the dividends of \$4,500,000 have not yet been paid to the Existing Shareholders.

3. Basis of preparation of the unaudited pro forma combined financial information of the Group

- (a) The unaudited pro forma combined financial information of the Group for the financial year ended 31 December 2020 have been compiled based on the audited combined financial statements of the Group for the financial year ended 31 December 2020 which were prepared by management in accordance with Singapore Financial Reporting Standards (International), and audited by Nexia TS Public Accounting Corporation in accordance with Singapore Standards on Auditing. The auditor’s report on these combined financial statements was not modified.

**APPENDIX C – INDEPENDENT AUDITOR’S ASSURANCE REPORT AND
THE COMPILATION OF UNAUDITED PRO FORMA COMBINED FINANCIAL
INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

**LS 2 Holdings Limited and Its Subsidiary Corporations
Notes to the Unaudited Pro Forma Combined Financial Information
For the financial year ended 31 December 2020**

3. Basis of preparation of the unaudited pro forma combined financial information of the Group (continued)

- (b) The unaudited pro forma combined financial information of the Group has been prepared using the same accounting policies and methods of computation in the preparation of the audited combined financial statements for the financial years ended 31 December 2018, 2019 and 2020.

The unaudited pro forma combined financial information of the Group for the financial year ended 31 December 2020 are prepared for illustrative purposes only. These are prepared based on certain assumptions and after making certain adjustments to show what the unaudited pro forma combined financial position of the Group as at 31 December 2020 and the unaudited pro forma combined cash flows of the Group for the financial year ended 31 December 2020 would have been if the Significant Event had occurred on 31 December 2020.

The pro forma adjustments do not have any effect on the combined statement of comprehensive income of the Group for the financial year ended 31 December 2020. Accordingly, the unaudited pro forma combined statement of comprehensive income for financial year ended 31 December 2020 have not been presented.

Based on the assumption described above, the following material adjustments have been made to the audited combined statements of financial position as at 31 December 2020, in arriving at the unaudited pro forma combined balance sheet and the unaudited pro forma combined cash flows of the Group included herein:

Declaration of interim dividends

	31 December 2020
	\$
Cash and bank balance	(1,000,000)
Dividend payables	4,500,000
Retained profits	<u>(5,500,000)</u>

These interim dividends were declared on 31 March 2021 and 30 June 2021 and had been accounted for in the unaudited interim condensed combined financial statements for the six-months period ended 30 June 2021 of the Group as set out in Appendix B of the Offer Document.

- (c) The unaudited pro forma combined financial information of the Group, because of its nature, is not necessarily indicative of the results of the operations, cash flows and financial position that would have been attained had the Significant Event occurred earlier. Save as disclosed in Note 2, the management, for the purpose of preparing this set of unaudited pro forma combined financial information of the Group, has not considered the effects of other events.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

SUMMARY OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution. This description is only a summary and is qualified by reference to our Constitution, a copy of which will be displayed at our registered office at 1 Bukit Batok Crescent #04-11 WCEGA Plaza Singapore 658064.

The following are extracts of the provisions in our Constitution relating to:

(a) A director's power to vote on a proposal, arrangement or contract in which he is interested

Regulation 88(1) – Powers of Directors to contract with Company

No Director or intending Director shall be disqualified by his office from contracting or entering into any arrangement with the Company either as vendor, purchaser or otherwise nor shall such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established but every Director and Chief Executive Officer shall observe the provisions of Section 156 of the Act relating to the disclosure of the interests of the Directors and Chief Executive Officers in transactions or proposed transactions with the Company or of any office or property held by a Director or Chief Executive Officer which might create duties or interests in conflict with his duties or interests as a Director or Chief Executive Officer and any transactions to be entered into by or on behalf of the Company in which any Director shall be in any way interested shall be subject to any requirements that may be imposed by the Exchange or the Act. No Director shall vote in regard to any contract, arrangement or transaction, or proposed contract, arrangement or transaction in which he has directly or indirectly a personal material interest as aforesaid or in respect of any allotment of shares in or debentures of the Company to him and if he does so vote his vote shall not be counted. A Director shall also not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

Regulation 88(2) – Relaxation of restriction on voting

A Director, notwithstanding his interest, may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit. under the Company, or where the Directors resolve to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company, or where the Directors resolve to enter into or make any arrangements with him or on his behalf pursuant to this Constitution or where the terms of any such appointment or arrangements as hereinbefore mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

Regulation 89(2) – Exercise of voting power

The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

(b) A director's power to vote on remuneration (including pension or other benefits) for himself or for any other director and whether the quorum at a meeting of the board of directors to vote on directors' remuneration may include the director whose remuneration is the subject of the vote

Regulation 84(1) – Fees

The fees of the Directors shall be determined from time to time by the Company in general meetings and such fees shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the meeting. Such fees shall be divided among the Directors in such proportions and manner as they may agree and in default of agreement equally, except that in the latter event any Director who shall hold office for part only of the period in respect of which such fee is payable shall be entitled only to rank in such division for the proportion of fee related to the period during which he has held office.

Regulation 84(2) – Extra remuneration

Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which, in the opinion of the Directors, are outside his ordinary duties as a Director, may be paid such extra remuneration as the Directors may determine, subject however as is hereinafter provided in this Regulation.

Regulation 84(3) – Remuneration of Director

The fees (including any remuneration under Regulation 84(2) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or a percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.

Regulation 85 – Expenses

The Directors shall be entitled to be repaid all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

Regulation 86 – Pensions to Directors and dependents

Subject to the Act, the Directors on behalf of the Company may pay a gratuity or other retirement, superannuation, death or disability benefits to any Director or former Director who had held any other salaried office or place of profit with the Company or to his widow or dependants or relations or connections or to any persons in respect of and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Regulation 87 – Benefits for employees

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme or any other scheme whatsoever for the benefit of and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of the predecessors in business of the Company or of any subsidiary company, and the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

Regulation 92 – Remuneration of Chief Executive Officer/Managing Director

The remuneration of a Chief Executive Officer/Managing Director (or any Director holding an equivalent appointment) shall from time to time be fixed by the Directors and may subject to this Constitution be by way of salary or commission or participating in profits or by any or all of these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.

Regulation 101(1) – Alternate Directors

Any Director of the Company may at any time under his hand and deposited at the Office, or delivered at a meeting of the Directors, appoint any person who is not a Director or Alternate Director and who is approved by a majority of his co-Directors to be his Alternate Director for such period as he thinks fit and may at any time remove any such alternate Director from office. An Alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company. Any fee paid to an Alternate Director shall be deducted from the remuneration otherwise payable to his appointor.

There are no specific provisions in our Constitution relating to a Director's power to vote on remuneration (including pension or other benefits) for himself or herself or for any other Director, and whether the quorum at a meeting of the board of directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote.

(c) The borrowing powers exercisable by the directors and how such borrowing powers may be varied

Regulation 116 – Directors' borrowing powers

The Directors may at their discretion exercise all the powers of the Company to borrow or otherwise raise money, to mortgage, charge or hypothecate all or any property or business of the Company including any uncalled or called but unpaid capital and to issue debentures or give any other security, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

(d) The retirement or non-retirement of a director under an age limit requirement

Regulation 91 – Chief Executive Officer/Managing Director to be subject to retirement by rotation

Any Director who is appointed as a Chief Executive Officer/Managing Director (or an equivalent appointment) shall be subject to the same provisions as to retirement by rotation, resignation and removal as the other Directors of the Company notwithstanding the provisions of his contract of service in relation to his executive office and if he ceases to hold the office of Director from any cause he shall *ipso facto* and immediately cease to be a Chief Executive Officer/Managing Director.

Regulation 96 – Retirement of Directors by rotation

Subject to this Constitution and to the Act, at each Annual General Meeting at least one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. For the avoidance of doubt, each Director shall retire from office at least once every three (3) years.

Regulation 97 – Selection of Directors to retire

The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment or have been in office for the three (3) years since their last election. However as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

Regulation 98 – Deemed re-elected

The Company at the meeting at which a Director retires under any provision of this Constitution may by ordinary resolution fill up the vacated office by electing a person thereto. In default the retiring Director shall be deemed to have been re-elected, unless:

- (i) at such meeting it is expressly resolved not to fill up such vacated office or a resolution for the re-election of such Director is put to the meeting and lost; or
- (ii) such Director is disqualified under the Act from holding office as a Director or has given notice in writing to the Company that he is unwilling to be re-elected; or
- (iii) the nominating committee appointed has given notice in writing to the directors that such director is not suitable for re-appointment, having regard to the Director's contribution and performance.

The retirement of any Director who is deemed to have been re-elected shall not have effect until the conclusion of the meeting and such Director will continue in office without a break.

(e) The number of shares, if any, required for the qualification of a director

Regulation 83 – Qualifications

A Director need not be a Member and shall not be required to hold any share qualification in the Company and shall be entitled to attend and speak at general meetings.

(f) The rights, preferences and restrictions attaching to each class of shares

Regulation 4 – Issue of new shares

Subject to the Act and this Constitution, no shares may be issued by the Directors without the prior sanction of an ordinary resolution of the Company in general meeting pursuant to Section 161 of the Act but subject thereto and to Regulation 49, and to any special rights attached to any shares for the time being issued, the Directors may issue, allot or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and for such consideration (or, where permitted under the Act and the listing rules of the Exchange, for no consideration) and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued in such denominations or with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors.

Regulation 4A

The Company may issue shares for which no consideration is payable to the Company.

Regulation 5(1) – Rights attached to certain shares

Preference shares may be issued subject to such limitations thereof as may be prescribed by the Exchange upon which shares in the Company may be listed and the rights attaching to shares other than ordinary shares shall be expressed in this Constitution. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company. The total number of issued preference shares shall not exceed the total number of issued ordinary shares issued at any time. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrears.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

Regulation 5(2)

The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Regulation 7(2) – Rights of preference shareholders

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights may only be made pursuant to a special resolution of the preference shareholders concerned. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the general meeting, shall be as valid and effectual as a special resolution carried at the general meeting.

Regulation 17(1) – Entitlement to certificate

Shares must be allotted and certificates despatched within ten (10) market days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within ten (10) market days after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed two dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding two dollars (S\$2) (or such other fee as the Directors may determine having regard to any limitation thereof as may be prescribed by any stock exchange upon which the shares of the Company may be listed) for each such new certificate as the Directors may determine. Where the Member is a Depositor, the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Regulation 22(1) – Directors' power to decline to register

Subject to this Constitution, there shall be no restriction on the transfer of fully paid up shares except where required by law or by the rules, bye-laws or listing rules of the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall give to both the transferor and the transferee written notice of their refusal to register in accordance with and pursuant to the requirements of the Act and the listing rules of the Exchange.

Regulation 48 – Rights and privileges of new shares

Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of this Constitution and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

Regulation 69(1) – Voting rights of Members

Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company and to Regulation 6, each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.

Regulation 69(3)

Notwithstanding anything contained in this Constitution, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not later than seventy-two (72) hours before the time of the relevant general meeting or such cut-off time as provided under the Securities and Futures Act (the cut-off time), whichever is earlier, as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two (2) proxies, to apportion the said number of shares between the two (2) proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant general meeting, if the instrument is dealt with in such manner as aforesaid.

Regulation 70 – Voting rights of joint holders

Where there are joint holders of any share any one (1) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one (1) of such joint holders is so present at any meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose name any share stands shall for the purpose of this Regulation be deemed joint holders thereof.

Regulation 71 – Voting rights of Members of unsound mind

If a Member who is mentally disordered or whose person or estate is liable to be dealt with in any way under the law relating to mental capacity may vote, whether on a show or hands or on a poll, by a person who properly has the management of the estate of the Member, and any such person may vote by proxy or attorney, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than seventy-two (72) hours before the time appointed for holding the meeting or such cut-off time as provided under the Act, whichever is earlier.

Regulation 72 – Right to vote

Subject to the provisions of this Constitution, every Member either personally or by proxy or by attorney or in the case of a corporation by a representative shall be entitled to be present and to vote at any general meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid. In the event a Member has appointed more than one (1) proxy, only one (1) proxy is counted in determining the quorum. Save as expressly provided herein or in the Act, no person other than a Member duly registered, and only in respect of shares upon which all calls due to the Company have been paid, shall be entitled to be present or to vote on any question, either personally or by proxy at any general meeting.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

(g) Any change in capital

Regulation 51(1) – Power to consolidate, cancel and subdivide shares

The Company may by ordinary resolution alter its share capital in the manner permitted under the Act including without limitation:

- (i) consolidate and divide all or any of its shares;
- (ii) cancel the number of shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish its share capital in accordance with the Act;
- (iii) subdivide its shares or any of them (subject to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as the Company has power to attach to new shares; and
- (iv) subject to the provisions of this Constitution and the Act, convert its share capital or any class of shares from one currency to another currency.

Regulation 51(3) – Repurchase of Company's shares

The Company may purchase or otherwise acquire its issued shares subject to and in accordance with the provisions of the Act and any other relevant rule, law or regulation enacted or promulgated by any relevant competent authority from time to time (collectively, the “**Relevant Laws**”), on such terms and subject to such conditions as the Company may in general meeting prescribe in accordance with the Relevant Laws. Any shares purchased or acquired by the Company as aforesaid may be cancelled or held as treasury shares and dealt with in accordance with the Relevant Laws. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, the Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.

Regulation 52 – Power to reduce capital

The Company may by special resolution reduce its share capital or any other undistributable reserve in any manner subject to any requirements and consents required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these presents and the Act, the number of issued shares of the Company shall be diminished by the number of shares so cancelled, and where any such cancelled shares were purchased or acquired out of the capital of the Company, the amount of the share capital of the Company shall be reduced accordingly.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

- (h) **Any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law**

Regulation 7(1) – Variation of rights

If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of shares of the class and to every such special resolution, the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply; but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class. Provided always that where the necessary majority for such a special resolution is not obtained at the general meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two (2) months of the general meeting shall be as valid and effectual as a special resolution carried at the general meeting. The foregoing provisions of this Regulation shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.

Regulation 8 – Creation or issue of further shares with special rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by this Constitution, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

- (i) **Any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our Shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement operates**

Regulation 121 – payment of dividends

The Directors may, with the sanction of the Company, by ordinary resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company. No higher dividend shall be paid than is recommended by the Directors and a declaration by the Directors as to the amount of the profits at any time available for dividends shall be conclusive.

Regulation 122 – Apportionment of dividends

Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise provided by the Act:

- (i) all dividends in respect of shares must be paid in proportion to the number of shares held by a Member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and
- (ii) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.

For the purposes of this Regulation, an amount paid or credited as paid on a share in advance of a call is to be ignored.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

Regulation 128(1) – Unclaimed dividends

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depositor returns any such dividend or money to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or money against the Company if a period of six (6) years has elapsed from the date of the declaration of such dividend or the date on which such other money was first payable.

Regulation 131 – Dividends payable by cheque

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons or to such person and such address as such persons may by writing direct provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.

(j) Any limitation on the right to own shares including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares

Regulation 12 – No trust recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share.

Regulation 21 – Person under disability

No share shall in any circumstances be transferred to any infant, bankrupt or person who is mentally disordered and incapable of managing himself or his affairs, but nothing herein contained shall be construed as imposing on the company any liability in respect of the registration of such transfer if the company has no actual knowledge of the same.

APPENDIX D – SUMMARY OF OUR CONSTITUTION

Regulation 49(1) – Issue of new shares to Members

Subject to any direction to the contrary that may be given by the Company in general meeting, or except as permitted under the Exchange's listing rules, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of the aforesaid time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Regulation.

Regulation 49(2)

Notwithstanding Regulation 49(1) above but subject to the Act and the bye-laws and listing rules of the Exchange, the Company may by ordinary resolution in general meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the ordinary resolution to:

- (i) issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant Instruments; and/or
- (iii) (notwithstanding the authority conferred by the ordinary resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the ordinary resolution was in force;

provided that:

- (a) the aggregate number of shares or Instruments to be issued pursuant to the ordinary resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the ordinary resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed any applicable limits and complies with the manner of calculation prescribed by the Exchange;
- (b) in exercising the authority conferred by the ordinary resolution, the Company shall comply with the listing rules for the time being in force (unless such compliance is waived by the Exchange) and the Constitution; and
- (c) (unless revoked or varied by the Company in general meeting) the authority conferred by the ordinary resolution shall not continue in force beyond the conclusion of the next Annual General Meeting following the passing of the ordinary resolution, or the date by which such Annual General Meeting is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

Regulation 49(3)

Notwithstanding Regulation 49(1) above but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a Offer Document or other document, but may sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

APPENDIX E – DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in entirety by reference to our Constitution, a copy of which will be available for inspection at our registered offices during normal business hours for a period of six (6) months from the date of the registration of this Offer Document with the SGX-ST. Please see “Appendix C – Summary of our Constitution” of this Offer Document for a summary of our Constitution.

Legal Framework

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three (3) main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise its constitution.

The constitution of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The constitution generally contains provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors’ meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

Shares

The Shares, which have identical rights in all respects, rank equally with one another. Our Constitution provides that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$1.00 comprising 157,250,000 Shares. As at the Latest Practicable Date, there is only one class of shares, being ordinary shares, in the capital of our Company. All of our issued Shares have been fully paid. All of the Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of the Shares.

New Shares

We may only issue new Shares with the prior approval of our Shareholders in a general meeting.

Shareholders

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the Depositors in the Depository Register (as defined in the SFA) maintained by CDP for the Shares as holders of the Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of the Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the Depository Register maintained by CDP for that Share.

APPENDIX E – DESCRIPTION OF OUR SHARES

We may close our register of members at any time or times if we provide the SGX-ST with at least five (5) clear Market Days' notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which the Shares are listed or as provided in our Constitution. Our Board may in their discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A Shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which the Shares are listed or in any other form acceptable to our Directors. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A Shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S\$2.00, and furnishes such evidence and a letter of indemnity as our Board may require.

GENERAL MEETINGS

General Meetings of Shareholders

We are required to hold a general meeting of Shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. All general meetings of the Company shall be held in Singapore. Under the Companies Act, we will be required to hold a general meeting of Shareholders within four (4) months from the end of our financial year. Our Board may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of Shareholders holding not less than 10.0% of the total number of paid-up Shares as carries the right to vote at general meetings (disregarding paid-up Shares held as treasury shares). In addition, two (2) or more Shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our Shareholders.

Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding-up;
- amendments to our constitution;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as the Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

APPENDIX E – DESCRIPTION OF OUR SHARES

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 72 hours before the general meeting. For the purpose of determining the number of votes which a Shareholder, being a Depositor, or his proxy may cast at any general meeting on a poll, the reference to Shares held or represented shall, in relation to Shares of that Depositor, be the number of Shares entered against his name in the Depository Register as at 72 hours before the time of the relevant general meeting, as certified by the Depository to us.

Except as otherwise provided in our Constitution, two (2) or more Shareholders must be present in person or by proxy or attorney to constitute a quorum at any general meeting. Under our Constitution:

- on a show of hands, every Shareholder present in person or by proxy shall have one (1) vote, provided that:
 - in the case of a Shareholder who is not a relevant intermediary (as defined below) and who is represented by two (2) proxies, only one (1) of the two (2) proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and
 - in the case of a Shareholder who is a relevant intermediary and who is represented by two (2) or more proxies, each proxy shall be entitled to vote on a show of hands; and
- on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents.

The following types of members (“**relevant intermediaries**” and each a “**relevant intermediary**”) are allowed to appoint more than two (2) proxies: (i) a licensed bank or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity; (ii) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and (iii) the CPF Board, in respect of shares purchased on behalf of CPF members. However, each proxy must be appointed to exercise the rights attached to a different Share or Shares held by the appointing member, specifying which number and class of Shares.

The Catalist Rules requires all resolutions at general meeting to be voted by poll. A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than two (2) Shareholders present in person or by proxy and entitled to vote at the meeting;
- by any Shareholder present in person or by proxy and representing not less than 5.0% of the total voting rights of all Shareholders having the right to vote at the meeting; and
- by any Shareholder present in person or by proxy and holding shares conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid-up equal to not less than 5.0% of the total sum paid up on all the shares conferring that right.

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

APPENDIX E – DESCRIPTION OF OUR SHARES

Limitations on Rights to Hold Shares

Singapore law and our Constitution do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to the Shares.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. Our Board may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are *pro rata* in amount to our Shareholders in proportion to the amount paid up or credited as paid on each Shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the Depository Register. However, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board may, with the approval from our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit or loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board shall think fit.

Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which the Shares are listed.

Take-overs and Substantial Shareholdings

Under the Singapore Take-Over Code, issued by the MAS pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares must extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Take-Over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% of the voting shares acquires additional voting shares representing more than 1.0% of the voting shares in any six-month period. Under the Singapore Take-Over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);

APPENDIX E – DESCRIPTION OF OUR SHARES

- (v) the associated companies of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
 - (c) a company with any of its pension funds and employee share schemes;
 - (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
 - (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
 - (g) partners; and
 - (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-Over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months. Where effective control of a public company incorporated in Singapore is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of the Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

APPENDIX E – DESCRIPTION OF OUR SHARES

Indemnity

As permitted by Singapore law, our Constitution provides that our Company may, subject to the provisions of and so far as may be permitted by the Companies Act, indemnify our Board and officers against any liability incurred or to be incurred by them in the execution of their duties.

Subject to certain exceptions, our Company may not indemnify our Board and our officers against any liability attaching to them in connection with any negligence, default, breach of duty or breach of trust in relation to our Company. Such exceptions are: (i) the purchase and maintenance for our Directors and officers of insurance against any such liability; and (ii) circumstances where the provision for indemnity is against liability incurred by our Directors and officers to a person other than our Company, except when the indemnity is against (a) any liability of our Director or officer to pay a fine in criminal proceedings or a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising); or (b) any liability incurred by our Director or officer (1) in defending criminal proceedings in which he is convicted; (2) in defending civil proceedings brought by our Company or a related company in which judgment is given against him; or (3) in connection with an application for relief under Section 76A(13) or Section 391 of the Companies Act in which the court refuses to grant him relief.

Substantial Shareholdings

Under the SFA, a person has a substantial shareholding in our Company if he has an interest (or interests) in one (1) or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5.0% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The SFA requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us using the forms prescribed by the MAS (which are available at www.mas.gov.sg) of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a Substantial Shareholder to make disclosure to our Company under the SFA is two (2) Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a Substantial Shareholder;
- of any change in the percentage level in his interest; or
- that he had ceased to be a Substantial Shareholder,

there being a conclusive presumption of a person being “aware” of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

“**Percentage level**”, in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

The SFA provides, among other things, that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

APPENDIX E – DESCRIPTION OF OUR SHARES

Minority Rights

Section 216 of the Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of our Shareholders; or
- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of our affairs in the future;
- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- direct us or some of our Shareholders to purchase a minority Shareholder's Shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;
- direct that our Constitution be amended; or
- direct that we be wound up.

In addition, Section 216A of the Companies Act allows a complainant (including a minority shareholder) to apply to court for leave to bring an action in a court proceeding or to commence an arbitration proceeding in the name and on behalf of a company.

Treasury Shares

Our Constitution permits our Company to purchase or acquire Shares or stocks of our Company and to hold such Shares or stocks (or any of them) as treasury Shares in accordance with requirements of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (a) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (b) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury Shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess Shares shall be disposed or cancelled before the end of a period of six (6) months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar of Companies may allow. Where Shares or stocks are held as treasury Shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the Shareholder holding those Shares or stocks.

Our Company shall not exercise any right in respect of the treasury Shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury Shares shall be treated as having no voting rights.

APPENDIX E – DESCRIPTION OF OUR SHARES

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to Shareholders on a winding up) may be made to our Company in respect of the treasury Shares. However, this would not prevent an allotment of Shares as fully-paid bonus Shares in respect of the treasury Shares or the subdivision or consolidation of any treasury Share into treasury Share of a greater or smaller number, if the total value of the treasury Shares after the subdivision or consolidation is the same as the total value of the treasury Shares before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury Shares, our Company may at any time (a) sell the Shares (or any of them) for cash; (b) transfer the Shares (or any of them) for the purposes of or pursuant to any share scheme; (c) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; (d) cancel the Shares (or any of them); or (e) sell, transfer or otherwise use the treasury Shares for such other purposes as the Minister of Finance may by order prescribe.

APPENDIX F – TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore, and is not intended to be and does not constitute legal or tax advice. The discussion is based on laws, regulations and interpretations now in effect and available as of the date of this Offer Document. These laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

The discussion is limited to a general description of certain Singapore income tax, capital gains tax, stamp duty and estate duty consequences with respect to the subscription for, purchase, ownership and disposal of our Shares and does not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of our Shares.

Prospective investors of our Shares should consult their own tax advisors concerning the tax consequences of subscribing for, purchasing, owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Placement accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, ownership or disposal of our Shares.

It is emphasised that none of the Company, Board nor any other persons involved in advising the Company accepts responsibility for any tax effects or liabilities resulting from the subscription for, holding or disposal of interests in the Company.

TAXATION IN SINGAPORE

Individual Income Tax

An individual is regarded as a tax resident in Singapore in a year of assessment (“YA”) if, in the calendar year preceding the YA, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such individual to be resident in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore (“Comptroller”) is satisfied that the tax exemption would be beneficial to the individual.

Currently, Singapore tax resident individuals are subject to tax at progressive rates, ranging from 0% to 22.0%. Non-resident individuals are subject to Singapore income tax on their employment income accruing in or derived from Singapore at a flat rate of 15.0% or the resident rate, whichever is higher. Other non-employment income accruing in or derived from Singapore by non-resident individuals are taxed at 22.0%, subject to certain exceptions and conditions.

Corporate Income Tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. Broadly, “control and management” of a company’s business is vested in its board of directors and the place of residence of the company is where the directors meet.

APPENDIX F – TAXATION

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from Singapore income tax if the following conditions are met:

- (i) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;
- (ii) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15.0%; and
- (iii) the Comptroller is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

Certain concessions and clarifications have also been announced by the Inland Revenue Authority of Singapore with respect to such conditions.

A non-resident corporate taxpayer is subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore, subject to certain exceptions.

The prevailing corporate income tax rate in Singapore for both resident and non-resident companies is currently 17.0%. Under the Partial Tax Exemption (“PTE”) scheme, up to the YA 2019, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate income tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate income tax rate. With effect from YA 2020 onwards, the PTE scheme will be adjusted to allow for tax exemption on three-quarters of up to the first S\$10,000, and one-half of up to the next S\$190,000, of a company’s chargeable income otherwise subject to normal taxation is exempt from corporate income tax. Any chargeable income in excess of S\$200,000 will be fully taxable at the prevailing corporate income tax rate. All other conditions of the PTE scheme remain unchanged.

It is announced in the Budget 2018 by the Minister for Finance that companies will be granted a 20.0% corporate income tax rebate, capped at S\$10,000, for the YA 2019. In addition, companies will be granted a 25.0% corporate income tax rebate, capped at \$15,000 for YA 2020. The aforementioned rebate will not apply to income derived by a non-Singapore tax resident company that is subject to final withholding tax. For YA 2021, companies will not be granted a corporate income tax rebate.

Dividend Distributions

All Singapore-resident companies are currently under the one-tier corporate tax system (“**one-tier system**”).

Dividends received in respect of our ordinary shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax, on the basis that our Company is a tax resident of Singapore and under the one-tier system.

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Shareholders/investors are advised to consult their own tax advisers in respect of the tax laws of their respective countries of residence which are applicable on such dividends received by them and the applicability of any double taxation agreement that their country of residence may have with other jurisdictions.

APPENDIX F – TAXATION

Bonus Shares

Generally, a capitalisation of profits followed by the issue of new shares, credited as fully paid, *pro-rata* to shareholders (“**bonus issue**”) does not represent a distribution of dividends by a company to its shareholders. Therefore, a Singapore resident shareholder receiving shares by way of a bonus issue should not have a liability to Singapore tax.

When a dividend is to be satisfied wholly or in part in the form of an allotment of ordinary shares credited as fully paid, the dividend declared will be treated as income to its shareholders. However, as our Company is under the one-tier system after 31 December 2007, any dividend paid on or after 1 January 2008 will be exempt from Singapore tax. Similarly, when shareholders are given the right to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash, the dividend declared will be treated as exempt (one-tier) dividend income and will not be subject to Singapore tax.

Gains on Disposal of Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature.

However, gains arising from the disposal of our Shares which are considered gains derived from any trade, business, vocation or profession carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature. Gains derived from the disposal of our Shares may also be taxable if they constitute any gains or profits of any income nature under Section 10(1)(g) of the Income Tax Act 1947 (“**Income Tax Act**”).

Section 13W of the Income Tax Act provides a safe harbour in the form of an exemption of gains or profits arising from the disposal of ordinary shares. To qualify for the tax exemption, the divesting company must be both the legal and beneficial owner of the ordinary shares which are disposed of and must have legally and beneficially held at least 20.0% of the ordinary shares in the investee company for a continuous period of at least 24 months ending on the date immediately prior to the date of disposal of such shares.

The rule is not applicable to the disposal of shares before 1 June 2022 relating to an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than the business of property development). For shares disposed on or after 1 June 2022, the above exemption will not apply to disposals of unlisted shares in an investee company that is in the business of trading, holding or developing immovable properties in Singapore or abroad, subject to certain exceptions or generally to a divesting company in the insurance business industry, or to the disposal of shares by a partnership, limited partnership or limited liability partnership where one (1) or more of the partners of which is a company or are companies.

Such tax exemption is applicable for disposals between 1 June 2012 and 31 December 2027 (both dates inclusive).

Shareholders are advised to consult their own accounting and tax advisers regarding the Singapore income tax consequences of their subscription for, purchase, ownership and disposal of our Shares.

Stamp Duty

There is no stamp duty payable on the subscription for, allotment or ownership of our Shares.

Where our Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the agreement or instrument of transfer of our Shares at the rate of 0.2% of the consideration for, or market value of, our Shares, whichever is higher, and is rounded down to the nearest dollar, subject to a minimum duty of S\$1.

APPENDIX F – TAXATION

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an agreement or instrument of transfer is executed outside Singapore or no agreement or instrument of transfer is executed, no stamp duty is payable on the acquisition of our Shares. However, stamp duty may be payable if the agreement or instrument of transfer is executed outside Singapore and is received in Singapore.

If the agreement or instrument of transfer has been executed, it has to be stamped within (a) 14 days after signing the document if it is executed in Singapore; or (b) within 30 days after receiving the document in Singapore if the document is executed outside Singapore.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by The Central Depository.

Estate Duty

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where our Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course of or furtherance of a business may be fully recoverable from the Singapore Comptroller of GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be subject to GST at 0%.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE SCHEME

The Scheme shall be called the “LS 2 Employee Share Option Scheme”.

2. DEFINITIONS

2.1 In the Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	The Companies Act, (Chapter 50) of Singapore, as amended, modified or supplemented from time to time.
“Adoption Date”	The date on which the Scheme is adopted by resolution of the Shareholders of the Company.
“Auditors”	The auditors of the Company for the time being.
“Board”	The Board of Directors of the Company for the time being.
“Catalist”	The Catalist Board of the SGX-ST.
“CDP”	The Central Depository (Pte) Limited.
“Committee”	The remuneration committee for the time being of the Company.
“Company”	LS 2 Holdings Limited
“Constitution”	The constitution of the Company, as amended or modified from time to time.
“Control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
“Controlling Shareholder”	A person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company (unless otherwise determined by the SGX-ST); or in fact exercises Control over the Company.
“Date of Grant”	The date on which an Option is granted to a Participant pursuant to Rule 7.
“Director”	A person holding office as a director for the time being of the Company.
“EGM”	An extraordinary general meeting of the Company.
“Exercise Price”	The price at which a Participant shall acquire each Share upon the exercise of an option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10.
“Financial Year”	Each period of 12 months or more or less than 12 months, at the end of which the balance of accounts of the company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company.
“Grantee”	The person to whom an offer of an option is made.
“Group”	The Company and its subsidiaries.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

<i>“Group Executive”</i>	Any full-time employee of the Group (including any Group Director who meets the relevant age and rank criteria and who shall be regarded as a Group Executive for the purposes of the Scheme) selected by the Committee to participate in the Scheme in accordance with Rule 4.1(a).
<i>“Group Director”</i>	A Director of the Company (including non-executive directors of the Company).
<i>“Listing Manual”</i>	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
<i>“Market Value”</i>	In relation to a Share, on any day: <ul style="list-style-type: none">(a) the average price of a Share on the SGX-ST over the five (5) immediately preceding a Trading Day; or(b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
<i>“Offer Date”</i>	The date on which an offer to grant an Option is made pursuant to the Scheme.
<i>“Option”</i>	The right to acquire Shares granted or to be granted to a Group Executive pursuant to the Scheme and for the time being subsisting.
<i>“Option Period”</i>	Subject as provided in Rules 11 and 15, the period for the exercise of an Option being: <ul style="list-style-type: none">(a) in the case of an Option granted with the Exercise Price set at Market Value, a period beginning one (1) year from the Offer Date of that Option and expiring on the tenth year from the relevant Offer Date or such earlier date as may be determined by the Committee, subject as provided in Rules 11 and 15, and any other conditions as may be determined by the Committee from time to time; and(b) in the case of an Option granted with the Exercise Price set at a discount to the Market Value, a period beginning two (2) years from the Offer Date of that Option and expiring on the tenth year from the relevant Offer Date or such earlier date as may be determined by the Committee from time to time.
<i>“Participant”</i>	The holder of an Option.
<i>“Record Date”</i>	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.
<i>“Rules”</i>	The rules of the Scheme, as amended or modified from time to time.
<i>“S\$”</i>	Singapore dollars.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

“Scheme”	The LS 2 Employee Share Option Scheme.
“SFA”	The Securities and Futures Act (Chapter 289) of Singapore as amended, modified or supplemented from time to time.
“SGX-ST”	The Singapore Exchange Securities Trading Limited.
“Shareholders”	The registered holders for the time being of the Shares (other than CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
“Shares”	Ordinary shares in the capital of the Company.
“Sponsor”	The sponsor of the Company from time to time, as required by the Listing Manual.
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act.
“Trading Day”	A day on which the Shares are traded on Catalist.
“%”	Per centum or percentage.

2.2 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

2.3 Any reference to a time of a day in the Scheme is a reference to Singapore time

2.4 Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Scheme and used in the Scheme shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

2.5 The term “Associate” shall have the meaning ascribed to it by the Listing Manual as set out below:

(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more.

(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.

2.6 The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the same meanings ascribed to them by Section 81SF of the SFA.

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3. OBJECTIVES OF THE SCHEME

The Scheme will provide an opportunity for Group Executives who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company.

The Scheme is primarily a share incentive scheme. It recognises the fact that the services of Group Executives are important to the success and continued well-being of the Group. Implementation of the Scheme will enable the Company to give recognition to the contributions made by such Group Executives. At the same time, it will give such Group Executives an opportunity to have a direct interest in the Company at no direct cost to its profitability and will also help to achieve the following positive objectives:

- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and prosperity of the Group;
- (c) to instil loyalty to, and a stronger identification by Participants with the long-term prosperity of the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (e) to align the interests of Participants with the interests of the Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

4.1 The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

- (a) Group Executives

Full time employees of the Group and Group Directors who have attained the age of 21 years and hold such rank as may be designated by the Committee from time to time. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

- (b) Controlling Shareholders and Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under Rule 4.1(a) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

4.2 Employees who are Controlling Shareholders or Associates of Controlling Shareholders shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1(a) above) not participate in the Scheme unless:

- (a) their participation; and
- (b) the actual or maximum number of Shares and terms of any Options to be granted to them,

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have been approved by the independent Shareholders in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) the terms of each grant and the actual number of Options 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 Scheme of a Controlling Shareholder or an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholders, the Company shall procure that the circular, letter or notice to the shareholder in connection therewith shall set out the following:

- (a) clear justifications for the participation of each such Controlling Shareholders or Associates of Controlling Shareholders; and
 - (b) clear rationale for the terms of the Options to be granted to each such Controlling Shareholders or Associates of Controlling Shareholders.
- 4.3 For the purposes of determining eligibility to participate in the Plan, the secondment of an employee of the Group to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full time employee of the Group.
- 4.4 Save as prescribed by the Listing Manual, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, whether or not implemented by any other companies within the Group. Subject to the Act and any requirements of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Committee.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for acquisition in accordance with the Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as rank, past performance, years of service and potential development of the Grantee.

6. LIMITATION ON THE SIZE OF THE SCHEME

- 6.1 The aggregate number of Shares over which the Committee 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 Scheme 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, shall not exceed 15.0% 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 Option.
- 6.2 The aggregate number of Shares which may be issued or transferred pursuant to Options under the Scheme to Participants who are Controlling Shareholders and their Associates shall not exceed 25.0% of the Shares available under the Scheme.
- 6.3 The number of Shares which may be issued or transferred pursuant to Options under the Scheme to each Participant who is a Controlling Shareholder or his Associate shall not exceed 10.0% of the Shares available under the Scheme.
- 6.4 Shares which are the subject of Options which have lapsed for any reason whatsoever may be the subject of further Options granted by the Committee under the Scheme.

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7. OFFER DATE

- 7.1 The Committee may, save as provided in Rules 4, 5 and 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Options 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). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the third Trading Day on which such announcement is released.
- 7.2 An offer to grant the Option to a Grantee shall be made by way of a letter ("**Letter of Offer**") in the form or substantially in the form set out in Annex 1, subject to such amendments as the Committee may determine from time to time. An Option may be granted subject to such conditions as may be determined by the Committee in its absolute discretion on the date of the grant of the Option.

8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within 30 days after the relevant Offer Date and not later than 5.00 p.m. on the 30th day from such Offer Date (a) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Annex 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration or such other amount and such other documentation as the Committee may require and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the 30 day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice (as defined in Rule 12) given pursuant to Rule 12 which does not strictly comply with the terms of the Scheme.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee. If a Grantee shall do suffer or permit any such act of thing as a result of which he would or might be deprived of any rights under an Option without the prior approval of the Committee, that Option shall immediately lapse and become null, void and of no effect.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall, within 15 Trading Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 8.1 within the 30 day period; or
 - (b) the Participant dies prior to his acceptance of the Option; or

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- (c) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
- (d) the Grantee, being a Group Executive, ceases to be in the employment of the Group or (being a non-executive Director) ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
- (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. EXERCISE PRICE

9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and shall be fixed by the Committee at:

- (a) the Market Value; or
- (b) a price which is set at a discount to the Market Value, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed 20.0% of the Market Value in respect of that Option, or such other percentage as may be prescribed by the Listing Manual.

9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee 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 Group Executive;
- (c) the contribution of the eligible Group Executive to the success and development of the Company and/or the Group; and
- (d) the prevailing market conditions.

10. ALTERATION OF CAPITAL

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the maximum entitlement in any one (1) Financial Year; and/or
- (d) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate, including retrospective adjustments, where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a bonus issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

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- 10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.
- 10.3 Unless the Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Manual, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.
- 10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued or transferred by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.
- 10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one (1) Financial Year. Any adjustment shall take effect upon such written notification being given.

11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Value 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 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 Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Value 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, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever; or
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

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11.4 If a Participant ceases to be employed by the Group by reason of his:

- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (b) redundancy;
- (c) retirement at or after a normal retirement age; or
- (d) retirement before that age with the consent of the Committee,
- (e) or for any other reason approved in writing by the Committee,

he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary:

- (a) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or
- (b) for any other reason,

provided the Committee gives its consent in writing, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant who is a non-executive Director, ceases to be a Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT OR TRANSFER AND LISTING OF SHARES

12.1 An Option may be exercised, 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 giving notice in writing to the Company in or substantially in the form set out in Annex 3 ("**Exercise Notice**"), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier's order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

12.2 Subject to the Act and the Listing Manual, the Company shall have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of:

- (a) an issue and allotment of new Shares; and/or

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- (b) subject to applicable laws, the transfer of existing Shares, including any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares.

In determining whether to issue new Shares or to deliver existing Shares to Participants upon the exercise of their Options, the Company will take into account factors such as (but not limited to):

- (i) the prevailing market price of the Shares;
- (ii) the prevailing market price of the Shares relative to the financial performance of the Company;
- (iii) the cash position of the Company;
- (iv) the projected cash needs of the Company;
- (v) the dilution impact (if any);
- (vi) the cost to the Company of either issuing either new Shares or purchasing existing Shares; and
- (vii) the liquidity of the Shares based on the average daily trading volume of the Shares, and in particular whether the repurchase by the Company of existing Shares to deliver to Participants upon exercise of their Options would materially impact upon the market price of the Shares.

12.3 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules of the Scheme and the Constitution of the Company,

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Trading Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares or, as the case may be, procure the transfer of existing Shares (which may include, where desired, any Shares held by the Company as treasury shares), in respect of which such Option has been exercised by the Participant and where required, or as the case may be, within five (5) Trading Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.4 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.5 Shares which are all allotted or transferred on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of, or transferred to, CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a Depository Agent.

12.6 Shares allotted and issued, and existing Shares procured by the Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Memorandum and the Constitution of the Company and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

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12.7 Except as set out in Rule 12 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.

13. ALTERATIONS AND AMENDMENTS TO THE SCHEME

13.1 Any or all of the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be issued and allotted or transferred upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the Sponsor (acting as agent and on behalf of the SGX-ST) or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive. For the avoidance of doubt, nothing in this Rule 13.1 shall affect the right of the Committee under any other provision of the Scheme to amend or adjust any Option.

13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the Sponsor (acting as agent and on behalf of the SGX-ST)) amend or alter the Scheme in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Scheme to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

14. DURATION OF THE SCHEME

14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the Scheme is adopted by Shareholders in the EGM. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

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15. TAKE-OVER AND WINDING-UP OF THE COMPANY

15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST and/or such other regulatory authority, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
- (b) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

Provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier, provided always that the date of exercise of any Option shall be before the tenth anniversary of the Offer Date. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Option Period.

15.2 If, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) shall notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them in respect of such number of Shares comprised in that Option as may be determined by the Committee in its absolute discretion during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, provided always that the date of exercise of any Option shall be before the tenth anniversary of the Offer Date.

15.3 If an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

15.4 In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) shall, subject to Rule 15.5, be entitled within 30 days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Option then held by them in respect of such Shares comprised in that Option as may be determined by the Committee in its absolute discretion, after which such unexercised Option shall lapse and become null and void.

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15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding-up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.

15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

16. ADMINISTRATION OF THE SCHEME

16.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

16.2 Subject to the Listing Manual, the Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it, in its absolute discretion, thinks fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, or any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Committee.

16.3 Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Scheme).

17. NOTICES AND COMMUNICATIONS

17.1 Any notice given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.

17.2 Any notice or document required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

17.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 17.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

18. TERMS OF EMPLOYMENT UNAFFECTED

18.1 The Scheme or any Option shall not form part of any contract of employment between the Company or any Subsidiary and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company or any Subsidiary.

19. TAXES, COSTS AND EXPENSES OF THE SCHEME

19.1 All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by the Participant.

19.2 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with his Depository Agent.

19.3 Save for the taxes referred to in Rule 19.1 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of the Shares pursuant to the exercise of any Option, shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme including but not limited to the Company's delay or failure in issuing and allotting, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

21. DISPUTES

Any disputes or differences of any nature in connection with the Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

22. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Scheme are to abstain from voting on any Shareholders' resolution relating to the Scheme (including the participation in the Scheme and the grant of Options to the Participants) and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, Shareholders who are eligible to participate in the Scheme shall abstain from voting on the following resolutions, where applicable: (a) implementation of the Scheme, (b) the maximum discount which may be given in respect of any Option, and (c) participation by and grant of Options to Controlling Shareholders and their Associates.

23. CONDITION OF OPTIONS

Every Option shall be subject to the condition that no Shares shall be issued or transferred pursuant to the exercise of an Option if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

24. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the Scheme or any Option by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

25. GOVERNING LAW

The Scheme shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Company and the Participants, by accepting the offer of the grant of Options in accordance with the Scheme, shall submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

26. DISCLOSURES IN ANNUAL REPORTS

The following disclosures (as applicable) will be made by the Company in its annual report for as long as the Scheme continues in operation as required by the Listing Manual:

- (a) the names of the members of the Committee administering the Scheme;
- (b) the information required in the table below for the following Participants:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive 5.0% or more of the total number of Options available under the Scheme;

Name of Participant	Options granted under the Scheme during the financial year under review (including terms)	Aggregate Options granted since the commencement of the Scheme to the end of financial year under review	Aggregate Options exercised since commencement of the Scheme to the end of financial year under review	Aggregate Options outstanding as at end of financial year under review
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- (c) the number and proportion of Options granted at the following discounts to the Market Value in the financial year under review:
 - (i) Options granted at up to 10.0% discount; and
 - (ii) Options granted at between 10.0% but not more than 20.0% discount; and
- (d) such other information as may be required under the Listing Manual or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

LS 2 HOLDINGS LIMITED EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No.: _____

PRIVATE AND CONFIDENTIAL

Date:

To: [Name]
[Designation]
[Address]

Dear Sir / Madam

We are pleased to inform you that you have been nominated by the Remuneration Committee of the Board of Directors of LS 2 Holdings Limited ("**Company**") to participate in the LS 2 Holdings Limited Employee Share Option Scheme ("**Scheme**"). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$[1.00], to acquire _____ ordinary shares in the capital of the Company ("**Shares**") at the price of S\$ _____ per Share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$[1.00] not later than _____ a.m./p.m. on the _____ day of _____ failing which this offer will forthwith lapse.

Yours faithfully
For and on behalf of
LS 2 Holdings Limited

Name:
Designation:

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

ANNEX 2

LS 2 HOLDINGS LIMITED EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No.: _____

To: The Remuneration Committee
LS 2 Holdings Limited Employee Share Option Scheme c/o The Company Secretary
LS 2 Holdings Limited ("**Company**")
1 Bukit Batok Crescent
#04-11
WCEGA Plaza
Singapore 658064

Closing Time and Date for Acceptance of Option : _____

No. of ordinary shares ("**Shares**") in respect of which Option is offered : _____

Exercise Price per Share : S\$ _____

Total Amount Payable on Acceptance of Option (exclusive of the relevant CDP charges as defined below) : S\$ _____

I have read your Letter of Offer dated _____ ("**Offer Date**") and agree to be bound by the terms thereof and of the LS 2 Holdings Limited Employee Share Option Scheme stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to acquire such shares.

I hereby accept the Option to acquire _____ ordinary shares in the capital LS 2 Holdings Limited ("**Shares**") at S\$ _____ per Share and enclose a *cash/banker's draft/cashier's order/postal order no. _____ for S\$[1.00] being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of The Central Depository (Pte) Limited ("**CDP**") relating to or in connection with the issue and allotment or transfer of any Shares in CDP's name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, "**CDP charges**") and any stamp duties in respect thereof.

I confirm that as at the date hereof:

- (a) I am not less than 21 years old, nor an undischarged bankrupt, nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and
- (c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC / Passport No. : _____

Signature : _____

Date : _____

*Delete as appropriate

Notes:

- (1) Option must be accepted in full or in multiples of 100 Shares.
- (2) The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
- (3) The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

ANNEX 3

LS 2 HOLDINGS LIMITED EMPLOYEE SHARE OPTION SCHEME

EXERCISE NOTICE

Serial No.: _____

To: The Remuneration Committee
LS 2 Holdings Limited Employee Share Option Scheme c/o The Company Secretary
LS 2 Holdings Limited ("**Company**")
1 Bukit Batok Crescent
#04-11
WCEGA Plaza
Singapore 658064

Total Number of ordinary shares ("**Shares**") at :
S\$ _____ per Share under an option
granted on _____ ("**Offer Date**") _____

Number of Shares previously allotted and issued :
or transferred thereunder _____

Outstanding balance of Shares which may be :
allotted and issued or transferred thereunder _____

Number of Shares now to be acquired (in multiples :
of 100) _____

1. Pursuant to your Letter of Offer dated ("**Offer Date**") and my acceptance thereof, I hereby exercise the Option to acquire Shares in LS 2 Holdings Limited ("**Company**") at S\$ _____ per Share.
2. I hereby request the Company to allot and issue or transfer to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited ("**CDP**") to the credit of my Securities Account with the CDP/Securities Sub-Account with a Depository Agent specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP ("**CDP charges**") and any stamp duties in respect thereof:
 - (a) Direct Securities Account Number : _____
 - (b) Securities Sub-Account Number : _____
 - Name of Depository Agent : _____
3. I enclose a cheque/cashier's order/bank draft/postal order no. _____ for S\$ _____ in payment for the Exercise Price of S\$ _____ for the total number of the said Shares and the CDP charges of S\$ _____.
4. I agree to acquire the Shares subject to the terms of the Letter of Offer, the LS 2 Holdings Limited Employee Share Option Scheme (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.
5. I declare that I am acquiring the Shares for myself and not as a nominee for any other person.

APPENDIX G – RULES OF THE LS 2 EMPLOYEE SHARE OPTION SCHEME

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC / Passport No. : _____

Signature : _____

Date : _____

*Delete as appropriate

Notes:

- (1) An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
- (2) The form entitled "Exercise Notice" must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

The Plan shall be called the “LS 2 Performance Share Plan”.

2. DEFINITIONS

2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time.
“Adoption Date”	The date on which the Plan is adopted by resolution of the Shareholders of the Company.
“Auditors”	The auditors of the Company for the time being.
“Award”	A contingent award of Shares granted under Rule 5.
“Award Date”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
“Award Letter”	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
“Board”	The Board of Directors of the Company for the time being.
“Catalist”	The Catalist Board of the SGX-ST.
“CDP”	The Central Depository (Pte) Limited.
“CEO”	Chief Executive Officer.
“Committee”	The remuneration committee for the time being of the Company.
“Company”	LS 2 Holdings Limited, a company incorporated in Singapore.
“Constitution”	The constitution of the Company, as amended or modified from time to time.
“Control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
“Controlling Shareholder”	A person who holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company (unless otherwise determined by the SGX-ST); or in fact exercises Control over the Company.
“Director”	A person holding office as a director for the time being of the Company.
“Group”	The Company and its subsidiaries.
“Group Executive”	Any full time employee of the Group and any Group Director who meets the relevant age and rank criteria selected by the Committee to participate in the Plan in accordance with Rule 4.1(a).

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

<i>“Group Director”</i>	A director of the Company (including non-executive directors of the Company).
<i>“Listing Manual”</i>	Section B: Rules of Catalist of the Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time.
<i>“Market Value”</i>	In relation to a Share, on any day: (a) the average price of a Share on the SGX-ST over the five (5) immediately preceding a Trading Day; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
<i>“Participant”</i>	Any eligible person selected by the Committee to participate in the Plan in accordance with the rules hereof.
<i>“Performance Condition”</i>	In relation to an Award, the condition specified on the Award Date in relation to that Award.
<i>“Performance Period”</i>	In relation to an Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Condition is to be satisfied.
<i>“Plan”</i>	The LS 2 Performance Share Plan, as the same may be modified or altered from time to time.
<i>“Release”</i>	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly.
<i>“Release Schedule”</i>	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be Released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period.
<i>“Released Award”</i>	An Award which has been released in accordance with Rule 7.
<i>“Rules”</i>	The rules of the Plan, as amended or modified from time to time.
<i>“SFA”</i>	The Securities and Futures Act (Chapter 289) of Singapore as amended, modified or supplemented from time to time.
<i>“SGX-ST”</i>	The Singapore Exchange Securities Trading Limited.
<i>“Shareholders”</i>	The registered holders for the time being of the shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

“Shares”	Ordinary shares in the capital of the Company.
“Sponsor”	The sponsor of the Company from time to time, as required by the Listing Manual.
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act.
“Substantial Shareholder”	A person who has an interest in the Shares, the total votes attached to which is not less than 5.0% of the total votes attached to all the voting shares (excluding treasury shares) in the Company.
“Trading Day”	A day on which the Shares are traded on Catalist.
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly.
“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.
“%”	Per centum or percentage.

2.2 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.

2.3 Any reference to a time of a day in the Plan is a reference to Singapore time.

2.4 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

2.5 The term “Associate” shall have the meaning ascribed to it by the Listing Manual as set out below:

(a) in relation to any Director, CEO, Substantial Shareholder or Controlling Shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more.

(b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its Subsidiary or holding company or is a Subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more.

2.6 The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the same meanings ascribed to them by Section 81SF of the SFA.

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

3. OBJECTIVES OF THE PLAN

The Plan has been proposed in order to:

- (a) foster an ownership culture within the Group which aligns the interests of Participants with the interests of Shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business divisions and encourage greater dedication and loyalty to the Group; and
- (c) make total employee remuneration sufficiently competitive to recruit new Participants and/or retain existing Participants whose contributions are important to the long term growth and profitability of the Group, and whose skills are commensurate with the Company's ambition to become a world class company.

4. ELIGIBILITY OF PARTICIPANTS

4.1 The following persons shall be eligible to participate in the Plan at the absolute discretion of the Committee:

- (a) Group Executives

Full time employees of the Group and Group Directors who have attained the age of 21 years on or before the date of the grant of the Award and hold such rank as may be designated by the Committee from time to time. The Participant must also not be an undischarged bankrupt and must not have entered into a composition with his creditors.

- (b) Controlling Shareholders and Associates of Controlling Shareholders

Subject to Rule 4.2, persons who are qualified under Rule 4.1(a) above and who are also Controlling Shareholders or Associates of Controlling Shareholders.

4.2 Employees who are Controlling Shareholders or Associates of Controlling Shareholders shall (notwithstanding that they may meet the eligibility criteria in Rule 4.1(a) above) not participate in the Plan unless:

- (a) their participation; and
- (b) 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 in general meeting in separate resolutions for each such person, and in respect of each such person, in separate resolutions for each of (i) his participation and (ii) 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 Plan of a Controlling Shareholder or an Associate of a Controlling Shareholder who is, at the relevant time already a Participant. For the purposes of obtaining such approval from the independent Shareholders, the Company shall procure that the circular, letter or notice to the shareholder in connection therewith shall set out the following:

- (i) clear justifications for the participation of each such Controlling Shareholders or Associates of Controlling Shareholders; and
- (ii) clear rationale for the terms of the Awards to be granted to each such Controlling Shareholders or Associates of Controlling Shareholders.

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

- 4.3 For the purposes of determining eligibility to participate in the Plan, the secondment of an employee of the Group to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full time employee of the Group.
- 4.4 Save as prescribed by the Listing Manual, there shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive scheme, implemented or to be implemented by any company within the Group. Subject to the Act and any requirements of the SGX-ST or any other stock exchange on which the Shares may be listed or quoted, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

5. GRANT OF AWARDS

- 5.1 Except as provided in Rule 8, the Committee may grant Awards to Group Executives, Controlling Shareholders and/or Associates of Controlling Shareholders who are eligible to participate under Rule 4, and in each case, as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.
- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success and development of the Group and the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period.

The Performance Condition shall be determined at the discretion of the Committee, which may comprise factors such as (but are not limited to) the market capitalisation or earnings of the Company at specified times.

- 5.3 The Committee shall decide in relation to an Award:
- (a) the Participant;
 - (b) the Award Date;
 - (c) the Performance Period;
 - (d) the number of Shares which are the subject of the Award;
 - (e) the Performance Condition;
 - (f) the Vesting;
 - (g) the Release Schedule; and
 - (h) any other condition(s) which the Committee may determine in relation to that Award.
- 5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:
- (a) in the event of a take-over offer being made for the Shares or if (i) Shareholders of the Company or (ii) under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

- (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate such change or waiver).

5.5 As soon as reasonably practicable after making an Award the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

- (a) the Award Date;
- (b) the Performance Period;
- (c) the number of Shares which are the subject of the Award;
- (d) the Performance Condition;
- (e) the Vesting Date;
- (f) the Release Schedule; and
- (g) any other condition which the Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

5.8 For the avoidance of doubt, the Company has the flexibility to grant Awards under the Plan and other options under any other share option schemes to the same Participant simultaneously. No minimum Vesting periods are prescribed under the Plan and the length of the Vesting period in respect of each Award shall be determined on a case-by-case basis. The Committee may also make an Award at any time where in its opinion, a Participant's performance and/or contribution justifies such an Award.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;
- (b) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (c) subject to Rule 6.2, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever;

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

- (d) subject to Rule 6.2, where the Participant is a non-executive Director, upon the Participant ceasing to be a Director of the Company;
- (e) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency; or
- (f) in the event the Committee shall, in its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the Plan (as set out in Rule 3) have not been met.

For the purpose of Rule 6.1(c), the Participant shall be deemed to have ceased to be so employed as at the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date. For the purpose of Rule 6.1(d), a Participant shall be deemed to have ceased to be a Director as of the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 Where the Participant being a Group Executive ceases to be in the employment of the Group, or in the case of a non-executive director, ceases to be a Director of the Company by reason of:

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before the legal retirement age with the consent of the Committee;
- (e) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group;
- (f) (where applicable) his transfer of employment between companies within the Group;
- (g) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
- (h) any other event approved by the Committee;

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders and/or sanctioned by the court under the Act; or
- (c) an order being made or a resolution being passed for the winding up of the Company (other than as provided in Rule 6.1(d) or for amalgamation or reconstruction),

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the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award, then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has lapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7. If the Committee so determines, the Release of Awards may be satisfied in cash as provided in Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition

- (a) As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Executive from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed Performance Condition would be a fairer measure of performance.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1(a) and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (c) Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the Sponsor and/or the SGX-ST and any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of such Shares.

7.2 Release of Award

Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, (a) CDP to the credit of the securities account of that Participant maintained with CDP; (b) the securities sub-account of that Participant maintained with a Depository Agent or (c) the CPF investment account maintained with a CPF agent bank, in each case, as designated by that Participant.

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Subject to the Act and the Listing Manual, the Company shall have the flexibility to deliver Shares to Participants upon the Release of their Awards by way of (a) the allotment and issuance to each Participant of the number of new Shares, deemed to be fully paid or credited upon their allotment and issuance, and/or (b) the transfer of existing Shares to the Participant, including (subject to applicable laws) any Shares acquired by the Company pursuant to a share purchase mandate and/or held by the Company as treasury shares. Any proposed allotment and issue of new Shares will be subject to there being in force at the relevant time the requisite Shareholders approval under the Act for the issue of Shares.

Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.

In determining whether to allot and issue new Shares or to purchase existing Shares for delivery to the Participants upon the Release of their Awards, the Committee will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to the Company of either issuing new Shares or purchasing existing Shares.

7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company (including provisions relating to the liquidation of the Company) and the Act; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

For the purposes of this Rule 7.3, “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

7.4 Cash Awards

The Committee, in its absolute discretion, may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive on the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the aggregate number of Shares over which options or awards are granted under any share option schemes or share schemes of the Company, shall not exceed 15.0% of total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.
- 8.2 The aggregate number of Shares which may be issued or transferred pursuant to Awards under the Plan to Participants who are Controlling Shareholders and their Associates (including adjustments made in accordance with Rule 9) shall not exceed 25.0% of the Shares under the Plan.

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- 8.3 The number of Shares which may be issued or transferred pursuant to Awards under the Plan to each Participant who is a Controlling Shareholder or his Associate (including adjustments made in accordance with Rule 9) shall not exceed 10.0% of the Shares available under the Plan.
- 8.4 The number of Shares which are the subject of each Award to be granted to a Participant who is a non-executive director of the Company shall not exceed 10.0% of the total number of Shares available under the Plan.
- 8.5 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.

9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution, or otherwise howsoever) shall take place, then:

- (a) the class and/or number of Shares which is/are the subject of an Award to the extent not yet Vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a Shareholder does not receive.

- 9.2 Unless the Committee considers an adjustment to be appropriate, the following shall not normally be regarded as a circumstance requiring adjustment:

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (c) the issue of Shares or other securities convertible into or with rights to acquire or subscribe for Share to the employees pursuant to any share option scheme or share scheme approved by Shareholders in general meeting, including the Plan; or
- (d) the issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

- 9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

- 9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

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10. ADMINISTRATION OF THE PLAN

- 10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 10.2 Subject to the Listing Manual, the Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) the lapsing of any Awards pursuant to any provision of the Plan;
 - (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or
 - (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notice or document required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

APPENDIX H – RULES OF THE LS 2 PERFORMANCE SHARE PLAN

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:
- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three quarters of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;
 - (b) the definitions of “**Group Executive**”, “**Group Director**”, “**Participant**”, “**Performance Period**” and “**Release Schedule**” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10, 13, 17 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Shareholders in general meeting; and
 - (c) any modification or alteration shall not be made except in compliance with the Listing Manual or such other stock exchange on which the Shares are quoted or listed, and for so long as the Company is listed on the Catalist board of the SGX-ST, shall not be made without the prior approval of the Sponsor (acting as agent and on behalf of the SGX-ST) and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive. For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the Sponsor (acting as agent and on behalf of the SGX-ST)) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

13. TAKE-OVER AND WINDING UP OF THE COMPANY

- 13.1 Subject to Rule 13.5, in the event of a take-over offer being made for the Company, a Participant shall be entitled to the Shares under the Awards if he has met the Performance Condition for the corresponding Performance Period. For the avoidance of doubt, the Vesting of such Awards shall not be affected by the take-over offer.
- 13.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Condition shall be entitled, notwithstanding the provisions under this Rule 13 but subject to Rule 13.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 13.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that Shares may not have been released to the Participants, shall be deemed null and void.

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13.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Shares under the Awards shall be released to the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Condition prior to the date on which the members' voluntary winding-up is deemed to have commenced or is effective in law.

13.5 If in connection with the making of a general offer referred to in Rule 13.1 or the scheme referred to in Rule 13.2 or the winding-up referred to in Rule 13.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no Release of Shares under the Award shall be made in such circumstances.

14. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

15. DURATION OF THE PLAN

15.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

15.2 The Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.

15.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

16. TAXES, COSTS AND EXPENSES OF THE PLAN

16.1 All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

16.2 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.

16.3 Save for the taxes referred to in Rule 16.1 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award, shall be borne by the Company.

17. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on Catalist in accordance with Rule 7.1(c).

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18. DISCLOSURES IN ANNUAL REPORTS

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation as required by the Listing Manual:

- (a) the names of the members of the Committee administering the Plan;
- (b) the information required in the table below for the following Participants:
 - (i) Directors of the Company;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those in (i) and (ii) above, who have received 5.0% or more of the total number of Shares available under the Plan;

Name of Participant	Aggregate number of Shares comprised in Awards under the Plan during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards vested to such Participant since the commencement of the Plan to the end of financial year under review	Aggregate number of Shares comprised in Awards issued since commencement of the Plan to the end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at end of financial year under review

- (c) such other information as may be required by the Listing Manual or the Act,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

19. DISPUTES

Any disputes or differences of any nature in connection with the Plan shall be referred to the Committee and its decision shall be final and binding in all respects.

20. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan are to abstain from voting on any Shareholders' resolution relating to the Plan (including the participation in the Plan and the grant of Awards to the Participants) and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast. In particular, Shareholders who are eligible to participate in the Plan shall abstain from voting on the following resolutions, where applicable: (a) the implementation of the Plan, and (b) participation by and grant of Awards to Controlling Shareholders and their Associates.

21. CONDITION OF AWARDS

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

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22. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Company and the Participants, by accepting grants of Awards in accordance with the Plan, shall submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You are invited to apply and subscribe for the Placement Shares at the Placement Price for each Placement Share, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 PLACEMENT SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF PLACEMENT SHARES WILL BE REJECTED.**
2. Your application for the Placement Shares may only be made by way of the Application Form or other such forms of application as the Issue Manager and Full Sponsor and/or the Placement Agent may deem appropriate.
3. YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE PLACEMENT SHARES.
4. **You (not being an approved nominee company) are allowed to submit only one (1) application in your own name for the Placement Shares. Any separate application by you for the Placement Shares will be deemed to be multiple applications and the Company, the Issue Manager and Full Sponsor and the Placement Agent have the discretion whether to accept or reject such multiple applications.**

If you, not being an approved nominee company, have submitted an application for the Placement Shares in your own name, you should not submit any other application for the Placement Shares for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Placement Agent.

Joint and/or multiple applications shall be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Placement Agent. If you submit or procure submissions of multiple share applications for Placement Shares, you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary, may be rejected at the discretion of our Company, the Issue Manager and Full Sponsor and the Placement Agent.

5. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships or non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Form or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the name of a deceased at the time of application.
6. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/her/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 7 below.
7. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

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8. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected. If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form, your application is liable to be rejected. Subject to paragraph 9 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number provided in your Application Form differ from those particulars in your Securities Account as maintained with CDP. If you have more than one (1) individual direct Securities Account with CDP, your application shall be rejected.
9. **If your address as stated in the Application Form is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and/or allocation and other correspondences from CDP will be sent to your address last registered with CDP.**
10. **Our Company, in consultation with the Issue Manager and Full Sponsor and the Placement Agent, reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or with the terms and conditions of this Offer Document or which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance or remittances which are not honoured upon their first presentation.**
11. **Each of our Company, the Issue Manager and Full Sponsor, and the Placement Agent further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Form or the terms and conditions of this Offer Document, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

Without prejudice to the rights of our Company, the Issue Manager and Full Sponsor and the Placement Agent, as agents of our Company, have been authorised to accept, for and on behalf of our Company such other forms of application as the Issue Manager and Full Sponsor and the Placement Agent deem appropriate.

12. Our Company, in consultation with the Issue Manager and Full Sponsor and the Placement Agent, reserves the right to reject or accept, in whole or in part, or to scale down any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision of our Company, will be entertained. This right applies to applications made by way of Application Form. In deciding the basis of allotment which shall be at our discretion, in consultation with the Issue Manager and Full Sponsor and the Placement Agent, due consideration will be given to the desirability of allotting the Placement Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
13. Share certificates will be registered in the name of CDP and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the Placement Shares, a statement of account stating that your Securities Account has been credited with the number of Placement Shares allotted to you, if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company, the Issue Manager and Full Sponsor and the Placement Agent. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee, any instrument of transfer and/or other documents required for the issue of the Placement Shares allotted to you.

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14. In the event a supplementary or replacement offer document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Placement shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the Placement Shares and:

- (a) where the Placement Shares have not been issued and allotted to the applicants, we shall either:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days of the date of the lodgement of the supplementary or replacement offer document, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to withdraw your application; or
 - (iii) (A) treat your application as withdrawn and cancelled, in which case the application shall be deemed to have been withdrawn and cancelled; and (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk; or
- (b) where the Placement Shares have already been issued and allotted but trading has not commenced, we shall either:
- (i) (A) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you notice in writing of how to obtain, or arrange to receive, a copy of the same, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in, and (B) take all reasonable steps to make available within a reasonable period of time the supplementary or replacement offer document, as the case may be, to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, give you a copy of the supplementary or replacement offer document, as the case may be, and provide you with an option to return to us the Placement Shares which you do not wish to retain title in and without any right to claim against our Company, the Issue Manager and Full Sponsor and/or the Placement Agent; or
 - (iii) subject to compliance with the Companies Act and our Constitution, (A) treat the issue of the Placement Shares as void in which case the issue of the Placement Shares shall be deemed void and (B) within seven (7) days from the date of lodgement of the supplementary or replacement offer document, as the case may be, return all monies paid in respect of your application, without interest or any share of revenue or other benefit arising therefrom and at your own risk

and you shall not have any right or claim against our Company, the Issue Manager and Full Sponsor and the Placement Agent.

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An applicant who wishes to exercise his option under paragraph 14(a)(i) or (ii) above to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company, the Issue Manager and Full Sponsor and the Placement Agent.

An applicant who wishes to exercise his option under paragraph 14(b)(i) or (ii) above to return the Placement Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those Placement Shares to us, whereupon we shall, within seven (7) days from the receipt of such notification, pay to him all monies paid by him on account of his application for the Placement Shares without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk and the applicant shall not have any claim against our Company, the Issue Manager and Full Sponsor and the Placement Agent.

Additional terms and instructions applicable upon the lodgement of the supplementary or replacement offer document, including instructions on how you can exercise the option to withdraw your application or return the Placement Shares allotted to you, may be found in such supplementary or replacement offer document.

15. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Placement Shares allotted to you pursuant to your application, to us, the Issue Manager and Full Sponsor and the Placement Agent and any other parties so authorised by the foregoing persons.
16. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee and trustee applying for the Placement Shares through the Placement Agent or its designated sub-placement agent by way of an Application Form or such other forms of application as the Issue Manager and Full Sponsor and the Placement Agent deems appropriate.
17. By completing and delivering an Application Form in accordance with the provisions of this Offer Document, you:
 - (a) irrevocably offer, agree and undertake to subscribe for the number of Placement Shares specified in your application (or such smaller number for which the application is accepted) at the Placement Price for each Placement Share and agree that you will accept such Placement Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company;
 - (b) agree that the aggregate Placement Price for the Placement Shares applied for is due and payable upon your application;
 - (c) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company, the Issue Manager and Full Sponsor and the Placement Agent in determining whether to accept your application and/or whether to allot any Placement Shares to you;

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- (d) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent residency status, CDP Securities Account number, share application amount, the outcome of your application (including the number of Placement Shares allotted to you pursuant to your application) and other personal data (“**Personal Data**”) to the Share Registrar, Securities Clearing and Computer Services (Pte) Ltd (“SCCS”), the SGX-ST, CDP, our Company, the Issue Manager and Full Sponsor and the Placement Agent and/or other authorised operators (collectively, the “**Relevant Persons**”), for the purpose of facilitating your application for the Placement Shares, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Persons, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Persons of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Persons may do anything or disclose any Personal Data or matters without notice to you if the Relevant Persons consider them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”); and
- (e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Issue Manager and Full Sponsor and/or the Placement Agent will infringe any such laws as a result of the acceptance of your application.
18. Our acceptance of applications will be conditional upon, among others, our Company, the Issue Manager and Full Sponsor and the Placement Agent, being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation of all our existing Shares, the Placement Shares, the Option Shares and the Award Shares on Catalist;
- (b) the Management and Sponsorship Agreement and the Placement Agreement referred to in the “Sponsorship, Management and Placement Arrangements” section of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as the Company may determine; and
- (c) the Authority, the SGX-ST, acting as agent on behalf of the Authority, or other competent authority, has not issued a stop order under the SFA (“**Stop Order**”) which directs that no further shares to which this Offer Document relates be allotted or issued.
19. In the event that a Stop Order pursuant to Section 242 of the SFA is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority or other competent authority and applications to subscribe for the Placement Shares have been made prior to the Stop Order, and:
- (a) in the case where the Placement Shares have not been issued, we will (as required by law), deem all applications withdrawn and cancelled and our Company shall refund (at your own risk) all monies paid on account of your application for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

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- (b) in the case where the Placement Shares have already been issued but trading has not commenced, the issue of the Placement Shares shall (as required by law) be deemed void, and our Company shall:
- (i) if documents purporting to evidence title to the Placement Shares have been issued to the applicants, within seven (7) days from the date of the Stop Order, inform the applicants to return such documents to us within 14 days from that date, and within seven (7) days from the date of receipt of the title documents or the date of the Stop Order, whichever is the later, return to the applicants all monies paid by them for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk); or
 - (ii) if no such documents have been issued to the applicants, within (7) seven days from the date of the Stop Order, return to the applicants all monies paid by them for the Placement Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk), and

you shall not have any claims against our Company, the Issue Manager and Full Sponsor and the Placement Agent.

This shall not apply where only an interim Stop Order has been served.

20. In the event that an interim Stop Order in respect of the Placement Shares is served by the Authority, the SGX-ST, acting as agent on behalf of the Authority or other competent authority, no Placement Shares shall be issued during the time when the interim Stop Order is in force.
21. The Authority, the SGX-ST, acting as agent on behalf of the Authority or other competent authority is not able to serve a Stop Order in respect of the Placement Shares if the Placement Shares have been issued and listed for quotation on a securities exchange and trading in the Placement Shares has commenced.
22. In the event of any changes in the closure of the Application List or the time period during which the Placement is open, we will publicly announce the same through a SGXNET announcement to be posted on the internet at the SGX-ST website (<http://www.sgx.com>) and through a paid advertisement in a major English newspaper in Singapore.
23. We will not hold any application in reserve.
24. We will not allot Shares on the basis of this Offer Document later than six (6) months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
25. Additional terms and conditions for applications by way of Application Form are set out in the “Additional Terms and Conditions for Applications using Application Form” below.
26. All payments in respect of any application for the Placement Shares and any refund, shall be made in S\$.
27. No person in any jurisdictions outside Singapore receiving this Offer Document or its accompanying documents (including the Application Form) may treat the same as an offer or invitation to subscribe for any Placement Shares unless such offer or invitation could lawfully be made without compliance with any regulatory requirements in those jurisdictions.

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ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORM

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in the “**TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE**” section in Appendix I of this Offer Document as well as the Constitution of our Company.

1. Your application must be made using the Application Form for Placement Shares or in such other manner as the Issue Manager and Full Sponsor and the Placement Agent may in their absolute discretion deem appropriate. **ONLY ONE (1) APPLICATION** should be enclosed in each envelope.

We draw your attention to the detailed instructions contained in the Application Form and this Offer Document for the completion of the Application Form which must be carefully followed. **Our Company, the Issue Manager and Full Sponsor and the Placement Agent reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittances or remittances which are not honoured upon their first presentation.**

2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Form, except those under the heading “**FOR OFFICIAL USE ONLY**”, must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of individuals, in your full names as they appear in your identity card (if applicants have such identification documents) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar. Our Company, the Issue Manager and Full Sponsor and the Placement Agent reserve the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You, whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted, will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations.

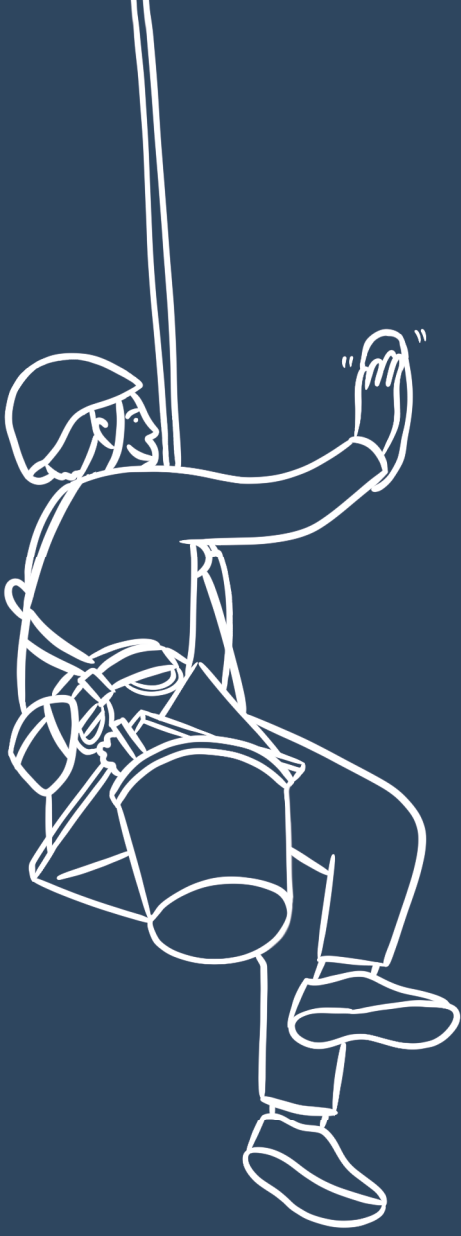
APPENDIX I – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

If you are an approved nominee company, you are required to declare whether the beneficial owner of the Placement Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. The completed and signed Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate postage (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to LS 2 HOLDINGS LIMITED C/O BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD., 1 HARBOURFRONT AVENUE, #14-07, KEPPEL BAY TOWER, SINGAPORE 098632**, to arrive by **12.00 noon on 21 February 2022 or such other time as our Company may, in consultation with the Issue Manager and Full Sponsor and the Placement Agent, in its absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of the Placement Shares applied for, in the form of a BANKER'S DRAFT or CASHIER'S ORDER drawn on a bank in Singapore, made out in favour of "**LS 2 HOLDINGS SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. We reserve the right to reject any application which is accompanied by combined Banker's Draft or Cashier's Order for different CDP Securities Accounts. No acknowledgement or receipt will be issued by our Company or the Issue Manager and Full Sponsor and the Placement Agent for applications and application monies received.
8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. In the event that the Placement is cancelled by us following the termination of the Management and Sponsorship Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or any other benefit arising therefrom) to you by ordinary post at your own risk within five (5) Market Days of the termination of the Placement. In the event that the Placement is cancelled by us following the issuance of the Stop Order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Form and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of our Company, our Directors, the Issue Manager and Full Sponsor and the Placement Agent and/or any party involved in the Placement, and if, in any event not receive your Application Form, you shall have no claim whatsoever against our Company, the Issue Manager and Full Sponsor and the Placement Agent and/or any party involved in the Placement for the Placement Shares applied for or for any compensation, loss or damage.

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11. By completing and delivering the Application Form, you agree that:
- (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 21 February 2022** or such other time or date as our Directors may, in consultation with the Issue Manager and Full Sponsor and the Placement Agent decide:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) neither our Company, the Issue Manager and Full Sponsor and the Placement Agent nor any other party involved in the Placement will be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
 - (c) all applications, acceptances and contracts resulting therefrom under the Placement shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (d) in respect of the Placement Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (f) in making your application, reliance is placed solely on the information contained in this Offer Document and none of our Company, the Issue Manager and Full Sponsor, the Placement Agent nor any other person involved in the Placement shall have any liability for any information not so contained;
 - (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
 - (h) you irrevocably agree and undertake to subscribe for the number of the Placement Shares applied for as stated in the Application Form or any smaller number of such Placement Shares that may be allotted to you in respect of your application. In the event that our Company, the Issue Manager and Full Sponsor or the Placement Agent decide to allot any smaller number of the Placement Shares or not to allot any Placement Shares to you, you agree to accept such decision as final; and
 - (i) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Placement Shares that may be allotted to you.
12. By completing and delivering the Application Form, you declare that you do not possess more than one (1) individual direct Securities Account with CDP.



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