



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: LS 2 Holdings Limited

Stock code: ENV

Meeting details:

Date: 27 May 2022

Time: 4.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. Despite the challenges caused by COVID-19, the group secured 8 Conservancy Contracts with 6 Town Councils and made progress in retail mall segment, providing cleaning and pest control services to as many as 13 neighbourhood malls across the island (page 3 – chairman’s statement).

The company is also reaching out to property developers and asset managers and tendering for higher-margin projects in the private sector.

- (i) **How many conservancy contracts does the group currently hold? For shareholders’ benefit, would the company be disclosing the average tenure remaining on its contracts or an order book equivalent?**
- (ii) **How successful has the group been in retaining the conservancy contracts?**
In the offer document dated 15 February 2022, it was disclosed that the group has 10 projects in 8 out of 17 town councils across Singapore.
- (iii) **For the group’s expansion into the private sector, what is the group’s competitive advantage compared to the current in-house solutions/outsourced service providers engaged by property developers and asset managers?**
- (iv) **Are there structural changes to the demand for cleaning services as a result of the pandemic (e.g. changes in the operations of the customers, lower space requirements, reduced operational hours/days etc) for the group’s major customers, such as MOE, SMU and Changi Airport? On the other hand, what are the opportunities for the group as COVID-19 related measures are lifted that could see an increased demand for cleaning services?**
- (v) **For the benefit of shareholders, can management quantify the impact of the progressive wage model on the group?**

Q2. On 10 May 2022, the company announced the purchase of 55 units of META-SCRUB 60 an advanced automated cleaning robot from ANGLO-SIMA, to “better serve its clients in the cleaning industry. The group also entered into a non-binding memorandum of understanding with Anglo-Sima Janitorial Supplies Pte Ltd to share its knowledge to enhance its equipment and technology in relation to management and automation of cleaning processes.

- (i) **What is the capital expenditure related to the purchase of 55 units of cleaning robots? What was the level of (commercial, technological and legal) due diligence carried out by the management/board in shortlisting and selecting Anglo-Sima as its supplier and also collaborator?**
- (ii) **Should any technological advancements to cobotics solutions be created in the collaboration, who will own the intellectual properties?**
- (iii) **Will the partner in the collaboration (i.e. Anglo-Sima) be allowed to develop new cleaning robots based on the group’s input and sell such “upgraded” robots to other industry players?**

Q3. The company listed on the SGX Catalist board on 24 February 2022 by way of placement at a price of \$0.20 per share. After the close of trading, Singapore Exchange Regulation ("SGX RegCo") issued a Trade with Caution alert.

SGX RegCo noted that out of the 207 placees, 166 sold their entire allotment which significantly reduced the distribution. Majority of these accounts are connected through a common trading representative and the selling was concentrated within the first half hour of trading. The company has provided its responses¹ to SGX's Trade with Caution alert the following day.

- (i) **Since then, has the board carried out an "after action review" of its IPO, including matters highlighted by SGX RegCo, which would also cover the roles played by the issue manager and the placement agent for the IPO?**

Catalist Rule 406 requires that the proportion of post invitation share capital in public hands must be at least 15% at the time of listing and the number of public shareholders must be at least 200. Rule 723 requires that at least 10% of the total number of issued shares is held by the public.

As shown on page 104, the company has only 20 shareholders as at 5 May 2022.

STATISTICS OF SHAREHOLDINGS

As at 5 May 2022

SHARE CAPITAL

Issued and fully paid up capital	:	\$S5,550,001
Number of Shares (excluding treasury shares and subsidiary holdings)	:	185,000,000
Number of Treasury Shares	:	NIL
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders ^{*n1}	%	No. of Shares	%
1-99	—	—	—	—
100-1,000	5	25.00%	2,500	#
1,001-10,000	9	45.00%	31,400	0.02%
10,001-1,000,000	3	15.00%	821,000	0.44%
1,000,001 and above	3	15.00%	184,145,100	99.54%
	20	100.00%	185,000,000	100.00%

^{*n1} comprise individual and deposit agents
 # denotes less than 0.01%

(Source: company annual report)

¹<https://links.sgx.com/FileOpen/Response%20to%20Trade%20with%20Caution%20Alert.ashx?App=Announcement&FileID=703838>

The largest individual minority shareholder held 20,400 shares at as 5 May 2022 (page 105 – Twenty largest shareholders). In addition, 26.895 million shares are held by Tiger Brokers (Singapore). The company has stated that Rule 723 of Catalist Rules has been complied with. Based on the information available to the company as at 5 May 2022, 15% of the total issued ordinary shares of the company are held by public.

- (ii) **Has the board analysed the shareholding structure? Given the current shareholding structure, is there significant risk that the shares could be easily cornered?**
- (iii) **What are the efforts by the company to determine the beneficial owners of the 26.9 million shares held by Tiger Brokers (Singapore)? How did the company conclude that Rule 723 has been complied with?**
- (iv) **Are there plans by the board to increase the free float of the company?**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can’t attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](http://www.sias.org.sg)

Join our mailing list [here](#) to receive latest news and upcoming events.

[^] Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)



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