LS 2 HOLDINGS LIMITED

(Company Registration No.: 202016972G)
(Incorporated in the Republic of Singapore on 18 June 2020)

PLACEMENT IN RESPECT OF 27,750,000 PLACEMENT SHARES AT S$0.20 FOR EACH PLACEMENT SHARE, PAYABLE IN FULL ON APPLICATION

Prior to making a decision to purchase the Shares, you should carefully consider all the information contained in the Offer Document. This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the Shares, you should consult your legal, financial, tax or other professional adviser.

This Product Highlights Sheet[1] is an important document.

- **It highlights the key information and risks relating to the placement of the Placement Shares contained in the Offer Document. It complements the Offer Document[2].**
- **You should not subscribe for the Placement Shares if you do not understand the nature of an investment in our ordinary shares, our business or are not comfortable with the accompanying risks.**
- **If you wish to subscribe for the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact our Company, the Issue Manager and Full Sponsor or the Placement Agent to ask for one.**

Issuer	**LS 2 Holdings Limited**	**Place of incorporation**	**Singapore**
Details of this Placement	Placement of 27,750,000 Placement Shares	**Total amount to be raised in this Placement**	Gross proceeds of approximately S$5.6 million and net proceeds of approximately S$4.4 million.
Placement Price	S$0.20 for each Placement Share	**Listing status of Issuer and the Securities**	An application has been made to the SGX-ST for the permission to deal in, and for the listing and quotation of all our Shares already issued, the Placement Shares, the Option Shares and the Award Shares on Catalist. The Shares are expected to be listed on 24 February 2022.
Issue Manager and Full Sponsor	RHT Capital Pte. Ltd.	**Placement Agent**	Soochow CSSD Capital Markets (Asia) Pte. Ltd.

[1] This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Product Highlights Sheet shall be read in conjunction with the Offer Document.

The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

[2] The Offer Document, registered by the SGX-ST acting as agent on behalf of the MAS on 15 February 2022 and the application forms in respect of the Placement Shares, may be obtained on request, subject to availability, during office hours, from RHT Capital Pte. Ltd. at its address at 6 Raffles Quay #24-02 Singapore 048580 or Soochow CSSD Capital Markets (Asia) Pte. Ltd. at its address at 80 Raffles Place #43-01 UOB Plaza Singapore 048624. A copy of the Offer Document is also accessible on the SGX-ST's website at http://www.sgx.com.

PRODUCT HIGHLIGHTS SHEET

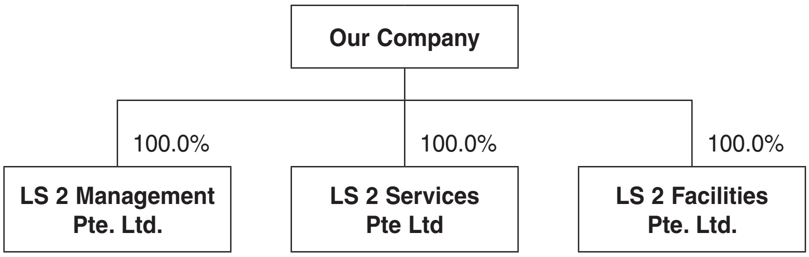
OVERVIEW

WHO ARE WE AND WHAT DO WE DO?

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".

Refer to "General Information on our Group" on pages 93 to 129 of the Offer Document for the detailed structure of our Group and more information on the business of our Group and our services.

The structure of our Group as at the date of the Offer Document is as follows:



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.

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.

WHO ARE OUR DIRECTORS AND EXECUTIVE OFFICERS?

Our Board of Directors comprise the following:

(a) Mr. Roger Tan *(Executive Chairman and Executive Director)*
(b) Mr. Alvin Ong *(Chief Executive Officer and Executive Director)*
(c) Mr. Tan Siang Leng *(Lead Independent Director)*
(d) Mr. Ng Hong Whee *(Independent Director)*
(e) Mr. Chua Ser Miang *(Independent Director)*

Our Executive Officers comprise the following:

(a) Mr. Ong Han Poh *(Group Financial Controller)*
(b) Ms. Tan Wei Ying *(Chief Operating Officer)*
(c) Ms. Tan Wei Li *(Group Finance Manager)*
(d) Mr. Joseph Mah *(Operations Director)*
(e) Ms. Susan Lee *(Operations Director)*
(f) Ms. Ziilia Seah *(Sales and Marketing Manager)*

Refer to *"Directors, Executive Officers and Staff"* on pages 142 to 156 of the Offer Document for more information on our Directors and Executive Officers.

WHO IS OUR CONTROLLING SHAREHOLDER?

Prior to the Placement, our Controlling Shareholders, each of Mr. Roger Tan and Mr. Alvin Ong, holds approximately 76.5% and 23.5% of our Company Company's total issued share capital respectively. Immediately following completion of the Placement and the issuance of the Placement Shares, each of Mr. Roger Tan and Mr. Alvin Ong will hold approximately 65.0% and 20.0 of our Company's post-Placement share capital respectively and will remain as Controlling Shareholders.

Refer to "*Shareholders*" on pages 70 to 72 of the Offer Document for more information on our controlling shareholders.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Selected items from the combined statement of comprehensive income

	Audited			Unaudited	
(S$)	**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					
- Direct operating costs	(37,373,340)	(41,540,760)	(41,467,782)	(21,583,954)	(20,205,096)
- Depreciation, finance and other expenses	(5,797,317)	(7,031,479)	(6,270,381)	(2,712,727)	(3,600,688)
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
Earnings per Share ("EPS") 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-Placement 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-Placement share capital of 185,000,000 Shares.

Selected items from the combined statement of financial position

(S$)	Audited as at 31 December 2020	Unaudited Pro Forma as at 31 December 2020(1)	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)(2)	8.74	5.24	6.43

Notes:

(1) The unaudited pro forma combined financial information is prepared to illustrate the impact of the interim dividends which 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.

(2) 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	
(S$)	FY2018	FY2019	FY2020	Pro Forma FY2020(1)	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**

Note:

(1) The unaudited pro forma combined financial information is prepared to illustrate the impact of the interim dividends which 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 most significant factors contributing to our financial performance in FY2019 compared to FY2018 are as follows:

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 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 increased by S$0.1 million or 9.2% from S$0.6 million in FY2018 to S$0.7 million in FY2019 due to a gain on disposal of an investment property, partially offset by lower government grants income recognised in FY2019.

Refer to *"Summary of our Financial Information"*, *"Management's Discussion and Analysis of Results of Operations and Financial Position"*, *"Appendix A – Independent Auditor's Report and the Audited*

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 due to a gain on disposal of an investment property, partially offset by lower government grants income recognised in FY2019. 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 due to: (i) an increase in purchases and related costs as a result of more contracts secured, (ii) 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. The increase was partially offset by an increase in grant income by S$1.3 million from S$1.3 million in FY2018 to S$2.6 million in FY2019. 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 SFRS(I) 16-Leases. 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, mainly due to the increase in foreign worker levy as more workers were employed for the commencement of new contracts. As a result of the above, net profit for FY2019 increased by S$0.3 million from S$0.7 million in FY2018 to S$1.0 million in FY2019. In FY2019, we had net cash outflows from operating activities of approximately S$1.1 million, which was a result of operating cash flow before working capital changes of approximately S$2.4 million, adjusted for working capital outflows of approximately S$3.5 million. As at 31 December 2019, our shareholders' equity amounted to S$6.4 million comprising mainly S$3.0 million of issued share capital and S$3.4 million of retained profits. **The most significant factors contributing to our financial performance in FY2020 compared to FY2019 are as follows:** 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 of 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; and (iii) S$1.4 million contributed from existing contracts from FY2019 and various smaller contracts secured in FY2020. 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 due to the absence of a gain on disposal of an investment property coupled with lower government grants recognised in FY2020. 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: (i) an increase in purchases and related costs as a result of more contracts secured, and (ii) a decrease in employee benefits due to an increase in grant income such as the Jobs Support Scheme recognised in FY2020 despite the increase in headcount. 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. 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 a decrease in foreign worker levy as a result of foreign worker levy waiver and rebates recognised in FY2020. As a result of the above, net profit for FY2020 increased by S$6.0 million from S$1.2 million in FY2019 to S$7.2 million in FY2020. In FY2020, we had net cash inflows from operating activities of approximately S$11.0 million, which was a result of operating cash flow before working capital changes of approximately S$9.1 million, adjusted for working capital outflows of approximately S$1.9 million. 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. **The most significant factors contributing to our financial performance in 1H2021 compared to 1H2020 are as follows:** 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.	*Combined Financial Statements for the Financial Years Ended 31 December 2018, 2019 and 2020", "Appendix B – Independent Auditor's Review Report and Unaudited Interim Condensed Combined Financial Statements for the Six Months Period Ended 30 June 2021"* and *"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"* on pages 73 to 92, A-1 to A-55, B-1 to B-31, and C-1 to C-9 respectively of the Offer Document for more information on our financial performance and position.

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 due to (i) a decrease in purchases and related costs and (ii) an increase in employee benefits due to a decrease in grant income. 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 mainly due to an increase in foreign workers levy as there were no worker levy rebates and waivers received from the government in 1H2021. As a result of the above, net profit for 1H2021 decreased by S$2.3 million from S$4.2 million in 1H2020 to S$1.9 million in 1H2021. In 1H2021, we had net cash inflows from operating activities of approximately S$2.6 million, which was a result of operating cash flow before working capital changes of approximately S$2.9 million, adjusted for working capital outflows of approximately S$0.1 million and income tax paid of approximately S$0.2 million. 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. **The above factors are not the only factors contributing to our financial performance in FY2018, FY2019, FY2020 and 1H2021. Please refer to the other factors set out in the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 77 to 92 of the Offer Document**	

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

Our business strategies and future plans to drive the future growth and expansion of our business are as follows: **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 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. 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 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.	Refer to "*General Information on our Group – Business Strategies and Future Plans*" on pages 125 to 127 of the Offer Document for more information on our business strategies and future plans.

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. 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. 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 better manage the deployment of our resources and to enhance efficiency and productivity.	

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

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 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. **The above are not the only trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on us. Please refer to the other factors set out in the sections entitled "Risk Factors", "Management's Discussion and Analysis of Results of Operations and Financial Position", "General Information on Our Group – Business Strategies and Future Plans"and "General Information on Our Group – Prospects" on pages 30 to 55, 77 to 92, 125 to 127 and 127 to 128 respectively of the Offer Document. Please also refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" on pages 12 to 13 of the Offer Document.**	Refer to "*General Information on Our Group – Trend Information*" on page 129 of the Offer Document.

WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

We set out below a summary of what we consider to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.	Refer to *"Risk Factors"* on pages 30 to 55 of the Offer Document for more information on risk factors.

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. 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 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. 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. 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 the 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. 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.

We operate in a highly competitive sector

The environmental services industry in Singapore in which we operate in is highly competitive. 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.

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. 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. 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. 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. 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. 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. 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. 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 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. **The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position, results of operations and/or prospects, and your Shares. Please refer to the section entitled "Risk Factors" on pages 30 to 55 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you are advised to apprise yourself of all factors involving the risks of investing in our Shares from your professional advisers before making any decision to invest in our Shares, and you should also consider all the information contained in the Offer Document.**	

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As at the date of the Offer Document, following the completion of the Restructuring Exercise and, 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 increased to S$5,426,161 comprising 185,000,000 Shares. We have only one class of shares, namely ordinary shares. The Placement Shares will, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up Shares. Subject to the Constitution, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by our Company and any distribution of assets upon liquidation of our Company. There are no restrictions on the transfer of the fully paid-up Shares except where required by law, the Catalist Rules or our Company's Constitution.	Refer to *"Share Capital"* and *"Appendix E - Description of our Shares"* on pages 68 to 69 and E-1 to E-8 respectively of the Offer Document for more information on the Placement Shares.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds to be raised from the Placement after deducting the aggregate estimated listing 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:

Refer to *"Use of Proceeds and Listing Expenses"* on pages 56 and 57 of the Offer Document for more information on our use of proceeds.

	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	1,356	24.43
Net proceeds from the Placement	**4,356**	**78.49**
Total listing expenses	**1,194**	**21.51**
Total	**5,550**	**100.00**

PRODUCT HIGHLIGHTS SHEET

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

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. 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; (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.	Refer to *"Dividend Policy"* on pages 65 and 66 of the Offer Document for more information on our dividend policy.

DEFINITIONS

In this Product Highlights Sheet, unless the context otherwise requires, the following definitions apply:

Companies within our Group

"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
"LS 2 Services"	:	LS 2 Services Pte Ltd

Other Corporations and Agencies

"BCA"	:	Building and Construction Authority of Singapore
"MAS"	:	Monetary Authority of Singapore
"NEA"	:	National Environment Agency of Singapore
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Issue Manager and Full Sponsor"	:	RHT Capital Pte. Ltd.
"Placement Agent"	:	Soochow CSSD Capital Markets (Asia) Pte. Ltd.

General

"1H"	:	The six (6)-month financial period ended 30 June
"Award Shares"	:	Shares transferred or new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards which may be granted under the Plan
"Board" or "Board of Directors"	:	The board of directors of our Company as at the date of the Offer Document, unless otherwise stated
"Catalist Rules"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"Controlling Shareholder"	:	As defined in the Catalist Rules, a person who (a) holds directly or indirectly 15.0% or more of the aggregate of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) in fact exercises control over our Company
"DRC"	:	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
"Directors"	:	The directors of our Company as at the date of the Offer Document, unless otherwise stated
"EPS"	:	Earnings per Share

"Executive Officers"	:	The executive officers of our Group as at the date of the Offer Document, unless otherwise stated
"F&B"	:	Food and beverage
"FY"	:	Financial year ended or ending 31 December, as the case may be
"Latest Practicable Date"	:	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 MAS
"NAV"	:	Net asset value
"Offer Document"	:	The offer document dated 15 February 2022 issued by our Company in respect of the Placement
"Period Under Review"	:	The period which comprises FY2018, FY2019, FY2020 and 1H2021
"Placement"	:	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
"Placement Shares"	:	The 27,750,000 Placement Shares which are the subject of the Placement
"PWM"	:	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
"Restructuring Exercise"	:	The corporate restructuring exercise undertaken in connection with the Placement, as described in the section entitled "Restructuring Exercise" of the Offer Document
"SFR"	:	Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018, as amended, modified or supplemented from time to time
"Shareholders"	:	Registered holders of Shares, except where the registered holder is the Central Depository (Pte) Limited, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"S$" or "cents"	:	Singapore dollars and cents respectively, the lawful currency of Singapore
"%"	:	Percentage

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

HOW DO YOU CONTACT US?

The Issuer	:	LS 2 Holdings Limited
Registered Office	:	1 Bukit Batok Crescent #04-11 WCEGA Plaza Singapore 658064
Telephone No. / Facsimile No.	:	(65) 6281 1843 / (65) 6281 1805
Website address / Email address	:	https://www.LS2.sg / enquiry@LS2.sg

Information contained on our website does not constitute part of the Offer Document or this Product Highlights Sheet and should not be relied on.

Issue Manager and Full Sponsor	:	RHT Capital Pte. Ltd.
Address	:	6 Raffles Quay #24-02 Singapore 048580
Telephone No.	:	(65) 6381 6966
Placement Agent	:	Soochow CSSD Capital Markets (Asia) Pte. Ltd.
Address	:	80 Raffles Place #43-01 UOB Plaza 1 Singapore 048624
Telephone No.	:	(65) 6671 8017