SECURING THE FUTURE

ANNUAL REPORT 2021

CONTENTS

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A pdf of the full Annual Report and further information about the Group and our businesses can be found online at our website: www.ips-securex.com

This annual report has been prepared by IPS Securex Holdings Limited ("Company") and has been reviewed by the Company's sponsor, United Overseas Bank Limited ("Sponsor"), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. David Tham, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6533 9898.

CORPORATE PROFILE

A LEADING ONE-STOP SECURITY SOLUTIONS PROVIDER WITH A SIGNIFICANT AND ESTABLISHED REGIONAL MARKET

IPS Securex Holdings Limited ("IPS Securex" or the "Company" and, together with its subsidiaries, the "Group") was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") in 2014. The Group has established itself as one of Singapore's leading providers of security products and integrated security solutions to commercial entities and government bodies and agencies in the Asia-Pacific.

Since 2000, the Group has been providing a diverse base of customers with security products and integrated security solutions which are deployed to address various security requirements, including checkpoint security, law enforcement and the protection and surveillance of buildings and critical infrastructure. The Group carries over 100 types of security products with distribution rights for certain products spanning the Asia-Pacific.

As a one-stop service provider that designs, supplies, installs, tests, commissions, maintains and leases security products and integrated security solutions, the Group has built an accomplished and thriving reputation in the security products and solutions industry.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors (the "Board" or the "Directors") of IPS Securex Holdings Limited ("IPS Securex" or the "Company" and, together with its subsidiaries, the "Group"), I am pleased to present the annual report of the Company for the financial year ended 30 June 2021 ("FY2021")("Annual Report").

TRENDS AND CHALLENGES

The year 2021 was another unpredictable year, with the ongoing COVID-19 pandemic, increasing internal and external security threats, and territorial disputes around the world. The COVID-19 pandemic had a containing effect on terrorism and protests due to lockdowns and travel restrictions, which led to an overall decline in worldwide terrorist attacks. In 2021, the majority of political violence and social unrest was concentrated in conflict zones. However, widespread grievances over the handling of the pandemic, rising tensions and power competition between states, and pre-existing and new frustrations, protests, struggles and conflicts could create volatile situations with a lifting of restrictions, according to Aon's 2021 Risk Maps report[1].

The geo-political situation around the world continues to be unpredictable and this will affect the broader global economy, such as the ongoing trade tensions between the US and China. Although the President of the US changed in the beginning of 2021, the trade war does not seem to be going away soon[2]. Furthermore, in light of the Taliban's seizing of power in Afghanistan, the threat of terrorism still remains. Analysts have warned airports to maintain vigilance even when threat levels are perceived to be low, as terrorists are often seizing opportunities to cause high damage and fear[3]. Even China has also been increasingly seen as a viable and desirable target for militants, due to its overseas investments, growing international commercial presence, and particularly, the China-Pakistan Economic Corridor[4]. At the same time, a rise in security threats posed by extremists have also been observed in Southeast Asia, such as Indonesian militants entering the southern Philippines, through Malaysia's Sabah state, to carry out their terrorist activities[5].

In 2021, global defence spending is expected to grow about 2.8%, crossing the $2 trillion mark. Countries around the world continue to spend on strengthening their militaries as geopolitical tensions intensify despite the COVID-19 pandemic[6]. The Middle East, Eastern Europe and the Asia-Pacific region remain the epicentre of ongoing geopolitical turbulence with political instability, ongoing conflicts and territorial disputes reigning supreme across these regions. The Asia-Pacific region is projected to take the lead in defence spending growth rate going forward[7] and in Singapore, defence spending is expected to increase by 12.7% in 2021. Singapore had spent about 10% less than planned in 2020 due to the delay of some key projects, but this will not change the timeline to transform the Singapore Armed Forces into a new-generation defence force by 2040[8].

It is apparent that security will continue to be an important concern in Asia and present potential opportunities for the Group. IPS Securex will continue to enhance and support the security readiness of its customers in the Asia-Pacific region. The Group is committed to offer innovative and advanced security solutions to combat and prevent security threats and will continue to consistently expand its range of products and solutions so as to provide various options for our customers.

CHAIRMAN'S STATEMENT

UPHOLDING SUSTAINABILITY

The Group continues to hold sustainability in our core, allowing us to maintain our long-term value as a security solutions provider. Our commitment to sustainable practices encompasses various environmental, social and governance factors. With reference to the Global Reporting Initiative ("GRI") Standards (2016) and in accordance with the SGX-ST's Listing Rules on Sustainability Reporting, our Sustainability Report, which is integrated and published together with this Annual Report, can be found on pages 20 to 29. The integrated report will also be publicly accessible through both our corporate website and SGXNet.

ACKNOWLEDGEMENT

On behalf of the Board, we would like to thank our dependable management and staff for ensuring the Group's business remains stable despite another challenging year. Lastly, we would also like to express our deepest appreciation to our shareholders for their steadfast loyalty and support to IPS Securex.

CHAN TIEN LOK
NON-EXECUTIVE CHAIRMAN

[1] https://insights.aon.com/risk-maps-2021/tpv-2021-leader/

[2] https://www.marketwatch.com/story/new-president-but-same-trade-tensions-between-u-s-china-01611635370

[3] https://www.scmp.com/week-asia/politics/article/3147891/september-11-changed-aviation-security-forever-will-covid-19?module=perpetual_scroll&pgtype=article&campaign=3147891

[4] https://www.scmp.com/comment/opinion/article/3147051/how-chinas-growing-global-reach-raises-terrorist-threat-its

[5] https://www.straitstimes.com/asia/se-asia/malaysias-sabah-is-south-east-asian-terrorists-preferred-transit-point-experts

[6] https://www2.deloitte.com/us/en/pages/manufacturing/articles/global-aerospace-and-defense-industry-outlook.html

[7] https://www.businesswire.com/news/home/20210825005584/en/Global-Aerospace-Defense-Outlook-2021-to-2025---Defense-Spending-Trends-Growth-Domains-Key-Programs-Emerging-Game-Changer-Technologies---ResearchAndMarkets.com

[8] https://www.straitstimes.com/singapore/budget-debate-transformation-to-next-gen-saf-on-track-despite-covid-19-says-ng-eng-hen

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the management of the Group, I am pleased to present the business review for FY2021.

The ongoing COVID-19 pandemic continues to be an unprecedented challenge for all levels of government worldwide as it has led them to reconsider their multi-level governance systems and reassess regional development priorities. While it is understandable for many governments to reallocate their budgets for higher priority COVID-19 related spending, other sectors such as defence and security will be affected in the form of delays and cutbacks in previously planned projects.

Nevertheless, security still remains an important priority for many countries. The COVID-19 pandemic has exposed certain vulnerabilities and caused more political and social unrest as seen by the increase in protests against governmental lockdowns and policies to mitigate the pandemic.

BUSINESS HIGHLIGHTS

Corresponding to the above, our revenue for FY2021 was weak. The revenue in our Security Solutions Business decreased significantly by 73.4%, mainly due to a decrease in the sale of security products to customers in Indochina[1], Rest of Southeast Asia[2], East Asia[3], and Singapore. Furthermore, the revenue from providing integrated security solutions for the period under review also saw a decline in Singapore due to delays in receiving required government approvals, and in the Rest of Southeast Asia[2].

Our Maintenance and Leasing Business also saw 11.1% lower revenues, compared to FY2020. This was due to the expiration of a 7-year lease-and-maintenance contract with the Housing & Development Board, a decline in revenue from the provision of maintenance support services to customers in Singapore due to partial completion of a maintenance contract, and the non-renewal of a maintenance contract with a customer in Indochina[1]. This decline was, however, partially offset by the increase in revenue from the provision of maintenance support services to our customers in Rest of Southeast Asia[2].

CONTINUOUS ENHANCEMENT OF PRODUCT PORTFOLIO

In order to meet our customers' evolving and anticipated needs, the Group constantly looks out for new products to update its product portfolio so as to provide comprehensive solutions to customers. In FY2021, despite the difficulties in travel to meet with suppliers, we have managed to add innovative products with advanced technologies and solutions from US and Europe-based principals such as Accipiter, Ultra-HyperSpike (part of the Ultra Group), Moog and Tek84 for the Homeland Security segment, and Panasonic Security Solutions and Tyco (part of Johnson Controls) in Singapore for the General Security segment.

For more information on these latest product additions, please refer to the product highlights on pages 15 to 19.

1 "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam
2 "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste
3 "East Asia" includes China, Hong Kong, South Korea and Japan

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

LOOKING AHEAD

The evolving nature of the COVID-19 pandemic has led to Singapore adjusting its rules and regulations constantly, while pushing up the rate of vaccinations. These constant changes make it very difficult for businesses as they are forced to react on sometimes very short notice. For example, restrictions on the inflow of foreign labour from certain countries continues to affect work processes and manpower allocation for ongoing projects.

The COVID-19 pandemic has also caused delays in project timelines and created supply disruptions that has led to an increase in the cost of purchases. In order to lessen the financial impact of these disruptions, the Group has taken appropriate measures to work with its suppliers to minimise any supply disruptions and to speed up delayed project schedules where possible. As projects that were previously delayed come back on stream, we are hopeful that our revenues will improve in the following reporting periods. The Group's engagement with overseas customers and suppliers, however, will still continue to be affected by the travel restrictions in various countries, although the situation is improving.

In order for business operations to function with little to no disruptions, the Group has been strictly adhering to the government's measures. The Group has also encouraged all its staff to be vaccinated as a necessary precaution, which creates a safe working environment for everyone to continue to attend to their work commitments. As of 5 October 2021, approximately 98% of our staff are vaccinated.

While more countries are slowly opening up, the Group has been seeing tenders gradually resuming for projects previously put on hold, as well as new project discussions. The infrastructure spending of Asian governments, including the Singapore government's decision to issue up to S$90 billion worth of bonds to finance long term infrastructure projects, will also present potential opportunities for the Group's Security Solutions Business.

Going forward, the Group will continue to engage its customers in discussions to understand their evolving needs, so as to provide them with the latest security products and solutions which are supported by quality maintenance services.

THANKS & APPRECIATION

On behalf of our management team, I would like to express our appreciation to our Board for their guidance and insights in navigating the Group through this challenging period. I would also like to thank our staff for their resilience and commitment towards providing high-quality services in this difficult operating environment. Finally, I would like to thank our customers, suppliers, shareholders and business associates for their continued support and trust, as we strive to weather this storm and work hard to improve our business performance as the COVID-19 situation improves.

KELVIN LIM CHING SONG
EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

BOARD OF DIRECTORS

MR CHAN TIEN LOK

NON-EXECUTIVE CHAIRMAN

Mr Chan Tien Lok is the Founder and Non-Executive Chairman of the Group. He was re-appointed to the Board on 22 October 2019.

Mr Chan has over 16 years of experience in the security products and solutions industry. He founded IPS Group Pte. Ltd. ("IPSG") in 1986 and is currently the Chairman of IPSG. He is responsible for the overall business development and strategic planning within IPSG.

Prior to the founding of IPSG, he was the managing director of United Machinery Services Pte Ltd (now known as Denyo United Machinery Pte. Ltd.) where he was responsible for managing the company's overall operations from 1979 to 1986. He was the sole proprietor of Danill Machinery Services from 1976 to 1979, and had served as the service manager of Auto and Plant Services Pte Ltd from 1973 to 1976.

MR KELVIN LIM CHING SONG

EXECUTIVE DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER

Mr Kelvin Lim Ching Song is the Executive Director and Chief Executive Officer of the Group. He was re-appointed to the Board on 29 October 2018.

Mr Lim has more than 16 years of experience in the security products and solutions industry, and is responsible for the overall business development, strategic planning and operations of the Group. He joined the Group in 2008 as division manager of the General Security division in IPS Securex, and was promoted to senior vice president in 2012. He was later appointed as the Chief Executive Officer of IPS Technologies Pte. Ltd. ("IPST") in January 2013. He subsequently stepped down as Chief Executive Officer of IPST and was appointed as Chief Executive Officer of IPS Securex in July 2013.

Mr Lim is instrumental in formulating and implementing the business strategies and spearheading the growth of the business. He has designed and completed numerous security projects, ranging from the developing and implementation of integrated security solutions for small residential properties, luxury condominiums, industrial buildings to large factories. In 2008, Mr Lim started a new division in IPS Securex to provide integrated security solutions to customers from various industries such as educational institutions, government bodies and agencies, and financial institutions. Over the years, he has not only established new relationships with new suppliers and customers, but also reaffirmed established relationships with the Group's existing suppliers and customers, which has helped the Group expand the business further into several regional markets, including Malaysia, Indonesia, Hong Kong, China and Thailand.

BOARD OF DIRECTORS

MR ONG BENG CHYE
LEAD INDEPENDENT DIRECTOR

Mr Ong Beng Chye is the Lead Independent Director of the Company. He was re-appointed to the Board on 29 October 2018.

Mr Ong has more than 25 years of experience in areas such as accounting, auditing, public listings, due diligence, mergers and acquisitions, and business advisory. He is currently a director of Appleton Global Private Limited, a business management and consultancy services firm. He is also serving as an independent director of other public listed companies in Singapore.

Mr Ong is a Fellow of The Institute of Chartered Accountants in England and Wales, a Chartered Financial Analyst conferred by The Institute of Chartered Financial Analysts and a non-practising member of the Institute of Singapore Chartered Accountants. He holds a Bachelor of Science (Honours) from City, University of London.

MR JOSEPH TAN PENG CHIN
INDEPENDENT DIRECTOR

Mr Joseph Tan Peng Chin is an Independent Director of the Company. He was re-appointed to the Board on 22 October 2019.

Mr Tan has over 30 years of experience in legal practice. He was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1982 and thereafter practiced as a legal associate at Freshfields before founding Wong Yoong Tan & Molly Lim in 1987 and subsequently becoming its managing partner. He founded Tan Peng Chin LLC in 1994 and oversaw the company's practice as managing partner/senior director till his retirement from the firm in 2014. In addition, Mr Tan was also an Independent Director of Armstrong Industrial Corporation from 1995 to 2014 and has been an Independent Director of OM Holdings Limited, a company listed on both the Australian Securities Exchange and Bursa Malaysia.

Mr Tan graduated with a Bachelor of Laws (Hons) from the National University of Singapore. His expertise is in the areas of corporate finance, banking, corporate and commercial laws.

MANAGEMENT TEAM

MR LEE YEOW KOON
CHIEF OPERATING OFFICER

Mr Lee Yeow Koon is the Chief Operating Officer of the Group.

He has more than 10 years of managerial experience in the security products and solutions industry and is responsible for overseeing and managing the day-to-day operations of the Group's business operations. He joined the Group in 2005 as a service engineer for IPS Securex and was involved in the provision of maintenance support services to existing customers on the security products and integrated security solutions supplied by the Company. He subsequently assumed the role of sales engineer in the Company's sales department, where he was responsible for the sales development and account management, and had also assisted the division manager in securing several key projects for the Company.

Mr Lee was promoted to contract manager in 2011 and was responsible for managing and reviewing the business contracts and agreements of IPS Securex, and the handling of key customer accounts. He then served as the General Manager – Operations of the Group from 2013 to September 2015, and was subsequently promoted to Chief Operating Officer of the Group.

Prior to joining the Group, Mr Lee was a project executive with Premier Exhibition Services Pte. Ltd. from 2003 to 2005, where he assisted in the management and execution of consumer exhibitions. He was previously also an air defence systems specialist for the Republic of Singapore Air Force from 1997 to 2003 and had gained technical experience in the operation and maintenance of air defence systems. Mr Lee holds a Diploma in Electronics, Computer and Communications Engineering from Singapore Polytechnic.

MS LEE SIEW HAN
FINANCE AND ADMINISTRATION DIRECTOR

Ms Lee Siew Han is the Finance and Administration Director of the Group.

She joined the Group in 2013 and is in charge of the Group's financial, administrative, and accounting operations. Ms Lee has more than 25 years of experience in accounting and finance related matters. Ms Lee has worked in the finance and administration department of IPSG as deputy general manager and financial controller with the responsibility of the management of the accounts and finance, sales administration support, purchasing, stock control and compliance functions of IPSG and its subsidiaries.

Before joining IPSG, Ms Lee gained experience in the management of accounting and finance matters from managerial positions held in KS Distribution Pte. Ltd., Aqua-Terra Supply Co., Ltd., and National University Hospital between 2004 and 2010. Prior to this, she had also held accounting positions at Sunshine Welfare Action Mission, NTUC Club, VICOM Ltd., AGRA Baymont Pte. Ltd. and Trident Travels Ltd. from 1984 to 2009.

Ms Lee is a member of the Institute of Singapore Chartered Accountants.

MR LEE CHEA SIANG
GENERAL MANAGER (HOMELAND)

Mr Lee Chea Siang is the General Manager (Homeland) of the Group.

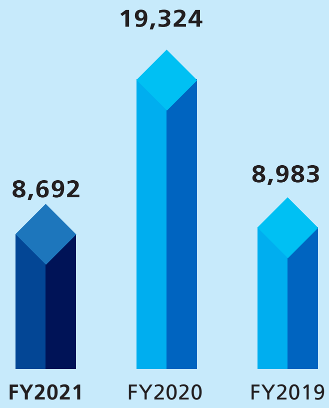
He joined the Group in 2005 and is responsible for the management of the project team and service team of IPS Securex. Mr Lee also oversees the project management of the Group's Homeland Security Products division, which includes the initial planning of the project, supervision of the works, setup and system integration, programme management, and planning and monitoring of the project progress.

Prior to joining the Group, Mr Lee gained project management experience as a project engineer for Wilson Parking (Singapore) Pte. Ltd. where he worked on systems integration and specialised in carpark systems from 2003 to 2005. He was also involved in research and development as a software engineer for Omron Asia-Pacific Technical Centre from 2001 to 2003.

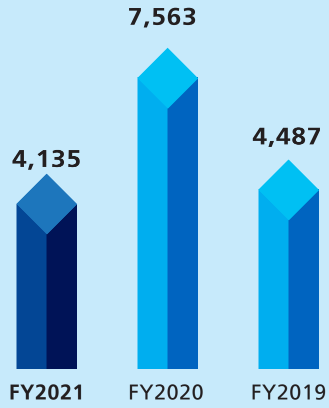
Mr Lee holds a Bachelor of Science with Honours in Computing and Management from the University of Bradford in 2000.

FINANCIAL HIGHLIGHTS

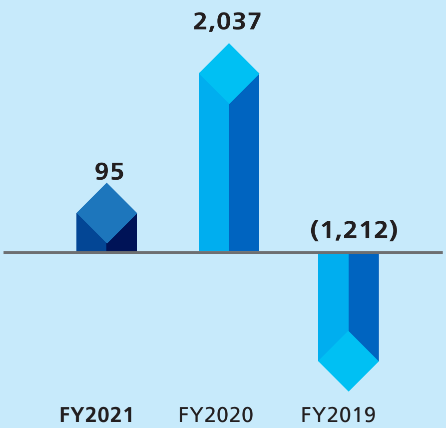
REVENUE (S$'000)



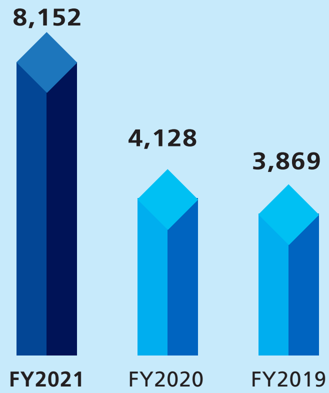
GROSS PROFIT (S$'000)



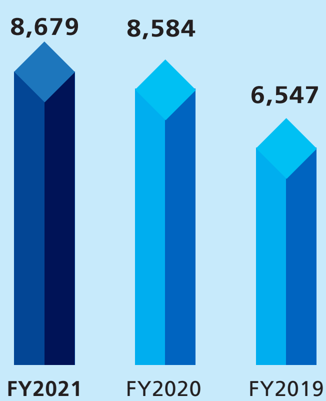
PROFIT/(LOSS) (S$'000)



CASH AND CASH EQUIVALENTS AND INVESTMENTS IN FIXED DEPOSITS (S$'000)



NET ASSETS (S$'000)



FINANCIAL AND OPERATIONS REVIEW

REVENUE

The Group's revenue decreased by approximately S$10.6 million or 55% from S$19.3 million in FY2020 to S$8.7 million in FY2021.

Revenue from the Security Solutions Business decreased by approximately S$10.0 million or 73.4% from S$13.6 million in FY2020 to S$3.6 million in FY2021. This was mainly attributable to the decline in revenue from the sale of security products to customers of S$70,000 in Indochina[1], S$156,000 in Rest of Southeast Asia[2], S$294,000 in East Asia[3], and S$98,000 in Singapore, and partially offset by an increase in revenue of S$4,000 in Others[4] from the sale of security products to customers. The Group also experienced a S$7.8 million decrease in revenue from providing integrated security solutions in Singapore due to a delay in receiving required government approvals, and S$1.6 million in the Rest of Southeast Asia[2].

Revenue from the Maintenance and Leasing Business decreased by approximately S$635,000 or 11.1% from S$5.7 million in FY2020 to S$5.1 million in FY2021. This was mainly due to the expiration of a 7-year lease-and-maintenance contract worth S$274,000 with the Housing & Development Board, a decline in revenue from the provision of maintenance support services to customers in Singapore of S$1.0 million due to partial completion of maintenance contract, and the non-renewal of maintenance contract with a customer in Indochina[1] of S$70,000. Conversely, the revenue from the provision of maintenance support services to customers in Rest of Southeast Asia[2] increased by S$743,000.

COST OF SALES

Cost of sales decreased by approximately S$7.2 million or 61.3% from S$11.8 million in FY2020 to S$4.6 million in FY2021. This was mainly due to a net decrease in direct material costs incurred as a result of the Group's lower turnover.

GROSS PROFIT

Gross profit decreased by approximately S$3.4 million or 45.3% from S$7.6 million in FY2020 to S$4.1 million in FY2021 as a result of the factors discussed above.

OTHER INCOME

Other income increased by approximately S$600,000 or 165.1% from S$363,000 in FY2020 to S$963,000 in FY2021. This was mainly due to the increase in government grants and subsidies of S$574,000 and the increase in write-back of allowance for doubtful debts of S$45,000, and partially offset by the decrease in bad debts recovered of S$10,000 and the decrease in miscellaneous income of S$11,000.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by approximately S$528,000 or 9.8% from S$5.4 million in FY2020 to S$4.9 million in FY2021. This was mainly due to a decline in employees' remuneration and benefit expenses of S$464,000 as no profit sharing or staff bonuses were accrued, the decrease in distribution and marketing expenses of S$45,000, and the decrease in office related expenses of S$19,000.

OTHER OPERATING EXPENSES

Other operating expenses decreased by approximately S$94,000 or 49.2% from S$191,000 in FY2020 to S$97,000 in FY2021. This was mainly due to the absence of allowance for doubtful debts of S$115,000 provided in FY2020 and a decrease in inventory written off of S$19,000, and partially offset by an increase in allowance for inventories obsolescence of S$4,000, an impairment of plant and equipment of S$30,000, and bank charges of S$5,000.

FINANCE INCOME

Finance income decreased by approximately S$45,000 or 95.2% from S$47,000 in FY2020 to S$2,000 in FY2021. This was caused by the foreign exchange loss arising from a negative movement in foreign exchange rates in 1H-2021 and a decrease of S$3,000 in interest earned.

FINANCE COSTS

Finance costs increased by approximately S$67,000 or 73.4% from S$91,000 in FY2020 to S$158,000 in FY2021. This was mainly due to a net increase in interest expense of S$51,000 incurred on higher utilisation of credit facilities and an increase in foreign exchange loss (net) of S$16,000 due to a negative movement in foreign exchange rates.

TAX CREDIT/(EXPENSE)

Tax expense decreased by approximately S$377,000 from a tax expense of S$255,000 in FY2020 to a tax credit of S$122,000 in FY2021. The decrease in tax expense was attributable to a lower profit before tax recorded in 2H-2021 and loss before tax in FY2021. The Group had also recorded a tax write back of S$40,000 due to the reversal of over provisions made in respect of FY2020.

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1 "Indochina" includes Myanmar, Thailand, Laos, Cambodia and Vietnam
2 "Rest of Southeast Asia" includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste
3 "East Asia" includes China, Hong Kong, South Korea and Japan
4 "Others" includes Australia, United States of America and India

FINANCIAL AND OPERATIONS REVIEW

FINANCIAL POSITION

Current assets increased by approximately S$5.0 million from S$12.0 million as at 30 June 2020 to S$17.0 million as at 30 June 2021. The increase in current assets was mainly due to:–

(a) an increase in cash and cash equivalents of S$4.0 million;

(b) an increase in inventories of S$3.5 million arising from the increase in purchase of parts and components;

(c) an increase in contract costs of S$551,000 mainly due to the increase in costs incurred to fulfil the Group's obligations under contracts where it had yet to transfer the goods and services to its customers; and

(d) an increase in current tax assets of S$40,000 arising from the reversal of over provisions of tax expenses made in respect of prior year,

and partially offset by:

(e) a net decrease in trade and other receivables of S$2.4 million mainly due to receipt of payment from customers of S$2.4 million; and

(f) a decrease in contract assets of S$717,000 mainly due to an increase in billing upon the completion of projects.

Non-current assets decreased by approximately S$762,000 from S$1.4 million as at 30 June 2020 to S$636,000 as at 30 June 2021. The decrease in non-current assets was due to an impairment of plant and equipment of S$30,000, depreciation charges of S$814,000, disposal of plant and equipment of S$7,000, and partially offset by the purchase of plant and equipment of S$90,000.

Current liabilities increased by approximately S$851,000 from S$4.1 million as at 30 June 2020 to S$5.0 million as at 30 June 2021. The increase in current liabilities was mainly due to:–

(a) an increase in contract liabilities of S$237,000 due to advanced consideration received from customers in Singapore in relation to the provision of integrated security solutions; and

(b) an increase in bank borrowings of S$1.0 million mainly arising from the loan secured by the Group which was utilised for general corporate purposes,

and partially offset by:

(c) a decrease in income tax payable of S$88,000 due to a current tax recoverable recorded by the Group in FY2021 arising from the reversal of over provisions made in respect of FY2020;

(d) payment of lease liabilities of S$9,000; and

(e) a decrease in trade and other payables of S$311,000 caused by a decrease in trade financing facilities of S$216,000, decrease in other payables of S$525,000, and partially offset by an increase in amount payable to suppliers of S$430,000.

FINANCIAL AND OPERATIONS REVIEW

Non-current liabilities increased by approximately S$3.3 million from S$684,000 as at 30 June 2020 to S$4.0 million as at 30 June 2021. This was due to an increase in bank borrowings of S$3.4 million arising from the loan secured by the Group for general corporate purposes and an increase in lease liabilities of S$6,000, and partially offset by a decrease in deferred tax liabilities of S$89,000 due to the timing differences between the tax and accounting depreciation of the plant and equipment that the Group owns.

Capital and reserves increased by approximately S$95,000 from S$8.6 million as at 30 June 2020 to S$8.7 million as at 30 June 2021. This was due to the net profit recognised in FY2021 of S$95,000.

CASH FLOW

In FY2021, the net cash used in operating activities was approximately S$117,000, which consisted of operating cashflow before working capital changes of S$986,000, net working capital outflow of S$774,000 and income tax payment of S$95,000.

The net working capital outflow arose mainly from the following:–

(a) a net decrease in trade and other receivables of S$2.4 million due to the receipt of payment from customers of S$2.4 million and write back of allowance for doubtful debts of S$45,000;

(b) an increase in inventories of S$3.5 million arising from the increase in purchase of parts and components;

(c) an increase in contract costs of S$551,000 mainly caused by an increase in costs incurred to fulfil the Group's obligations under contracts where it had yet to transfer the goods and services to its customers;

(d) a decrease in contract assets of S$717,000 mainly due to an increase in billing upon the completion of projects;

(e) a decrease in trade and other payables of S$89,000 mainly attributable to the decrease in other payables of S$525,000, and partially offset by an increase in amount payable to suppliers of S$430,000; and

(f) an increase in contract liabilities of S$237,000 due to advanced consideration received from customers in Singapore in relation to the provision of integrated security solutions.

Net cash used in investing activities amounted to approximately S$37,000 in FY2021 mainly arising from the purchase of plant and equipment.

Net cash from financing activities amounted to approximately S$4.0 million in FY2021. This was mainly due to the net proceeds from bank borrowings for general corporate purposes of S$4.4 million, and partially offset by a decrease in trade financing facilities of S$216,000, payment of lease liabilities of S$47,000 and interest expense of S$142,000.

OUR BUSINESSES

SECURITY SOLUTIONS

The Group distributes and sells a wide range of security products from suppliers who are well recognised for their product quality and innovation. These products can be generally classified as Homeland Security Products and General Security Products.

Homeland Security Products are supplied to government bodies and agencies such as police, customs and other law enforcement agencies. Such products may be deployed offsite or at seaports, airports, navy, police, army and air bases, and customs border checkpoints.

General Security Products are supplied to commercial entities, private consumers and government bodies and agencies, and are installed in buildings such as schools, residential, industrial and commercial buildings, at critical infrastructure facilities in townships such as train stations and roads, and in vehicles.

The Group also offers integrated security solutions that meet customers' security system requirements. In designing such solutions, the Group would typically integrate various security products from suppliers to create customised integrated security solutions that meet a customer's specific needs.

For integrated security systems, the Group will normally design, supply and install the systems, including developing the proprietary software to operate the systems if necessary. Alternatively, the Group is also able to design and supply the integrated security systems for customers that prefer to engage their appointed contractors to install the systems. In both instances, the Group would conduct a comprehensive testing and commissioning of the integrated security systems before handing them over to customers. Customers who procure such integrated security solutions include commercial entities, government bodies and agencies.

For the supply of security products or the design, supply, installation, testing and commissioning of integrated security solutions, the Group typically takes between 2 to 12 months from the date of entering into an agreement with a customer to fulfil the order. The Group has distribution agreements and maintains close business relationships with reputable and reliable suppliers for the distribution of a carefully selected range of their security products in the Asia-Pacific.

MAINTENANCE AND LEASING

The Maintenance and Leasing Business focuses on providing regular, extended and/or ad-hoc maintenance support services and leasing services for the security products and integrated security solutions provided to the customers.

Extended maintenance support services are provided to the customers under a separate maintenance contract ranging from one year to five years upon the expiry of the warranty period. In addition, the Group provides ad-hoc maintenance support services at the request of customers who do not have maintenance support service contracts with the Group.

The Group is also able to provide long term lease-and-maintenance services to customers on a case-by-case basis for the integrated security solutions that it designs and supplies. Under a lease-and-maintenance arrangement, the Group will design, supply, install, test, commission and maintain the security systems for customers but would retain ownership of the systems, as well as the proprietary software that it develops. Customers would typically pay the Group an agreed monthly fee for the lease and maintenance of such systems, and such lease-and-maintenance contracts typically are for a period of at least seven years.

OUR DISTRIBUTION RIGHTS

- OFFICES
- DISTRIBUTION RIGHTS

[1] Under the distribution agreement with Ultra Electronics – USSI, the sales of security products and integrated security solutions in Australia and India are undertaken exclusively with certain customers whom we have an existing relationship with.

AWARDS AND CERTIFICATION

2004/2010
ISO 9001:2000/ ISO 9001:2008

2009
Enterprise 50 Award

2010
Singapore SME 500 Company

Ultra Electronics – USSI HyperSpike Excellence in Sales Award

2011
Ultra Electronics – USSI HyperSpike Excellence in Sales Award

2012
Ultra Electronics – USSI HyperSpike Reseller of the Year 2012

MOBOTIX AG Project of the Year 2012 in Singapore

2013
Top 100 Singapore Excellence Award (Platinum)

Ultra Electronics – USSI Reseller of the Year 2013

2014
Asia-Pacific Brands Award 2014

Midas Touch Asia 2014 Platinum Award

Ultra Electronics – USSI Reseller of the Year 2014

2015
MOBOTIX AG – Partner of the Year 2015

Singapore Corporate Awards – Best Investor Relations Merit Award (First-Year Listed Companies)

2017
Singapore 1000 & Singapore SME 1000 Bromide Logo

Singapore 1000 Company Public Listed Companies 2017

2018
BOSCH Sales Excellence Award Singapore 2018

bizSAFE Level STAR

ISO 9001:2015 Quality Management System *(latest version)*

ISO 45001:2018 Occupational Health and Safety Management System

OHSAS 18001:2007 Occupational Health and Safety Management System *(only valid until March 2021 & replaced by ISO 45001:2018)*

2019
Johnson Controls Official Partner of Tyco 2019

2020
RETECH Partnership Appreciation Award 2020

ISO/IEC 7001:2013 Information Security Management System

ISO 22301:2019 Business Continuity Management (BCM) System

HOMELAND SECURITY PRODUCTS

ACCIPITER

ACCIPITER®
ACCIPITERRADAR.COM
TARGETING A SAFER WORLD®

Accipiter is becoming the global leader in providing affordable, smart radar systems and wide-area radar networks and services to safety and security practitioners, who require user-friendly, tactical and strategic decision support to protect the public and reduce risk associated with a variety of uncooperative target threats.

For more information on Accipiter, please visit:
https://www.accipiterradar.com/company/who-we-are/

ACCIPITER® NM1-8A SECURITY RADAR SYSTEM

The Accipiter® NM1-8A Security Radar System is a software-definable surveillance radar specially designed to detect and track vessels from small pleasure crafts to large lakers and salties, as well as low-flying aircraft of all sizes, including small ultralights, drones and general aviation aircraft. The Accipiter® NM1-8A is well suited for use along inland and coastal water borders for both maritime and air domain awareness, and land borders for air domain awareness applications.

The Accipiter® NM1-8A Security Radar System is built on Accipiter's patented Radar Intelligence Network™ (RIN) platform technology which allows the system to grow flexibly and affordably to meet its customers' changing needs. Additional sensors can be integrated, such as radar sensors to expand coverage, and secondary sensors such as ADS-B, AIS, and cameras to increase awareness.

M3® TARGET INFORMATION SYSTEM (TIS)

Accipiter's multi-sensor, multi-mission, and multi-user M3® Target Information System (TIS) provides unrivalled multi-sensor target data processing, query and retrieval. This enables a rapid and efficient understanding, and leads to strategic and tactical decision making. The TIS is able to organize, store indefinitely, fuse, manage, and distribute the rich sensor target data in earth coordinates. It can also drive an ecosystem of user apps called Surveillance-to-Intelligence™ (S2I) tools to deliver tactical and strategic information to users.

The TIS integrates with a Device Activation Processor (DAP) that can be radar-activated to trigger camera geo-coordinate queuing and acoustic hailing in response to identified target scenarios. Real-Time Replication Technology (RTRT) mirrors the TIS to other locations for partner information sharing, data redundancy and evidence protection.

SURVEILLANCE-TO-INTELLIGENCE™ (S2I) TOOLS

Accipiter provides a suite of easy-to-use S2I tools, giving users with different roles or missions the situational understanding they need to be effective at performing their duties. Tactical tools such as the Accipiter® Radar Common Operating Picture (COP) provide a real-time map-view of target tracks from all sensors with built-in 24-hour rapid replay, along with alerts responding to detected threats of interest. The tablet-based Mobile Response COP gives responders a user-centric display, making it easier for them to put their own eyes on live targets of interest and intercept.

Accipiter's strategic S2I tools interactively or on-the-fly rapidly mine the TIS's historical target data to provide analysts and managers understanding of target activity patterns and specialized reporting such as border crossing reports that allows for better management, resources allocation, and planning operations to mitigate risks. The Accipiter® Track Histories Viewer delivers spatial patterns of tracks in the area of responsibility every hour, and the Accipiter® Target Analyzer Software (TAS) allows analysts to generate a variety of temporal and spatial target activity distributions.

HOMELAND SECURITY PRODUCTS

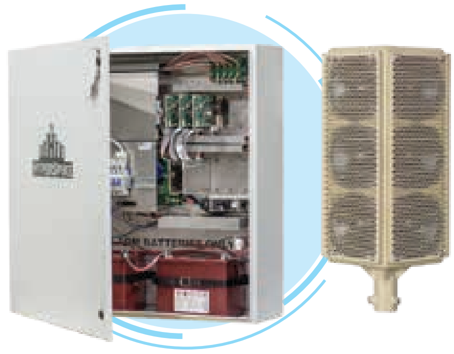
ULTRA-HYPERSPIKE (PART OF THE ULTRA GROUP)

HyperSpike(r) emergency notification and paging solutions exceed the highest standards of the life safety market. During times of crisis, reliable and crystal-clear voice notification is critical. HyperSpike(r) delivers best-in-class voice intelligibility, powerful acoustic output, and industry-leading technology that save lives.

For more information on HyperSpike, please visit: https://www.ultra-hyperspike.com/

ENCOMPASS LT AMPLIFIER CABINET

HyperSpike Encompass LT Amplifier Cabinet is engineered and designed with the latest technology in mass notification control systems. The cabinet automatically switches to the best power source, performs self-diagnostics, and reports status to the outside world through industry-standard Form C relay fault reporting. It is optimized to produce clear and authoritative voice commands with up to 600W of available power and packaged in a low profile NEMA 1 enclosure with a locking door, making it perfect for indoor applications.



When making announcements, the HyperSpike Encompass LT Amplifier Cabinet responds within a short notice and will continue to broadcast for as long as it is required. With its superior response time and thermal fold-back capabilities, the message is broadcast regardless of its length.

MOOG

Moog is a worldwide designer, manufacturer, and integrator of precision motion control components and systems. Moog designs and manufactures the most advanced motion control products for applications where precise control of velocity, force, acceleration, and fluid flow are critical.

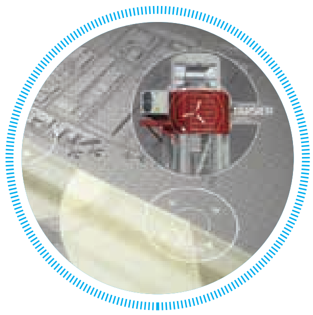
Moog is constantly innovating and investing in future technologies that creates a positive impact in industries from the space, defense, aircraft, industrial, medical, and more.

For more information on Moog, please visit: https://www.moog.com/about-us.html

TARSIER AUTOMATIC RUNWAY FOD

Tarsier-equipped airports set new safety standards by providing 100% inspection of runways for all flights. Its advanced and all weather technology radar system guarantees runway inspections even in inclement and harsh weather conditions. Tarsier is the only runway surface management system that can operate and detect foreign object debris in zero visibility conditions, even when it is operating in high temperatures, sandstorms, or at an airfield that encounters fog frequently.

Tarsier is the world's most reliable FOD detection system, with its performance ranked the best in class against all other fixed runway surveillance in the Federal Aviation Administration's (FAA) four tested detection systems. The FAA selected Tarsier to set the standard for radar-based FOD detection systems – 100% detection out to 3,168 feet, which is much more sensitive than the human eye.



Tarsier also has an intuitive design that allows runways to remain open and operational during service, support and installation, providing passengers a safe and disruption-free experience.

HOMELAND SECURITY PRODUCTS

TEK84

Tek84 develops and manufactures high-technology security products for screening and surveillance. Tek84 pioneered the use of ultra-low-dose x-ray imaging products, that rapidly and safely screen for weapons, explosives, drugs, and other contraband.

Tek84 is known for developing the world's first body scanner in, the first drive-through car bomb detection portal, and the first full-body scanner with vertical scanning technology. Tek84 also conducts research and development for Government agencies.

For more information on Tek84, please visit: https://www.tek84.com/about/

INTERCEPT

Tek84 Intercept is a low-level transmission x-ray full-body scanner that meets the needs of law enforcement, security professionals, and government authorities to detect hidden threats and contraband.

Intercept is compliant with ANSI N43-17 Federal standards for general-use (daily) and limited-use (weekly) screenings, and ANSI N42.47 Federal standards for measuring image performance and quality. Intercept's single focal beam produces high quality images with no magnification or distortion within 3.8 seconds, making it easier to identify suspicious items such as narcotics, weapons, and general contraband.

GENERAL SECURITY PRODUCTS

PANASONIC SECURITY SOLUTIONS

Panasonic Corporation is a global leader developing innovative technologies and solutions for wide-ranging applications in the consumer electronics, housing, automotive, and B2B sectors. Committed to pursuing new value through collaborative innovation, the company uses its technologies to create a better life and a better world for customers.

Panasonic Security Solutions is a Business Unit of Panasonic System Solutions Asia Pacific (PSSAP). It delivers the highest image quality in all environmental conditions using highly reliable, advanced technology cameras and image recording systems. Enhanced with Panasonic's AI technologies, such as facial recognition, and analytic capabilities, solutions can be deployed for a variety of cost-effective security systems for peace of mind. They are also used for enhancing the customer experience in areas such as personalised advertising, streamlining visitor flows for better service and many more.

Learn more about Panasonic: https://www.panasonic.com/global

For more information, please visit: https://business.panasonic.sg/security-solutions/

I-PRO S-SERIES

The enhanced i-Pro S-Series range of security cameras features built-in artificial intelligence (AI) processors that enable the cameras to function as edge computing devices and deliver enhanced image quality in low-light conditions. As the first mid-range line of security cameras by Panasonic to incorporate built-in AI capabilities, the i-Pro S-Series range enables businesses to increase the speed and efficiency of their surveillance activities with data processing and real-time analytics taking place at the edge.

The i-Pro S-Series range of security cameras comes pre-bundled with in-house applications such as the AI-Video Motion Detection (AI-VMD) and AI Privacy Guard. These applications provide instant access to intelligent security functions, while ensuring that the personally identifiable information (PII) of individuals is protected through automatic pixelation of their faces and figures. This means that consumer privacy is prioritised and the management of personal data is in compliance with geographies that have strict privacy laws. In addition, users of the i-Pro S-Series range of security cameras can leverage other complimentary applications – AI Non-Mask, AI Occupancy, AI People, AI Face, AI Vehicle and AI Sound Classification – that enables businesses to further enhance their ability to harness AI, and go beyond the use of image recognition to leverage sound classifications picked up by external microphones.

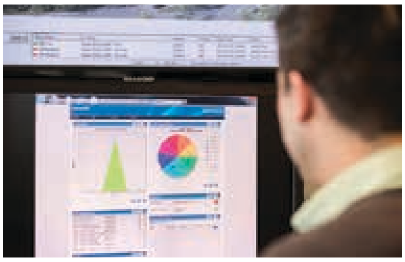
I-PRO U-SERIES

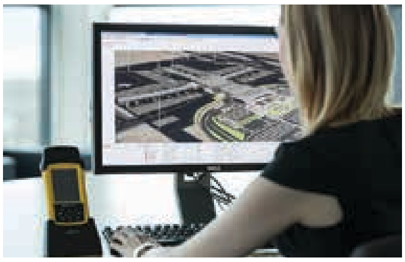
The new i-Pro U-Series offers a range of thirteen new indoor and outdoor security cameras that are cost-effective entry-to-mid-level whilst maintaining the high performance, visibility, and reliability that customers expect, making it ideal for price sensitive organisations. The U-Series range has a wide selection of cameras with dome and bullet designs, varifocal and fixed lens options, Full HD and 4MP, as well as vandal resistant and weather proofed designs for outdoor models.

The U-Series cameras deliver day and night-time visibility with low level lighting and IR-LED capabilities, to ensure clear colour and high-quality security images 24/7. The cameras use Panasonic's iA (Intelligent Auto) technology to monitor scene dynamics and motion, while adjusting camera settings automatically in real-time to reduce distortion. The U-Series lives up to Panasonic's reputation for durability and reliability, and its smart design and packaging reduces the installation time of the cameras.

GENERAL SECURITY PRODUCTS

CEM SYSTEMS (PART OF JOHNSON CONTROLS)





CEM Systems is a leading provider of access control and fully integrated security management systems. With over 25 years' experience in the security and IT industry, CEM uniquely manufactures both the AC2000 hardware and software, offering one of the most comprehensive, resilient and reliable systems available.

CEM solutions are accessible to a range of industries and different sized sites, and have been successfully installed throughout the world at airports, ports, petrochemical plants, universities, corporate premises and more. Continuously developed to meet the most complex of security needs, CEM Systems provides a highly stable, proven security solution for installations where security is of paramount importance.

For more information, please visit: https://www.cemsys.com/about-us

SOFTWARE HOUSE (PART OF JOHNSON CONTROLS)

When Fortune 500 corporations, government customers, or any other enterprise applications concerned with critical security issues need a reliable solution in their day-to-day operations, more often than not, they turn to Software House and its security and event management technologies currently installed in thousands of facilities worldwide.

Software House has built a solid reputation in the security industry as an innovator of security and event management technologies. With its continuous investment in R&D, and the ability to leverage new technologies, Software House has reached technological excellence. Reliability, flexibility, and power are why many companies choose Software House solutions for their security needs. By holding true to those three qualities, Software House technologies have become the solution of choice for thousands of security conscious businesses around the world. These solutions are put to the test every day at nearly 10,000 sites worldwide. They are designed to be a part of the business infrastructure and have been engineered to grow as the business grows. There is no other security solution on the market that gives this extraordinary level of control that Software House solutions provides. Software House solutions put the customer firmly in control of their streamlined business operations.

Software House solutions include the innovative C•CURE 9000 security and event management system, and a wide-range of complementary hardware products.

For more information, please visit: https://www.swhouse.com/AboutUs/WhoWeAre.aspx

SUSTAINABILITY REPORT

SUSTAINABILITY AT A GLANCE

EMPLOYEES
49 full-time

71% male

29% female

27 Trainings and seminars

OCCUPATIONAL HEALTH AND SAFETY

ZERO CASES
of non-compliance and fines

COMPLIANCE WITH LAWS AND REGULATIONS

Robust Corporate Governance Framework

NO complaints
concerning breaches of customer privacy and losses of customer data

ZERO CASES
of non-compliance to social, economic and environmental laws and regulations

ECONOMIC PERFORMANCE

S$8.7M FY2021 REVENUE

SUSTAINABILITY REPORT

MESSAGE FROM OUR BOARD OF DIRECTORS

We are pleased to present the annual Sustainability Report of IPS Securex Holdings Limited ("IPS Securex", the "Company" and, together with its subsidiaries, the "Group") for our financial year ended 30 June ("FY") 2021. This report is set out on a "comply or explain" basis in accordance with Rule 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. We are guided by the Global Reporting Initiative (GRI) Standards reporting guidelines at Core option. IPS Securex has chosen the GRI framework as it is a well-known and globally-recognized sustainability reporting standard that wholistically sets a benchmark across multiple facets of a company's responsibilities and performance. This report highlights the key economic, environmental, social and governance ("EESG") related initiatives undertaken over a 12-month period in FY2021 from 1 July 2020 to 30 June 2021 for the operational entities IPS Securex Pte. Ltd. ("Securex") and Securex GS Pte. Ltd. ("Securex GS", formerly known as Yatai Security & Communications Pte. Ltd.).

In defining our reporting content, we have applied GRI standard (GRI 101: Foundation 2016)'s principles by considering the Group's activities, impacts and substantive expectations and interests of its stakeholders. We observed a total of four principles including materiality, stakeholder inclusiveness, sustainability index and completeness. For reporting quality, we observed principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The EESG data and information provided for the purpose of this report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

The board of directors of the Company (the "Board") oversees the management and monitoring of these factors, and takes them into consideration in the determination of the Group's strategic direction and policies.

We welcome feedback from our stakeholders with regards to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to investorrelations@ips-securex.com.

30 September 2021

OUR APPROACH TO SUSTAINABILITY

IPS SECUREX'S SUSTAINABILITY METHODOLOGY

SUSTAINABILITY GOVERNANCE

Strong governance is the key to a sustainable business. It is a continual challenge to successfully manage environmental and social issues. IPS Securex has incorporated this into our business model and implemented sustainable and responsible policies, practices and performance monitoring and measurement throughout the Group. We are committed to provide high quality services to meet the relevant safety, health and environmental requirements set out by our customers and the regulatory bodies.

We believe that every life counts and is important. Hence, our Homeland Security business segment prides itself in providing non-lethal countermeasures that are more relevant, effective and expansive in their application as compared to lethal solutions. IPS Securex pays strict attention to enforcing good labor practices in all our operations, including our suppliers. The Group provides various training opportunities for continued employee development and this has been reflected in the quality and delivery of our services. We value our relationships with our customers, suppliers, other stakeholders and the wider community in which we operate, and these relationships forged have helped us through challenging times in the past. The Group strongly believes that in the long run, these efforts will be reciprocated through positive impacts on the Group's economic performance.

SUSTAINABILITY REPORT

ENTERPRISE RISK MANAGEMENT

The Board is committed to ensuring that the Group has an effective and practical enterprise risk management ("ERM") framework in place to safeguard Shareholders' interests, and the sustainability of the Group as well as provide a basis to make informed decisions having regard to the risk exposure and risk appetite of the Group. For detailed disclosure on our ERM, please refer to pages 42 to 43 of our Annual Report 2021.

WHISTLEBLOWING POLICY

The Group has implemented a whistleblowing policy whereby accessible channels are provided for employees and external parties to raise concerns about possible improprieties on matters of financial reporting or other matters which they become aware and to ensure that:

i. independent investigations are carried out in an appropriate and timely manner;

ii. appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and

iii. administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, fair and reasonable, while providing reassurance that employees will be protected from reprisals or victimization for whistleblowing in good faith and without malice.

As of the date of this annual report, no reports were received through the whistleblowing mechanism.

BUSINESS ETHICS, ANTI-CORRUPTION AND COMPLIANCE

We do not tolerate corruption in any form and this has been made clear to all of the Group's employees, customers, suppliers and business partners. Dedicated whistleblowing hotlines using both email and electronic platforms are set up so that anyone who wishes to report any ethical issue can do so confidentially. While all complaints will be reported to the CEO, complaints alleging fraud and breaches of corporate governance will be escalated to the Audit Committee and the Chairman of the Board of the Company.

When it comes to hiring, we take serious considerations of any conflict of interests. Our code of conduct clearly lays the Group's expectations for our staff and spells out the consequences of violating rules or not meeting expectations.

All of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. The Group regularly updates relevant staff with development in international and local regulations. We prohibit corruption in all forms, including but not limited to extortion and bribery.

For FY2021, there were no significant fines or non-monetary sanctions for non-compliance with laws and regulations. There have also been no reported incidents of corruption during the reporting period. We endeavor to maintain this compliance and zero incident record for the upcoming year.

The Board and the Management of IPS Securex are committed to the best practices in corporate governance to ensure sustainability of the Group's operations. We believe that our constant drive for corporate excellence will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Company and its value to our Shareholders. Please refer to the Annual Report 2021 pages 32 to 58 for details of the Group's Corporate Governance Report.

SUSTAINABILITY REPORT

STAKEHOLDERS AND MATERIALITY

STAKEHOLDERS ENGAGEMENT

An important starting point in our sustainability journey is to identify our stakeholders and material EESG factors relevant to our business. The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies on sustainability. These key stakeholders include, but are not limited to, customers, suppliers, business partners, shareholders, employees, and regulators. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships.

No.	Stakeholders	Engagement Platforms	Frequency
1	Suppliers	Vendor Assessment	Annually
		Face-to-face or Virtual Meetings	Quarterly
2	Shareholders	Annual General Meeting/Extraordinary General Meeting	Annually
		Annual Report	Annually
		Announcement	Semi-Annually
		Roadshow	Quarterly
3	Customers	Face-to-face or Virtual Meetings	Quarterly
		Email Feedback	Monthly
		Customer Cold Calls	Biweekly
4	Employees	Staff Appraisal	Annually
		Whistleblowing Policy Updates	Annually
		Townhall Sessions	Quarterly
		Staff Bonding Sessions	Semi-Annually
		Monthly Birthday Celebration	Monthly
5	Board	Board Meetings	Semi-Annually
		Board Circulation via E-mails	Semi-Annually
		Board Papers	Semi-Annually
		Board Lunches and Meetings	Semi-Annually

1 **IDENTIFICATION**
Identification of the material factors that are of relevance to the Group's activities

2 **PRIORITISATION**
Prioritization of the material factors and identifies key sustainability factors to be reported upon

3 **VALIDATION**
Validation of the completeness of key sustainability factors identified to finalize the sustainability report content

4 **REVIEW**
Review focuses on the material factors in previous reporting period and also considers stakeholder's feedback, changing business landscape and emerging trends

MATERIAL ASPECTS ASSESSMENT

Our sustainability process begins with the identification of the GRI relevant aspects. The GRI relevant aspects are then prioritized to identify material factors which are subject to validation. The end result of this process is a list of material factors disclosed in the sustainability report.

We conducted an internal materiality assessment during the year. In addition, the Group adopts a matrix-based approach based on the likelihood of occurrence and impact on the Group to address its sustainability risk profile and priority issues. We shall use this method to monitor our risk profile on a regular basis. A materiality review is conducted on an annual basis, incorporating inputs through stakeholder engagements of selected groups.

In order to determine if an aspect is material, we assessed its likelihood of occurrence and the potential impact on the economy, environment and society and its influence on stakeholders. This year's material aspects were identified and prioritized by the Sustainability Committee specially formed to drive the sustainability reporting process through internal workshops together with senior management. Peer reviews and social impact assessments were performed at site level.

SUSTAINABILITY REPORT

Applying the guidance from GRI Standards, we have identified the following material EESG aspects:

SOCIAL

We believe that the nature of the security industry which our businesses participate in, especially so for the range of security products and services we provide, greatly contribute to society in the form of personal security, law enforcement and value creation for businesses through the use of technology.

We hold a diverse range of products that can be segregated into Homeland and General (Infrastructure) security.

We believe that every life counts and is important. Hence, our Homeland Security business segment prides itself in providing non-lethal countermeasures as not just alternate solutions, but systems that are more relevant, effective and expansive to law enforcement end users as compared to lethal solutions. This would minimize or prevent unnecessary loss of life, collateral damage, and enhance the ability of law enforcers.

An example of the societal contributions of our General Security business segment is seen in our Alert Alarm systems installed in accommodations designed for the elderly. The system installed allows for much quicker alert to any incidents and, hence, response. It also improves the efficiency of the organization as compared to existing traditional monitoring systems by reducing manpower requirements and overhead costs.

IPS Securex's business activities falls within the ambit of the Essential Services Exemption as allowable activities under the Defence and Security; Construction, Facilities Management and Critical Public Infrastructure; and Information and Communications sectors. Under the Group's Business Continuity Pandemic Plan, several measures have been put in place and are practiced since the start of the pandemic. This includes flexible work arrangements such as the splitting of teams and working remotely, regular monitoring of employees and visitors' temperature, regular reminders for the proper washing and sanitization of hands, social distancing of employees and visitors at the workspace and in elevators, and the use of video and teleconference facilities and phone calls to minimize physical meetings. These measures allow our staff to continue to attend to their work commitments and for our business operations to function with as little business disruption as possible amidst the COVID-19 pandemic.

COVID-19 also impacts downstream customers. Due to a wide variety of reasons such as compliance of new regulatory requirements etc., the message of project delays, manpower shortages and increasing costs has regularly been communicated to us. We are actively working with both our suppliers and customers to ensure that expectations are managed in terms of the expected project timelines.

CUSTOMER PRIVACY

The Board is of the view that cyber security and data privacy are important in safeguarding both the Group's data and that of our customers, suppliers, business partners and employees. IPS Securex takes measures to guard against cyber risks, protecting confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised personnel on a need-to-know basis. There were no reports or complaints of breaches of customer privacy and loss of customer data for FY2021, and we aim to maintain our record of zero complaints of breaches of customer privacy and losses of customer data for the upcoming year.

SUSTAINABILITY REPORT

SOCIOECONOMIC COMPLIANCE

IPS Securex is proud to inform that it has met its goals and targets of zero workplace incidence, zero breaches of policies, etc, set out in the previous year, and endeavors to maintain its compliance, in all material aspects, with all social, economic, and environmental rules and regulations, anti-competitive practices and the Workplace Safety and Health Act.

OCCUPATIONAL HEALTH AND SAFETY

As human resource is a major contributing factor to our organization, our employees' safety and health at the workplace is one of our top priorities, and our ultimate goal is to have a zero-accident workplace. We are committed to managing and reducing safety and health risks through effective risk management.

We have established a strict set of workplace health, safety and security policies and a risk management manual. This covers a standard procedure to identify hazards relating to occupational health and safety, evaluate risks associated with these hazards and to ensure that appropriate actions are taken to manage the risks involved. In addition, all environmental aspects and occupational health safety hazards which are within our control or under our management, as well as those that we cannot control or directly manage but are expected to affect health and safety, are covered in the policies.

We also have group level insurance policies for our staff that is above the standard Workman Compensation required by regulations. This includes hospitalisation and personal accident insurance for all staff, travel insurance for all business-related travels, and term life, as a form of key man insurance.

We are ISO 45001:2018 certified, by Guardian Independent Certification (GIC), Certificate No. N736611. The certificate was renewed on 7 July 2021 and will expire on 24 September 2024. ISO 45001:2018 specifies requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance.

Given that we value our employees' health and safety as a priority within our organization, achieving these certifications and implementing the framework of systems required are vital to our organization. The implementation of these frameworks has enabled us to systematically identify, reduce and mitigate risks involved in the operations of our organization.

We aim to maintain a zero-incident workplace environment for the coming year.

TRAINING AND EDUCATION

It is in the interest of the Company that career development programmes are set for individual employees on an on-going basis based on their individual needs and goals. Managers assess and formulate training programmes needed to improve the employee's performance to keep up with the job demand as well as to meet his or her career objectives. Performance appraisals are held at appropriate intervals annually. The objective is to establish a two-way communication channel for both employee and his or her manager to evaluate and assess past performance, review areas for improvements, plan for future career development and to fulfill the career potential within the Group.

In FY2021, the following training programmes have been provided to our employees. Training hours will be reported for all training programmes conducted and attended in FY2021 in the respective report.

SUSTAINABILITY REPORT

COURSES

Securex	Securex GS	Course
No. of Days		
2	0	Post Circuit Breakers – Safe Restart/Safe Workplaces – Training for Safe Management Offices
3	0	Occupational First Aid Course
2	0	Personal Effectiveness
2	0	People Development
0	1	Basic Concept in Construction Productivity Enhancement (BCCPE)
0	2	Display Critical Thinking and Analytical Skills
0	4	People Change Management
0	6	People and Performance Management
0	1	Apply basic Negotiation Skills & Techniques
0	2	Manage Operations for Service Excellence
0	2	Engage in Service Innovation Initiatives
0	2	Role model the Service Vision
0	4	Personal Effectiveness
0	2	Establish Relationship for Customer Confidence
0	4	People Development
0	2	Manager Service Performance
0	2	Coach for Service Performance
0	2	Vision Leadership
0	4	Organisation Relationship Building
0	2	Innovate products and services
0	2	Service coaching for champions
In House Training/Supplier's Product Training		
0	2	Bosch Praesensa PA system master level
0	1	Tyco American Dynamics for technical certification testing
0	1	exacqVision
Seminar		
1	1	Fire Safety Seminar
1	1	ISO 22301 and ISO287001 Awareness Training
1	1	Personal Data Protection Act (PDPA)

The Company aims to continue investing and developing its workforce by organizing further courses, trainings and seminars for everyone.

SUSTAINABILITY REPORT

DIVERSITY AND EQUAL OPPORTUNITY

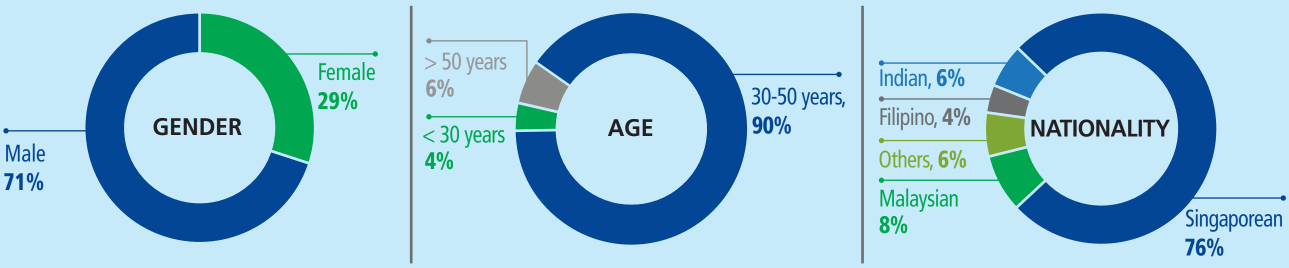
IPS Securex operates an Equal Opportunities Policy and this means that no employees should be discriminated against on grounds of sex, sexual orientation, marital status, nationality, ethnic origin, race, religion or disability. This policy extends to all areas of employment including recruitment, training, career progression, performance review, promotion and dismissal. Employment by the Group and career progression within it depends entirely on personal merit and ability.

Employees have a responsibility in helping to achieve this objective and the Company will not tolerate any behaviour by any of its employees that may violate the principles of its Equal Opportunities Policy. In any event, legislation prohibits discrimination against any employee on the grounds of sex, race or disability and any individual employee who discriminates in this way or encourages others to discriminate will be subject to disciplinary action for misconduct or gross misconduct.

We endeavor to maintain and encourage a culture of inclusiveness and zero tolerance in any form of discrimination in the workplace.

As of 30 June 2021, we have a staff strength of 49 full-time employees and zero temporary employees.

IPS SECUREX



ECONOMIC

ECONOMIC PERFORMANCE

IPS Securex firmly believes that focus on financial sustainability is critical. We are fully committed to the highest standards of corporate governance. The Group's basic principle is that long-term profitability and shareholders' value is sustained by taking into account the interests of all stakeholders, such as shareholders, employees, customers, suppliers, business partners and society as a whole.

For details of our financial results for FY2021, please refer to the following sections in our FY2021 Annual Report:

- Financial Highlights, page 9
- Financial and Operations Review, pages 10 to 12
- Financial Statements, pages 67 to 123

ENVIRONMENTAL

Even though the environmental impact of our office activities is relatively immaterial, we believe it is important to instill values of environmental stewardship in our people. Promoting a paperless environment culture, whereby documents should only be printed if necessary and required. We also stress the importance of ensuring that all devices are turned off or in sleep mode before the last person leaves the office. By regularly engaging our staff on environmental issues, we hope to be environmentally conscious in everything that we do.

ENVIRONMENTAL COMPLIANCE

In FY2021, there was no incidence of non-compliance with laws and regulations resulting in significant fines or sanctions, and we endeavor to maintain this track record.

SUPPLIER ENVIRONMENTAL ASSESSMENT

Formal supplier environmental assessments were incorporated and conducted in FY2021 as part of the Group's annual supplier evaluation exercise. We currently ask that all our suppliers comply with all local laws and regulations. The Group has a relationship with suppliers where they are required to complete a questionnaire for environmental, health and safety purposes. Approximately 99% of the Group's suppliers were reported to have passed our environmental, occupational health and safety aspects of the assessment. We strive to improve on this figure for the following year by working closely with our suppliers, creating awareness for the need to develop environmental and safe practices. If need be, with regard to our environmental assessments, suppliers that do not comply with these practices will be recommended for removal.

SUSTAINABILITY REPORT

GRI STANDARDS CONTENT INDEX

GRI Standard	Disclosure		Reference/Description
GRI 101: Foundation 2016			
GENERAL DISCLOSURE			
GRI 102: General Disclosures	102-1	Name of organisation	IPS Securex Holdings Limited
	102-2	Activities, brands, products and services	Annual Report (AR) – pages 13 to 19
	102-3	Location of headquarters	AR – page 30
	102-4	Location of operations	AR – page 14
	102-5	Ownership and legal form	AR – pages 124 to 125
	102-6	Markets served	AR – page 14
	102-7	Scale of the organisation	AR – page 14 Sustainability Report (SR) – Diversity and Equal Opportunity, page 27
	102-8	Information on employees and other workers	SR – Diversity and Equal Opportunity, page 27
	102-9	Supply chain	AR – pages 15 to 19
	102-10	Significant changes to the organisation and its supply chain	Not applicable
	102-11	Precautionary Principle or approach	IPS does not specifically address the precautionary approach.
	102-12	External initiatives	Not applicable
	102-13	Membership of associations	AR – page 08
	102-14	Statement from senior decision maker	SR – Message from our Board of Directors, page 21
	102-16	Values, principles, standards and norms of behavior	AR – page 22
	102-18	Governance structure	AR – pages 32 to 58 (refer to CG)
	102-40	List of stakeholder groups	SR – Stakeholders Engagement, pages 23
	102-41	Collective bargaining agreements	Not applicable. IPS does not have collective bargaining agreement.
	102-42	Identifying and selecting stakeholders	SR – Stakeholders Engagement, pages 23
	102-43	Approach to stakeholder engagement	SR – Stakeholders Engagement, pages 23
	102-44	Key topics and concerns raised	Economic Performance & Occupational Health and Safety, pages 24 to 25
	102-45	Entities included in the consolidated financial statements	AR – page 92
	102-46	Defining report content and topic boundaries	SR – Message from our Board of Directors, page 21
	102-47	List of material topics	SR – Material Aspects Assessment, page 23 to 24

SUSTAINABILITY REPORT

GRI Standard	Disclosure		Reference/Description
GRI 102: General Disclosures	102-48	Restatement of information	Not applicable
	102-49	Changes in reporting	Not applicable
	102-50	Reporting period	1 July 2020 to 30 June 2021
	102-51	Date of most recent previous report	30 September 2020 (SR was released to SGX on 11 October 2020 together with Annual Report)
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions about the report	SR – Message from our Board of Directors, page 21
	102-54	Claims if reporting in accordance with the GRI Standards	This report has been guided by the GRI Standards (Core option)
	102-55	GRI content index	SR – GRI Standards Content Index, pages 28 to 29
	102-56	External Assurance	The Company may consider seeking external assurance in the future.
MATERIAL TOPICS			
GRI 201: Economic performance	201-1	Direct economic value generated and distributed	SR – Economic Performance, page 27
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	SR – Business Ethics, Anti-corruption and Compliance, page 22
GRI 307: Environmental compliance	307-1	Non-compliance with environmental laws and regulations	SR – Environmental compliance, page 27
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	SR – Supplier Environmental Assessment, page 27
GRI 403: Occupational health and safety	403-2	Types of injury and rates of injury, occupational diseases, lost	SR – Occupational health and safety, page 25
GRI 404: Training and Education	404-1	Average hours of training per year per employee	SR – Training and Education, page 25
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	SR – Diversity and equal opportunity, page 27
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	SR – Customer Privacy, page 24
GRI 419: Socio Economic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	SR – Socioeconomic Compliance, page 25

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAN TIEN LOK
(Non-Executive Chairman)

KELVIN LIM CHING SONG
(Executive Director and Group Chief Executive Officer)

ONG BENG CHYE
(Lead Independent Director)

JOSEPH TAN PENG CHIN
(Independent Director)

AUDIT COMMITTEE

ONG BENG CHYE
(Chairman)

JOSEPH TAN PENG CHIN

CHAN TIEN LOK

NOMINATING COMMITTEE

JOSEPH TAN PENG CHIN
(Chairman)

CHAN TIEN LOK

ONG BENG CHYE

REMUNERATION COMMITTEE

JOSEPH TAN PENG CHIN
(Chairman)

ONG BENG CHYE

CHAN TIEN LOK

COMPANY SECRETARY

SHIRLEY TAN SEY LIY
(ACS, ACG)

REGISTERED OFFICE

213 Henderson Road
#04-09 Henderson Industrial Park
Singapore 159553

COMPANY REGISTRATION NUMBER

201327639H

AUDITORS

KPMG LLP

Public Accountants and Chartered Accountants
16 Raffles Quay
Hong Leong Building #22-00
Singapore 048581

Partner-in-charge:
LOO KWOK CHIANG, ADRIAN
(A member of the Institute of Singapore Chartered Accountants)
Date of Appointment: 29 December 2016

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623

PRINCIPAL BANKERS

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza
Singapore 048624

OVERSEA-CHINESE BANKING CORPORATION LIMITED
65 Chulia Street
OCBC Centre #09-00
Singapore 049513

MALAYAN BANKING BERHAD
2 Battery Road
Maybank Tower
Singapore 049907

DBS BANK LTD
12 Marina Boulevard, Level 46
DBS Asia Central @ MBFC Tower 3
Singapore 018982

INVESTOR RELATIONS

COGENT MEDIA PTE LTD
203B Henderson Road, #12-08
Singapore 159546
Tel: (65) 6704-9288
Email: staff@cogentcomms.com

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

IPS Securex Holdings Limited ("**Company**" and, together with its subsidiaries, "**Group**") is committed to set corporate governance practices in place which are in line with the recommendations of the Code of Corporate Governance 2018 ("**Code**") to provide the structure through which the objectives of protection of the interests of the Company's shareholders ("**Shareholders**") and enhancement of long-term Shareholders' value are met.

This report describes the corporate governance practices adopted by the Company for the financial year ended 30 June 2021 ("**FY2021**") with specific reference made to each of the principles of the Code. The Company has complied substantially with the requirements of the Code and will continue to review its practices on an ongoing basis. It has provided an explanation for any deviation from the Code, where applicable.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board of Directors ("**Board**" or "**Directors**") oversees the business and corporate affairs of the Group. The principal duties of the Board include the following:

- Protecting and enhancing long-term value and returns to Shareholders;
- Reviewing and approving, inter alia, the release of the periodic and full year results announcements, the annual report and financial statements, material acquisitions and disposals of assets, and interested person transactions of the Group;
- Providing leadership and guidance on corporate strategy, business directions, risk management policies and implementation of corporate objectives;
- Establishing, reviewing and approving the annual budget;
- Ensuring the effectiveness and integrity of management ("**Management**");
- Monitoring Management's achievement of goals and overseeing succession planning for Management;
- Conducting periodic reviews of the Group's financial performance against the budget, internal controls and compliance with the relevant statutory and regulatory requirements;
- Approving nominations to the Board and appointment of key management personnel;
- Ensuring the Group's compliance with all relevant and applicable laws and regulations; and
- Assuming responsibility for the corporate governance of the Group.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in dealing with the business affairs of the Group and take objective decisions in the interests of the Company. The Board holds the Management accountable for performance. The Group's code of conduct, business ethics and organisational culture are discussed in the Company's Sustainability Report. Directors facing conflicts of interest will recuse themselves from discussions and decisions involving the issues of conflict. The Directors would abstain from voting and decisions involving the issues of conflict.

To assist in the execution of its responsibilities, the Board has established the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, "**Board Committees**"). The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each Board Committee is also constantly reviewed by the Board.

CORPORATE GOVERNANCE **REPORT**

The Company's constitution ("**Constitution**") provides for meetings for the Directors to be held by means of telephonic conference or other methods of simultaneous communication be it electronic or telegraphic means when necessary. The Board also approves transactions through circular resolutions which are circulated to the Board together with all relevant information to the proposed transaction.

The frequency of meetings and the attendance of each Director at each Board and Board Committees meeting for FY2021 are disclosed in the table reflected below:

	Board		Nominating Committee		Remuneration Committee		Audit Committee		Annual General Meeting	
Name	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Chan Tien Lok	2	2	1	1	1	1	2	2	1	1
Kelvin Lim Ching Song	2	2	1	-	1	–	2	2*	1	1
Ong Beng Chye	2	2	1	1	1	1	2	2	1	1
Joseph Tan Peng Chin	2	2	1	1	1	1	2	2	1	1

Note:
* By invitation

The Board has adopted a set of internal guidelines setting forth matters that require the Board's approval. Matters which are specifically reserved for the Board's decision are those involving significant acquisitions, disposals and funding proposals, reviewing and approving the Group's corporate policies, monitoring the performance of the Group and transactions relating to investment, funding, legal and corporate secretarial matters.

The Board will review these internal guidelines on a periodic basis to ensure their relevance to the operations of the Group. Directors are required to act in good faith and discharge their fiduciary duties and responsibilities in the interest of the Company at all times.

The Directors are also updated regularly on any changes to the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board and/or Board Committees members.

News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") and others which are relevant to the Directors are circulated to the Board. The Company Secretary would inform the Directors of upcoming conferences and seminars relevant to their roles as Directors of the Company. The external auditors, KPMG LLP ("**EA**") updated the AC and the Board on the new and revised financial reporting standards that may affect the Company and/or the Group.

Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group's business operations, strategic directions, Directors' duties and responsibilities and corporate governance practices. They will also be given opportunities to visit the Group's operational facilities and meet with Management so as to gain a better understanding of the Group's business.

Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of Directors' duties, responsibilities and obligations. Changes to regulations and accounting standards are monitored closely by Management. To keep pace with such regulatory changes, the Company provides opportunities for on-going education and training on Board processes and best practices as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from the Catalist Rules that affect the Company and/or the Directors in discharging their duties.

CORPORATE GOVERNANCE REPORT

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, Management regularly updates and familiarises the Directors on the business activities of the Group during Board meetings. Upon appointment, a new Director receives a brief on the Director's duties, responsibilities and disclosure obligations as a Director. He is also briefed on key disclosure duties and statutory obligations.

To enable the Board to fulfil its responsibility, Management strives to provide Board members with complete, adequate and timely information for Board and Board Committees meetings on an on-going basis. The Board and Board Committees papers are prepared for each meeting and are disseminated to the members before the meetings. The Board and Board Committees papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board Committees meetings.

The Company Secretary or her representative attends all Board and Board Committees meetings and prepares minutes of the Board and Board Committees meetings and assists the Chairman in ensuring good information flows within the Board and its Board Committees and between Management and the Non-Executive Director and Independent Directors. The Company Secretary also assists the Board so that Board procedures are followed and reviewed in accordance with the Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act (Chapter 289) of Singapore, Companies Act, Chapter 50 of Singapore and the Catalist Rules, so that the Board functions effectively and the relevant rules and regulations applicable to the Company are complied with. The Company Secretary's role is to advise the Board on all governance matters, ensuring that legal and regulatory requirements as well as Board policies and procedures are complied with. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Directors are given separate and independent access to Management and the Company Secretary to address any enquiries. The Directors either individually or as a group have the right to seek independent legal and/or other professional advice in the furtherance of their duties. The costs of such services will be borne by the Company.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this Annual Report, the Board comprises one Executive Director, one Non-Executive Director and two Independent Directors:

Name of Director	Board Membership	Audit Committee	Nominating Committee	Remuneration Committee
Chan Tien Lok	Non-Executive Chairman	Member	Member	Member
Kelvin Lim Ching Song	Executive Director and Group Chief Executive Officer ("**CEO**")	–	–	–
Ong Beng Chye	Lead Independent Director	Chairman	Member	Member
Joseph Tan Peng Chin	Independent Director	Member	Chairman	Chairman

The Board has appointed Ong Beng Chye as its Lead Independent Director. The independence of each Independent Director is reviewed by the NC. Under the Code, it provides that Independent Directors make up a majority of the Board where the Chairman is not independent as is the case for the Company which has Chan Tien Lok as the Non-Independent Non-Executive Chairman. Currently, half of the Board is made up of Independent Directors, comprising Ong Beng Chye, Lead Independent Director and Joseph Tan Peng Chin, Independent Director. Ong Beng Chye plays a role in facilitating discussions amongst Board members to reach a mutual, majority agreement on voting matters relating to the interests of the Company. The objective for Ong Beng Chye as a facilitator for the aforementioned discussions is to resolve situations where equality of votes between Independent and Non-Independent Directors arise, further discussions aims at allowing the Board to arrive at a mutual agreement. To mitigate the provision in the Code for the Independent Directors to make up a majority of the Board where the Chairman is not independent, Chan Tien Lok who is the Non-Executive Chairman has relinquished his casting vote in respect of all Board resolutions from 1 July 2019.

CORPORATE GOVERNANCE REPORT

The criteria for independence are determined based on the definition as provided in the Code. The independence of each Director is assessed and reviewed at least annually by the NC. In its deliberation as to the independence of a Director, the NC takes into account examples of relationships as set out in the Code. The Board considers an Independent Director as one who has no relationship with the Company, its related companies, its substantial shareholders or officers that could interfere or be reasonably perceived to interfere with the exercise of the Directors' independent judgement of the Group's affairs according to the Code. The NC has reviewed, determined and confirmed the independence of each Independent Director.

The Non-Executive Director and Independent Directors participate actively during Board and Board Committees meetings. The Company has benefited from the Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Non-Executive Director and Independent Directors communicate amongst themselves and with the Company's internal and external auditors and Management. When necessary, the Company co-ordinates informal meetings for the Non-Executive Director and Independent Directors to meet without the presence of the Executive Director and Group CEO and/or Management.

There is no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

The NC and the Board reviews the resumes and assesses the capabilities and competencies of new candidate(s) for the appointment of new Directors. The Company would conduct a background check on the new candidate(s) and the new candidate(s) would provide the relevant declarations to the NC and the Board. The Company's sponsor is also kept abreast of any new applicants and the new candidate(s)' resume is provided to the Company's sponsor for review. The Company's sponsor would interview the new candidate(s) separately.

The NC has reviewed the size and composition of the Board. It is satisfied that after taking into account the nature and scope of the Group's operations, the current Board size is appropriate and effective.

The Board comprises Directors who as a group provides core competencies and diversity of experience to enable them to lead and control the Group effectively. Such competencies and experiences include industry knowledge, strategic planning, business and general management, legal and finance.

Although all the Directors have equal responsibility for the performance of the Group, the role of the Non-Executive Director and Independent Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and take into account the long-term interests of not only the Shareholders, but also of the employees and reviewing the performance of Management in meeting agreed goals and objectives. The NC considers its Non-Executive Director and Independent Directors to be of sufficient calibre and size and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process. The NC continually reviews the composition of the Board, taking into account the balance and diversity of skills, experience and gender, among other factors.

The Company co-ordinates informal meeting sessions for the Non-Executive Director and Independent Directors to meet on a need-to basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Director.

CHAIRMAN AND GROUP CHIEF EXECUTIVE OFFICER

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

The Company practices a clear division of responsibilities between the Chairman and the Group CEO. This ensures that an appropriate balance of power between the Chairman and the Group CEO and thereby allows for increased accountability and greater capacity of the Board for independent decision making. The Group keeps the posts of the Chairman and Group CEO separate. Chan Tien Lok is the Non-Executive Chairman while Kelvin Lim Ching Song is the Executive Director and Group CEO. The Non-Executive Chairman is responsible for the formulation of the Group's strategic direction and expansion plans while the Executive Director and Group CEO is responsible for the conduct of the Group's daily business operations. The Non-Executive Chairman and the Executive Director and Group CEO are not related.

CORPORATE GOVERNANCE REPORT

The Non-Executive Chairman ensures that Board members are provided with complete, adequate and timely information. The Non-Executive Chairman ensures that procedures are introduced to comply with the Code and ensures effective communication within the Board and with the Shareholders.

In view that the Non-Executive Chairman is non-independent, the Board has appointed Ong Beng Chye as the Lead Independent Director and he is available to Shareholders where they have concerns for which contact through the channels of the Non-Executive Chairman, Executive Director, Group CEO, Chief Operating Officer and/or Finance and Administration Director has failed to resolve such concerns or where it is inappropriate to do so.

The Independent Directors, led by the Lead Independent Director, meet amongst themselves without the presence of the other Directors where necessary and the Lead Independent Director will provide feedback to the Non-Executive Chairman after such meetings.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills to enable the Board to make effective decisions.

The NC comprises one (1) Non-Executive Director and two (2) Independent Directors, where the majority of whom, including the NC Chairman is independent and the Lead Independent Director is a member of the NC, as follows:

Nominating Committee
Joseph Tan Peng Chin (Chairman)
Ong Beng Chye
Chan Tien Lok

Based on the written terms of reference approved by the Board, the principal functions of the NC are:

- Reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board of the Company and of its subsidiaries;

- Reviewing and recommending to the Board on an annual basis, the Board structure, size and composition, taking into account, the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board as a whole possesses the right blend of relevant experiences and core competencies to effectively manage the Group;

- Procuring that at least one-third of the Board shall comprise Independent Directors;

- Reviewing Board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the Group CEO and key management personnel;

- Determining whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;

- Identifying and making recommendations to the Board as to which Directors are to retire by rotation and to be put forward for re-election at each Annual General Meeting ("**AGM**") of the Company, having regard to each Director's contribution and performance, including the Independent Directors;

- Review of training and professional development programmes for the Board;

- Determining whether a Director is independent as guided by the Code and any other salient factors; and

CORPORATE GOVERNANCE REPORT

- Proposing a set of objective performance criteria to the Board for approval and implementation, to evaluate the effectiveness and performance of the Board as a whole, the Board Committees and the contribution of each Director to the effectiveness and performance of the Board.

The NC is responsible for identifying and recommending new Directors to the Board, after considering the necessary and desirable competencies. In selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. In identifying suitable candidates for the appointment of new Directors, the NC will consider all relevant channels to recruit any new candidates including referrals from business partners, use of the service of external advisors to facilitate a search and also consider candidates with the appropriate qualifications and working experience from internal or external sources. After shortlisting the candidates, the NC shall consider and interview candidates on merit against objective criteria, taking into consideration whether the candidate can devote sufficient time and attention to the affairs of the Group. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board. In recommending a candidate for re-appointment to the Board, the NC considers, amongst other things, his/her contributions to the Board (including attendance and participation at meetings, time and effort accorded to the Group's business and affairs), his/her independence, his/her other board appointments and principal occupation and commitments outside of the Group, and any other factors as may be deemed relevant by the NC.

The employment of persons who are related to the Directors or controlling Shareholders is also subject to the approval of the NC.

The Company's Constitution requires that all Directors retire at the first AGM of the Company and one-third of the Board retires from office at every subsequent AGM. Accordingly, the NC has recommended that Chan Tien Lok and Joseph Tan Peng Chin be nominated for re-election at the forthcoming AGM. The Board has accepted the NC's recommendations.

Each member of the NC shall abstain from voting on any resolutions in respect to his re-nomination as a Director. There is no alternate Director being appointed to the Board.

For the financial year under review, the NC, having considered Provision 2.1 of the Code, is of the view that the Independent Directors of the Company are independent and are able to exercise judgment on the corporate affairs of the Group independent of Management.

Newly appointed Directors receive appropriate training, if required. The Group provides background information about its history, mission and values to its Directors. In addition, Management regularly updates and familiarises the Directors on the business activities of the Group during Board meetings. Upon appointment, a new Director receives a brief on the Director's duties, responsibilities and disclosure obligations as a Director. He is also briefed on key disclosure duties and statutory obligations. Despite some of the Directors having other Board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company. Currently, the Board has not determined the maximum number of listed Board representations which any Director may hold. The NC and the Board will review the requirement to determine the maximum number of listed Board representations as and when it deems necessary.

The Company does not have any alternate Directors as the Board does not encourage the appointment of alternate Directors unless it is in exceptional cases.

The key information regarding Directors such as academic and professional qualifications, Board Committees served, directorships or chairmanships both present and past held over the preceding three years in other listed companies and other major appointments, whether the appointment is executive or non-executive are set out on page 51 of this annual report.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

In line with the principles of good corporate governance, the NC has adopted a process to evaluate the effectiveness and performance of the Board as a whole, the Board Committees and individual self-assessment to assess each Director's contribution to the Board's effectiveness and performance. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with Management and standards of conduct of the Directors. This encourages constructive feedback from the Board and leads to an enhancement of its performance over time.

The effectiveness and performance of the Board, Board Committees and contribution by each Director is assessed annually, the results of the evaluations will be collated by the Company Secretary and the findings analysed and discussed with the Board and Board Committees. Recommendations to further enhance the effectiveness and performance of the Board and Board Committees will be implemented, as appropriate.

The Board is of the view that it has satisfactorily met its performance objectives for FY2021. No external facilitator was engaged in the evaluation process.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises two (2) Independent Directors and one (1) Non-Executive Director, where the majority of whom, including the RC Chairman is independent, as follows:

Remuneration Committee
Joseph Tan Peng Chin (Chairman)
Ong Beng Chye
Chan Tien Lok

Based on the terms of reference approved by the Board, the principal functions of the RC are:

- Reviewing and recommending to the Board for endorsement, the service contracts and remuneration packages of the Executive Director and key Management personnel;
- Reviewing the appropriateness of compensation for the Non-Executive Director and Independent Directors, taking into account factors such as his effort, time spent and responsibilities including but not limited to, his Director's fees, allowances, share options and performance shares;
- Overseeing the general compensation of employees of the Group with a goal to motivate, recruit and retain employees through competitive compensation and progressive policies;
- Reviewing and administering the award of performance shares and/or share options to Directors and employees under the employee performance share plan and/or employee share option scheme adopted by the Company; and
- Carrying out other duties as may be agreed by the RC and the Board, subject always to any conditions that may be imposed upon the RC by the Board from time to time.

CORPORATE GOVERNANCE REPORT

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. The overriding principle is that no Director should be involved in deciding his or her own remuneration. It has adopted written terms of reference that defines its membership, roles and functions and administration.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. The expense of such services shall be borne by the Company. There were no remuneration consultants engaged by the Company in FY2021.

In reviewing the service contracts of the Executive Director and key management personnel, the RC will review the Company's obligations arising in the event of termination of these service contracts, to ensure that such service contracts contain fair and reasonable termination clauses which commensurate with industry norms and their past contributions. The RC aims to be fair and avoid rewarding poor performance.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC will take into account the industry norms, the Group's performance as well as the contribution and performance of each Director when determining remuneration packages.

The Executive Director does not receive Director's fees. The remuneration for the Executive Director and key management personnel comprises a fixed and variable component. The variable component is performance related and is linked to the Group's performance as well as the performance of each individual Executive Director and key management personnel, with a view to align the interests of the Executive Director and the key management personnel with those of Shareholders.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors and key management personnel with those of Shareholders by linking rewards to corporate and individual performance, as well as to commensurate with the roles and responsibilities of each of them. The RC reviews the remuneration received by the Executive Director and Group CEO against the financial performance of the Group. The Executive Director and Group CEO reviews the remuneration of key management personnel against the staff remuneration guidelines to ensure that their remuneration packages are in line and commensurate with their respective job scope and responsibilities. The RC is satisfied that the performance conditions for the Executive Director and Group CEO and key management personnel for FY2021 were met.

On 27 May 2014, the Company entered into a service agreement with the Executive Director and Group CEO, Kelvin Lim Ching Song for an initial period of three years ("**Initial Term**") with effect from the date of admission of the Company to Catalist and thereafter for such period as the Board may decide. Since the last renewal on 28 May 2017, the service agreement with Kelvin Lim Ching Song has been further renewed for 3 years commencing from 28 May 2020 and continue to have effect and binding on the parties unless and until it is terminated according to the terms of the service agreement. Kelvin Lim Ching Song would be paid a monthly basic salary and shall be entitled to an annual performance bonus based on the terms and conditions stipulated in his service agreement and the Group's audited consolidated profit before tax (after deducting profit before tax attributable to minority interests) and before deducting the Performance Bonus of the Group ("**NPBT**") as follows:

NPBT	**Performance Bonus**
NPBT above S$400,000 and up to S$800,000	5.0% of the NPBT
NPBT more than S$800,000	10.0% of the NPBT

The remuneration package, including the Performance Bonus of the Executive Director and Group CEO, Kelvin Lim Ching Song, shall be subject to review by the RC.

CORPORATE GOVERNANCE REPORT

Performance conditions such as the financial performance and operations of the Group, as well as any other business objectives such as adherence to corporate values which may from time to time be determined by the Board are used to determine the short-term incentive schemes employed on the remuneration of the Executive Director and Group CEO and key Management personnel. In addition, the Company has adopted the IPS Securex Employee Share Option Scheme ("**IPS Securex ESOS**") and IPS Securex Performance Share Plan ("**IPS Securex PSP**").

The Executive Director and Group CEO, Non-Executive Director, Independent Directors and key management personnel are eligible to participate in the IPS Securex ESOS and IPS Securex PSP.

The Non-Executive Director and Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate them. The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. The Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM of the Company. The IPS Securex ESOS and the IPS Securex PSP are employed as long-term incentive schemes in the remuneration of the Executive Director and Group CEO and key Management personnel, and is designed to reward, retain and motivate employees to achieve superior performance and to align the interests of employees with Shareholders. The performance conditions used to determine entitlements under the IPS Securex ESOS and the IPS Securex PSP include specific performance including but not limited to, sustained profit growth, market share, tenure of employment, as well as, the prevailing economic conditions. As at the date of this annual report, no share options or awards have been granted under the IPS Securex ESOS and the IPS Securex PSP, respectively.

The remuneration of employees related to the Directors and controlling Shareholders (if any), will also be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their job scopes and responsibilities. Any bonuses, increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and Group CEO and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in reputational damage and/or financial loss to the Group. The Executive Director and Group CEO and key management personnel owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director and Group CEO and key management personnel in the event of such breach of their fiduciary duties. The Company has in place other oversights described herein such as Whistle Blowing Policy and outsourced internal audit function as checks and balances to prevent the occurrence of such instances.

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A breakdown showing the level and mix of remuneration of Directors for FY2021 is set out below:

Name of Director	Salary	Bonus	Director's Fees	Allowances and Other Benefits	Total
	%	%	%	%	%
Above S$250,000 and below S$500,000					
Kelvin Lim Ching Song	94	–	–	6	100
Below S$250,000					
Chan Tien Lok	–	–	100	–	100
Ong Beng Chye	–	–	100	–	100
Joseph Tan Peng Chin	–	–	100	–	100

CORPORATE GOVERNANCE REPORT

The Group has only four (4) key management personnel (as defined in the Code) and who are not Directors or the Group CEO. The details of the remuneration of these four (4) key management personnel (as defined in the Code) of the Group (who are not Directors or the Group CEO) identified by the Group for FY2021 is set out below:

Key Management Personnel	Salary	Bonus	Director's fees	Allowances and Other Benefits	Total
	%	%	%	%	%
Below S$250,000					
Lee Yeow Koon	77	5	–	18	100
Lee Siew Han	72	4	13[(1)]	11	100
Lee Chea Siang	51	35	–	14	100
Boey Teik Heng	72	–	–	28	100

Note:
(1) Lee Siew Han's director's fees were received from the Company's subsidiaries.

For FY2021, the aggregate total remuneration paid to these four (4) key management personnel (who are not Directors or the Group CEO) amounted to S$748,364.

There were no terminations, retirement or post-employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service for FY2021.

There is an employee of the Group who is an immediate family member of the Company's Non-Executive Chairman, Chan Tien Lok. Peter Isaac Chan Khoon Lau is the son of Chan Tien Lok and whose remuneration did not exceed S$100,000 in FY2021. The basis for determining the compensation of our related employees is the same as determining the compensation of other unrelated employees.

Name of Immediate Family Member	Salary	Bonus	Director's fees	Allowances and Other Benefits	Total
	%	%	%	%	%
Below S$100,000					
Peter Isaac Chan Khoon Lau[(1)]	–	–	100	–	100

Note:
(1) Peter Isaac Chan Khoon Lau was appointed as a director of the Company's subsidiary, Securex GS Pte. Ltd. on 1 September 2018.

The Company does not have any employee who is an immediate family member of a Director or the Group CEO whose remuneration in FY2021 exceeded S$100,000.

In view of confidentiality of the remuneration policies of the Company, the Board is of the opinion that it is in the best interests of the Group to disclose the remuneration of its Directors and key management personnel in salary bands.

The IPS Securex ESOS and the IPS Securex PSP will also provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

CORPORATE GOVERNANCE REPORT

(C) ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the overall internal controls framework, and acknowledges that the system of internal controls is designed to manage, rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The internal controls in place will address the financial, operational, compliance and information technology risks, and the objectives of these controls are to provide reasonable assurance that there are no material financial misstatements or material loss and that Shareholders' investments and the Group's assets are safeguarded. As the Group continues to grow its business, the Board will continue to review and take appropriate steps to strengthen the Group's overall system of internal controls.

The Board and Management assume the responsibility of the risk management function. Management is responsible for designing, implementing and monitoring the risk management and internal control systems. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews significant policies and procedures and highlight significant matters to the Board on a half-yearly basis.

Enterprise Risk Management

The Board is committed to ensuring that the Group has an effective and practical enterprise risk management ("**ERM**") framework in place to safeguard Shareholders' interests and the sustainability of the Company as well as provide a basis to make informed decisions having regard to the risk exposure and risk appetite of the Group. As such, the Board has commissioned BDO Advisory Pte Ltd ("**IA**") to facilitate the implementation of the ERM framework for the Group. The purpose of this exercise is to make recommendations on the processes to monitor key risks to the Group and to propose a reporting process by which the Audit Committee is kept updated on how on-going and new risks are being addressed by Management.

The Board relies on Management to monitor the day-to-day operations of the Group while subjecting key corporate decisions to Board approval. The Group's performance is monitored closely by the Board and any significant matters that may have an impact on its operating results are required to be brought to the immediate attention of the Board.

The Board and Management have also taken a strict stance towards avoiding any risks that might result in the Company and/or the Group breaching any relevant laws and/or regulations and risks that could adversely affect the reputation of the Company and/or the Group. Active efforts are also in place to manage risks, such as engaging third party insurers or having internal control procedures to better mitigate the likelihood of their occurrence. Internal audits will be conducted regularly to assess the on-going compliance with the established controls to address key risk areas, where applicable.

The Company is continually reviewing and improving the business and operational activities of the Group to take into account the risk management perspective. This includes reviewing Management and manpower resources, updating work flows, processes and procedures to meet the current and future market conditions.

Risk assessment and monitoring

Based on the ERM framework, the nature and extent of the risks to the Group will be assessed regularly by key Management personnel. A set of risk registers to document risks arising from this ERM exercise has also been established to document all key risks and the corresponding countermeasures and will be updated whenever new risks emerge or when there are applicable changes in the business environment.

During FY2021, the IA had conducted a risk workshop with the Group's key management personnel to obtain their assessment of the key risks to the Company. The various responses were consolidated and ranked according to the average rating for each risk identified.

CORPORATE GOVERNANCE REPORT

Risk Reporting

Periodic Risk Reports

Periodic risk reports will be prepared by the Finance and Administration Director, to highlight any emerging risks or high risk issues to the AC on a timely basis. In addition, any new risks of significance will be assessed using prescribed risk templates and reported to the AC.

Annual Risk Reports

On an annual basis, a risk refresher will be performed within the Group to understand if there are any changes to the existing top risks identified and if there are any risks that require more detailed assessment. An annual risk report with the updated top risks of the Group will be compiled by the Finance and Administration Director and submitted to the AC.

Relying on the above risk reports and other reports from the IA and EA, the AC carried out assessments of the effectiveness of key internal controls during the year. Weaknesses in the internal controls or recommendations from the IA and EA to further improve the internal controls of the Group were reported to the AC. The AC will also follow up on the actions taken by Management and on the recommendations made by both the IA and EA.

Based on the work performed by both the IA and EA, the risk reports and assurance from the Executive Director and Group CEO and the Finance and Administration Director and the on-going review as well as the continuing efforts in enhancing controls and processes which are currently in place, the Board, with the concurrence of the AC, is of the opinion that there were no material weaknesses being identified and the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at the date of this annual report.

The Executive Director and Group CEO, the Chief Operating Officer and the Finance and Administration Director have assured the Board that:

(a) The financial records have been properly maintained and the financial statements for FY2021 give a true and fair view in all material aspects, of the Group's operations and finances; and

(b) The Group's internal control and risk management systems are adequate and operating effectively in all material aspects given its current business environment.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises two (2) Independent Directors and one (1) Non-Executive Director, where the majority of whom, including the AC Chairman is independent, as follows:

Audit Committee
Ong Beng Chye (Chairman)
Joseph Tan Peng Chin
Chan Tien Lok

The AC is established to assist the Board with discharging its responsibility of safeguarding the Group's assets, maintaining adequate accounting records, and developing and maintaining effective systems of risk management and internal controls. The Board is of the opinion that at least 2 members of the AC possess the necessary accounting or related financial management qualifications, expertise and experience in discharging their duties.

CORPORATE GOVERNANCE REPORT

The AC has written terms of reference, setting out their duties and responsibilities, which include the following:

- Reviewing the semi-annually consolidated financial statements of the Group and results announcements before submission to the Board for approval, focusing on, in particular, the relevance and consistency of accounting policies, significant financial reporting issues, recommendations and judgements made by the EA, and compliance with financial reporting standards, the Catalist Rules and any other statutory and regulatory requirements so as to ensure the integrity of the periodic consolidated financial statements of the Group and results announcements;
- Reviewing, with the EA and IA, the adequacy, effectiveness, independence, scope and results of the EA and IA function including their audit plans, scope of work, evaluation of the adequacy of internal controls and risk management systems, management letters on internal controls and Management's response, where applicable;
- At least annually, reviewing and reporting to the Board, the adequacy and effectiveness of the Group's internal controls addressing financial, operational, compliance and information technology risks and risk management systems prior to the incorporation of such results in the annual report;
- Reviewing the independence and objectivity of the EA and IA;
- Reviewing and discussing with the EA, and commissioning and reviewing the findings of internal investigations, if any, relating to any suspected fraud or irregularity, or failure of internal controls, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and soliciting for Management's response;
- Monitoring and reviewing the implementation of the EA's and IA's recommendations concurred with Management in relation to the adequacy and effectiveness of the Group's internal controls addressing financial, operational, compliance and information technology risks;
- Reviewing the co-operation given by Management to the EA and IA, where applicable;
- Making recommendations to the Board on proposals to Shareholders for the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the EA;
- Making recommendations to the Board on proposals for the appointment, re-appointment, removal, remuneration and terms of engagement of the IA;
- Reviewing any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules (if any);
- Reviewing potential conflicts of interests (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;
- Reviewing and recommending foreign exchange hedging policies, if any, to the Board for approval;
- Reviewing the policy and arrangements by which staff or any other person may, in confidence, raise concerns about possible improprieties on matters of business operations, financial reporting or any other matters and to ensure that arrangements are in place for the independent investigation of such matter and for appropriate follow-up;
- Reviewing the assurance from the Group CEO and the Finance and Administration Director on the financial records and financial statements;
- Investigating any matters within its terms of reference; and
- Undertaking generally such other functions and duties as may be requested by the Board or required by statute or the Catalist Rules and by such amendments made thereto from time to time.

Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

CORPORATE GOVERNANCE REPORT

The AC has full access to and co-operation of the Management and has full discretion to invite any Director or key Management personnel to attend the meetings and has reasonable resources to enable it to discharge its functions. The EA has unrestricted access to the AC.

In October 2015, the ACRA introduced the Audit Quality Indicators ("**AQIs**") Disclosure Framework ("**Framework**"), which aims to equip AC with information that allows AC to exercise their professional judgements on elements that contribute to or are indicative of audit quality. The AQIs were further enhanced in August 2016 to provide AC with certain common yardsticks to facilitate comparison for audit quality. As part of ongoing efforts to raise audit quality, the AQIs Disclosure Framework was revised in January 2020 ("**Revised AQIs Framework**") which comprises audit quality indicators such as audit hours, quality control, training, inspections and attrition rate to provide relevant and useful information to help AC in their evaluation of statutory auditors. Based on the AQIs set out in the Revised AQIs Framework, the AC has evaluated and is satisfied with the performance of the external auditors as well as the resolution for reappointment of the external auditors.

The AC recommends to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the EA and approval of the remuneration of the EA. The AC has recommended to the Board the nomination of KPMG LLP for re-appointment as EA at the forthcoming AGM of the Company. The Company confirms that Rule 712 and Rule 715(1) of the Catalist Rules have been complied with.

The AC has met with the EA and the IA without the presence of Management at least annually and as and when necessary, to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence, objectivity and observations of the EA and IA for FY2021.

For FY2021, the fees that were charged to the Group by the EA for audit services were approximately S$135,000 while the non-audit fees payable to the EA for FY2021 were approximately S$14,500.

The AC considered the report from the EA, including their findings on the significant risks and audit focus areas. Significant matters that were discussed with Management and the EA have been included as Key Audit Matters ("**KAM**") in the Independent Auditors' Report for FY2021 from pages 62 to 64 of this Annual Report. In assessing the KAM, the AC took into consideration the approach and methodology applied as well as the reasonableness of estimates and key assumptions used. The AC concluded that Management's accounting treatment and estimates in the KAM were appropriate.

The AC is kept updated on new changes to the accounting and financial reporting standards by the EA during the year. The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

WHISTLE BLOWING POLICY

The Group has implemented a whistle blowing policy whereby accessible channels are provided for employees and external parties to raise concerns about possible improprieties on matters of financial reporting or other matters which they become aware and to ensure that:

- Independent investigations are carried out in an appropriate and timely manner;
- Appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and
- Administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balanced and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle blowing in good faith and without malice.

As of the date of this annual report, there were no reports received through the whistle blowing mechanism.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT FUNCTION

The Board recognises that it is responsible for maintaining a system of internal controls to safeguard Shareholders' investments and the Group's businesses and assets while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The role of the IA is to assist the AC in ensuring that the controls are effective and functioning as intended, to undertake investigations as directed by the AC and to conduct regular in-depth audits of high risk areas.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function at this juncture. The Company has therefore appointed BDO Advisory Pte Ltd, an external risk advisory consultancy firm to undertake the functions of an IA for the Group. The AC approves the appointment, re-appointment, termination, evaluation and remuneration of its outsourced IA. The IA has unfettered access to all the Group's documents, records, properties and personnel including access to the AC. The IA reports directly to the AC on all internal audit matters.

BDO Advisory Pte Ltd is an international auditing firm and they perform their work based on the BDO Internal Audit Methodology which references the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

The AC reviews and approves the internal audit plan submitted by the IA. The IA reports to the AC any significant weaknesses and risks identified in the course of internal audits conducted on an on-going basis. Recommendations to address control weaknesses are further reviewed by the IA based on implementation dates agreed with Management.

The AC has reviewed the effectiveness of the IA and is satisfied that the IA is independent and adequately resourced to perform its function effectively and has the appropriate standing within the industry. The AC is also satisfied that the internal audit function is effective and staffed by suitably qualified and experienced professionals with the relevant experience.

As part of the terms of reference of the AC as set out above, the AC also reviews, at least annually, the adequacy and effectiveness of the internal audit function.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company does not practice selective disclosure. In line with continuous obligations of the Company under the Catalist Rules and the Companies Act, Chapter 50 of Singapore, the Board's policy is that all Shareholders should equally and on a timely basis be informed of all major developments that impact the Group via SGXNet.

Accountability to Shareholders is demonstrated through the presentation of the Group's periodic and annual financial statements, results announcements and all announcements on the Group's business and operations. In this respect, the AC reviews all periodic and annual financial statements, results announcements and all announcements on the Group's business and operations, and recommends them to the Board for approval.

The Management provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a periodic basis and when deemed appropriate by particular circumstances. In line with the Catalist Rules, the Board provides a negative assurance statement to Shareholders in respect of the periodic financial statements. For the financial year under review, the Executive Director and Group CEO, Chief Operating Officer and the Finance and Administration Director have provided assurance to the Board on the integrity of the Group's financial statements.

CORPORATE GOVERNANCE REPORT

Management maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of periodic and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

Shareholders are encouraged to attend the Company's general meetings to ensure a high level of accountability and to stay informed of the Group's business activities, financial performance and other business-related matters. Notice of the general meetings are dispatched to Shareholders, together with explanatory notes or a circular on items of special businesses (if necessary), at least 14 clear calendar days before the meeting. Shareholders are informed of general meetings through the announcements released to the SGXNet and notices contained in the annual report or circulars sent to all Shareholders. These notices are also advertised in a national newspaper as may be required in accordance with the Company's Constitution. Shareholders are also informed on the procedures for the poll voting at general meetings.

The Board welcomes questions from Shareholders who wish to raise issues, either informally or formally before or during the general meetings.

Each item of special business included in the notice of the general meetings will be accompanied by an explanation of the proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings. The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution together with the respective percentages. For cost effectiveness, the voting of the resolutions at general meetings is conducted by manual polling.

All Directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC, as well as the EA are intended to be present at the forthcoming AGM to address any relevant queries by Shareholders.

All Shareholders are entitled to attend and participate in the general meetings. If any Shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's Constitution does not include the nominee or custodial services to appoint more than two proxies. On 3 January 2016, the legislation was amended, among other things to allow certain members, who are "**relevant intermediaries**" as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore, are allowed to appoint more than two proxies to attend and vote on their behalf at general meetings.

Voting by absentia by mail, facsimile or email is currently not provided in the Company's Constitution as such voting methods would need to be cautiously studied for its feasibility to ensure that the integrity of the information and the authenticity of the Shareholder's identity is not compromised.

The Company will publish the minutes of general meetings of shareholders on the SGX website via SGXNet within one month from the date of AGM. The minutes record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meetings and responses from the Board and Management.

In view of the current Covid-19 situation, the forthcoming AGM to be held in respect of FY2021 will be convened and held by electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Alternative Arrangements**") and the joint statement that was issued on 13 April 2020, and subsequently updated on 27 April 2020 and 1 October 2020, by the Monetary Authority of Singapore, the ACRA and the Singapore Exchange Regulation to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. In view of these developments, general meetings which are held beyond 30 June 2021 can be held via electronic means, and are encouraged to do so. The Alternative Arrangements relating to attendance at the AGM via electronic means i.e. live audiovisual webcast or live audio-only stream, submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions prior to or at the AGM (if any) and appointing the Chairman of the Meeting as the Proxy at the AGM, will be in place. Please refer to the Notice of AGM for further details.

CORPORATE GOVERNANCE REPORT

The Company does not have a formal dividend policy. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, cash flow generated from operations, projected capital requirements for the business growth and other factors as the Board may deem appropriate.

For FY2021, the Board did not recommend any payment of dividends in light of the need to conserve cash due to the uncertain economy caused by the COVID-19 pandemic which is still rapidly evolving and surging in many parts of the world.

ENGAGEMENT WITH SHAREHOLDERS

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

The Company believes in high standards of transparent corporate disclosure and is committed to disclose information to Shareholders in a timely and fair manner via SGXNet. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable.

The information is disseminated to Shareholders on a timely basis through:

- Annual report prepared and issued to all Shareholders. The Board ensures that the annual report includes all relevant information about the Company and the Group, including future developments and other disclosures required including those under the Companies Act, Chapter 50 of Singapore, Catalist Rules and Singapore Financial Reporting Standards (International);

- Periodic announcements containing a summary of the financial information and affairs of the Group for the relevant period; and

- Press releases on major developments of the Group;

- Notices of explanatory memoranda for AGMs and extraordinary general meetings ("**EGMs**"). Notices of AGMs and EGMs are also advertised in a national newspaper; and

- The Company's website at http://www.ips-securex.com/ to at which Shareholders can access financial information, corporate announcements, press releases, annual reports and profile of the Group.

By supplying Shareholders with reliable and timely information, the Company is able to strengthen the relationship with its Shareholders based on trust and accessibility. The Company has engaged Cogent Media Pte Ltd as the Group's investor relations firm ("**IR**") who will focus on facilitating communications with Shareholders, analysts and media on a regular basis, to attend to their queries or concerns as well as to keep the investing public apprised of the Group's corporate developments and financial performance.

To enable Shareholders to contact the Company easily, the contact details of the IR personnel are set out in the corporate information page of the annual report as well as on the Company's website. The IR personnel have procedures in place for responding to investors' queries as soon as applicable. We provide financial performance and business development updates to the investment community through one-to-one meetings, analysts briefings, conference calls, corporate day events and media interviews.

The Company does not practice selective disclosure. Price-sensitive information is publicly released on an immediate basis where required under the Catalist Rules through SGXNet.

CORPORATE GOVERNANCE REPORT

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company acknowledges the importance of establishing effective communication among its stakeholders through regular engagement and various communication platforms to achieve mutually beneficial goals. Ongoing communication with stakeholders is an integral part of the Company's day-to-day operations.

The Company has identified several stakeholders' groups, namely, suppliers, customers, employees, business partners, the Board and Shareholders, who could impact the Group's business and operations. The Company's approach to the engagement with key stakeholders and material aspects assessment are disclosed in the Company's Sustainability Report on page 23 of the Annual Report, where the Company could address its sustainability risk profile and priority issues and monitor the risk profile on a regular basis to ensure the best interest of the Company.

The Company maintains a corporate website at http://www.ips-securex.com/ to communicate and engage with stakeholders. The Company's financial information, corporate announcements, press releases, Annual Reports and profile of the Group can be accessed through the Company's website.

(F) CORPORATE SOCIAL RESPONSIBILITY

For FY2021, the Board has reviewed and considered the primary components of sustainability reporting which include:

(i) Identifying material Economic, Environmental, Social and Governance ("**EESG**") factors;

(ii) Setting out the Group's policies, practices and performance in relation to each identified material EESG factor;

(iii) Setting out targets for the forthcoming year in relation to each EESG factor identified; and

(iv) Selecting a suitable sustainability reporting framework for reporting and disclosure guidance that is appropriate for the Group's industry and business model.

Please refer to our Sustainability Report on pages 20 to 29 of the Annual Report.

(G) DEALING IN COMPANY'S SECURITIES

Rule 1204(19) of the Catalist Rules

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by the Company, its Directors and its officers.

The Company has adopted a Code of Best Practices to provide guidance to its Directors and all staff of the Group with regards to dealings in the Company's securities.

The Company, its Directors and its officers are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Company's periodic and annual financial statements and ending on the date of the announcement of the relevant results.

Directors and staff are also required to adhere to the provisions of the Securities and Futures Act (Chapter 289) of Singapore, Companies Act, Chapter 50 of Singapore, the Catalist Rules and any other relevant regulations with regards to their securities transactions. They are expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period or when they are in possession of unpublished price-sensitive information and they are not to deal in the Company's securities on short-term considerations.

CORPORATE GOVERNANCE REPORT

(H) INTERESTED PERSON TRANSACTIONS

Rule 907 of the Catalist Rules

The Company has established internal control policies in respect of any transaction with an interested person, which sets out the procedures for review and approval of such transaction.

All interested person transactions will be documented and submitted in a timely manner to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms that will not be prejudicial to the Company and its minority Shareholders.

The AC has reviewed the following significant transactions entered into by the Company with its interested persons for FY2021 in accordance with its existing procedures:–

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)
Provision of group services (such as finance, corporate secretarial, human resources, warehouse operation cost and rental expense) by:–	**FY2021** **S$**
IPS Realty Pte Ltd ("**IPSR**")	208,379
IPS Group Pte. Ltd. ("**IPSG**")	77,994

The Board is of the view that the services above were not conducted on arm's length basis and were not based on normal commercial terms but were beneficial to the Group and were not prejudicial to the interests of the Group or the Company's minority Shareholders as they allowed the Group to leverage off the expertise of IPSR and IPSG for the group services under a cost-effective arrangement. Please refer to the section entitled "Interested Person Transactions – Present and On-going Interested Person Transactions" of the Company's offer document dated 20 June 2014 in relation to its initial public offering on the Catalist of the SGX-ST on 30 June 2014 for further details on the provision of group services by IPSG to the Group.

The Company does not have any Shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules.

(I) MATERIAL CONTRACTS AND LOANS

Rule 1204(8) of the Catalist Rules

The Company confirms that save for the service agreement between the Company and the Executive Director and Group CEO, Kelvin Lim Ching Song, and as disclosed in the Report of Directors and the Financial Statements in this annual report, there were no other material contracts of the Company and its subsidiaries involving the interests of the Group CEO or any Director or controlling Shareholder of the Company, either subsisting at the end of the financial year or if not then subsisting, which were entered into since the end of the previous financial year.

(J) NON-SPONSOR FEES

Rule 1204(21) of the Catalist Rules

Pursuant to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees payable to the Company's sponsor, United Overseas Bank Limited, for FY2021.

CORPORATE GOVERNANCE REPORT

PARTICULARS OF DIRECTORS PURSUANT TO THE CODE OF CORPORATE GOVERNANCE

Name of Director	Academic/Professional Qualifications	Board Appointment Executive/ Non-executive	Board Committees as Chairman or Member	Directorship Date First Appointed	Date of Last Re-election	Directorships in other listed companies and other major appointments	Past directorships in other listed companies and other major appointments over the preceding 3 years
Chan Tien Lok	• Cambridge General Certificate of Education Ordinary Level certificate	Non-Executive Chairman	Chairman of the Board and Member of the Audit Committee, Nominating Committee and Remuneration Committee	10 October 2013	22 October 2019	Nil	Nil
Kelvin Lim Ching Song	• Diploma in Marketing and Public Relations from Thames Business School	Executive Director and Group Chief Executive Officer	Board Member	10 October 2013	28 October 2020	Nil	Nil
Ong Beng Chye	• Bachelor of Science with Honours from The City, University of London • Fellow of the Institute of Chartered Accountants in England and Wales • Chartered Financial Analyst • Non-practising member of the Institute of Singapore Chartered Accountants	Lead Independent Director	Board Member, Chairman of the Audit Committee, Member of Remuneration Committee and Nominating Committee	6 June 2014	28 October 2020	• Geo Energy Resources Limited • Hafary Holdings Limited • Capallianz Holdings Limited (formerly known as CWX Global Limited) • ES Group (Holdings) Limited	• Kitchen Culture Holdings Ltd
Joseph Tan Peng Chin	• Bachelor of Laws (Hons) from the National University of Singapore	Independent Director	Board Member, Chairman of the Nominating Committee, Remuneration Committee and Member of the Audit Committee	6 June 2014	22 October 2019	• OM Holdings Limited	Nil

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Chan Tien Lok and Joseph Tan Peng Chin, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Details	**Name of Director**	
	Chan Tien Lok	**Joseph Tan Peng Chin**
Date of Appointment	10 October 2013	6 June 2014
Date of last re-appointment (if applicable)	22 October 2019	22 October 2019
Age	68	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr. Chan Tien Lok was nominated for re-election as Director at the forthcoming AGM pursuant to the Company's Constitution. The NC's process in recommending the nomination for re-election of Director and the assessment of the contribution of the Director has been disclosed under Principle 4 and Principle 5 of the Corporate Governance Report. Having regard to the above, the Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Chan Tien Lok is able to exercise judgement as the Non-Executive Director on the corporate affairs of the Group.	Mr. Joseph Tan Peng Chin was nominated for re-election as Director at the forthcoming AGM pursuant to the Company's Constitution. The NC's process in recommending the nomination for re-election of Director, review of the independence of the Independent Director and the assessment of the contribution of the Director has been disclosed under Principle 4 and Principle 5 of the Corporate Governance Report. The Board of the Company has accepted the NC's recommendation, who has reviewed and considered Mr. Joseph Tan Peng Chin is able to exercise judgement as the Independent Director on the corporate affairs of the Group and independent of the Management. Having regard to the above, the Board considers Mr. Joseph Tan Peng Chin to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and member of the Audit Committee, Nominating Committee and Remuneration Committee	Independent Director, Chairman of the Nominating Committee and Remuneration Committee and member of Audit Committee

CORPORATE GOVERNANCE **REPORT**

Details	**Name of Director**	
	Chan Tien Lok	**Joseph Tan Peng Chin**
Professional qualifications	Cambridge General Certificate of Education Ordinary Level certificate	• Bachelor of Laws (Hons) from the National University of Singapore
Working experience and occupation(s) during the past 10 years	Mr. Chan Tien Lok has over 16 years of experience in the security products and solutions industry. He founded IPS Group Pte. Ltd. ("IPSG") in 1986 and is currently the Chairman of IPSG. He is responsible for the overall business development and strategic planning within IPSG. Mr. Chan also founded IPS Technologies Pte Ltd ("IPST") and IPS Perfex Holdings Pte Ltd ("IPSP") in 2005 and 2006 respectively and is currently the Chairman of IPST and IPSP. Prior to 1986, he was the managing director of United Machinery Services Pte Ltd (now known as Denyo United Machinery Pte. Ltd.) where he was responsible for managing the company's overall operations from 1979 to 1986. He was the sole proprietor of Danill Machinery Services from 1976 to 1979, and had served as the service manager of Auto and Plant Services Pte Ltd from 1973 to 1976.	Mr Tan has over 30 years of experience in legal practice. He was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1982 and thereafter practiced as a legal associate at Freshfields before founding Wong Yoong Tan & Molly Lim in 1987 and subsequently becoming its managing partner. He founded Tan Peng Chin LLC in 1994 and oversaw the company's practice as managing partner/senior director till his retirement from the firm in 2014. In addition, Mr Tan was also an Independent Director of Armstrong Industrial Corporation from 1995 to 2014 and has been an Independent Director of OM Holdings Limited, a company listed on the Australia Stock Exchange, since 2007.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 120,000 shares Deemed interest in 248,820,000 shares held by IPS Technologies Pte. Ltd. ("**IPST**") held by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore as he owns 65% of the shareholding in IPST.	600,000 shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

<table>
<tr><th rowspan="2">Details</th><th colspan="2">Name of Director</th></tr>
<tr><th>Chan Tien Lok</th><th>Joseph Tan Peng Chin</th></tr>
<tr><td>Other Principal Commitments Including Directorships</td><td><u>Past (for the last 5 years)</u>

Director of:

• Europower Technology Pte Ltd
• Linnhoff India Pvt Ltd
• IPS Leasing Pte Ltd

<u>Present</u>

Director of:

• IPS Securex Pte. Ltd.
• IPS Technologies Pte. Ltd.
• IPS Realty Pte Ltd
• IPS Foo Ngan Realty Sdn Bhd
• IPS-Lintec Group Pte. Ltd.
• Lintec Technologies Pte Ltd
• Fibrtech (HK) Ltd
• Lintec & Linnhoff Holdings Pte Ltd
• Lintec & Linnhoff Asphalt Pte Ltd (formerly known as Linnhoff Technologies Pte Ltd)
• Lintec & Linnhoff Concrete Pte Ltd (formerly known as Lintec Concrete Technologies Pte Ltd)
• Lintec & Linnhoff Maschinen Pte Ltd
• Lintec & Linnhoff China Ltd (formerly known as Lintec China Ltd)
• Lintec (China) Technologies Ltd
• IPS Perfex Holdings Pte Ltd
• Perfex International Pte Ltd
• Perfex Heat Transfer Sdn Bhd
• Powersource International Pte Ltd
• IPS Group Pte Ltd</td><td><u>Past (for the last 5 years)</u>

Nil

<u>Present</u>

Director of:

• Clarity Singapore Limited
• OM Holdings Limited
• Orchestra of the Music Makers Ltd.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

Details		Name of Director	
		Chan Tien Lok	**Joseph Tan Peng Chin**
The general statutory disclosures of the Directors are as follows:			
a.	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b.	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c.	Whether there is any unsatisfied judgment against him?	No	No
d.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e.	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE REPORT

Details		Name of Director	
		Chan Tien Lok	**Joseph Tan Peng Chin**
	i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	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	No	No
	iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k.	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

CORPORATE GOVERNANCE REPORT

Details	Name of Director	
	Chan Tien Lok	Joseph Tan Peng Chin
Information required **Disclosure applicable to the appointment of Director only.**		
Any prior experience as a director of an issuer listed on the Exchange?	Yes	Yes
If yes, please provide details of prior experience.	IPS Securex Holdings Limited	Armstrong Industrial Corporation Limited (delisted in 2014) IPS Securex Holdings Limited
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N/A	N/A

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2021.

In our opinion:

(a) the financial statements set out on pages 67 to 123 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); 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 Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Chan Tien Lok
Kelvin Lim Ching Song
Ong Beng Chye
Joseph Tan Peng Chin

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and related corporations (other than wholly-owned subsidiaries) are as follows:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of director and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**	**Holdings at beginning of the year**	**Holdings at end of the year**
Company				
Ordinary shares				
Chan Tien Lok	120,000	120,000	248,820,000(1)	248,820,000(1)
Kelvin Lim Ching Song	60,085,000	58,014,400	–	–
Ong Beng Chye	300,000	300,000	–	–
Joseph Tan Peng Chin	600,000	600,000	–	–
Ultimate holding company – IPS Technologies Pte. Ltd.				
Ordinary shares				
Chan Tien Lok	2,080,000(1)	2,080,000(1)	–	–

(1) By virtue of Section 7 of the Companies Act, Chan Tien Lok is deemed to have an interest in the Company and all the related corporations of the Company at the beginning and end of financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

DIRECTORS' STATEMENT

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2021.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options and share-based incentive

The Company has adopted the IPS Securex Performance Share Plan (the "PSP") and the IPS Securex Employee Share Plan Option Scheme (the "ESOS") which were approved by the shareholders at an Extraordinary General Meeting held on 29 May 2014.

(i) The PSP and the ESOS are administered by the remuneration committee whose members are Joseph Tan Peng Chin, Ong Beng Chye and Chan Tien Lok (the "Committee").

(ii) Both the PSP and the ESOS will continue to be in force at the discretion of the Committee subject to a maximum period of 10 years commencing on the date that the PSP and the ESOS were adopted by the Company in the general meeting. However, the PSP and the ESOS may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in the general meeting and of any relevant authorities that may then be required.

(iii) The total number of new shares which may be issued or shares which may be delivered pursuant to awards granted under the PSP or options granted under the ESOS, when added to the total number of new shares issued and issuable in respect of:

  a. all awards granted under the PSP;

  b. all options granted under the ESOS; and

  c. all shares, options, or awards granted under such share-based incentive schemes of the Company then in force, shall not exceed 15.0% of the issued capital of the Company (including treasury shares) on that day preceding the relevant date of award.

(iv) The PSP awards participants fully paid shares free of charge, upon the participant achieving prescribed performance targets which will be set by the Committee depending on each individual participant's job scope and responsibilities.

(v) The options under the ESOS may have exercise prices that are, at the Committee's discretion, which may be at market price or discount to the market price. The options which are at market price may be exercised after the first anniversary of the date of grant of the option while the options exercisable at a discount to the market price may only be exercised after the second anniversary from the date of grant of the option. The options granted under the ESOS will expire upon the tenth anniversary of the date of grant of the option.

(vi) During the year, no awards and options have been granted by the Company or its subsidiary corporations during the financial year.

(vii) There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

(viii) There were no unissued shares of the Company or of its subsidiary corporations under options as at the end of the financial year.

DIRECTORS' STATEMENT

Audit Committee

The members of the Audit Committee of the Company, comprise the Independent Directors, Ong Beng Chye (Chairman), Joseph Tan Peng Chin (Member) and Chan Tien Lok (Member). The Audit Committee has met thrice since the last Annual General Meeting ("AGM"), and has reviewed the following, where relevant, with the executive directors and the external and internal auditors of the Company:

(a) The audit plans, scope of work, evaluation of the adequacy of the internal controls, audit reports, significant matters impacting the financial statements (including the key audit matters and the accounting principles and judgement of items as adopted by management for those significant matters), management letters on internal controls and management response;

(b) The adequacy and effectiveness of the Group's internal controls addressing financial, operational and compliance risks prior to the incorporation of such results in the annual report;

(c) The Group's financial and operating results and accounting policies;

(d) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(e) The periodic and annual announcements as well as the related press releases on the results and financial positions of the Company and the Group;

(f) The co-operation and assistance given by the management to the Group's external and internal auditors;

(g) Interested person transactions falling within the scope of Chapter 9 of the Listing Manual, Section 8: Rules of Catalist of the Singapore Securities Trading Limited and other relevant statutory requirements and any potential conflicts of interests; and

(h) The re-appointment of the external and internal auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Chan Tien Lok
Director

Kelvin Lim Ching Song
Director

30 September 2021

INDEPENDENT AUDITORS' REPORT

Members of the Company IPS Securex Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IPS Securex Holdings Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2021, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 123.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of trade receivables and contract assets
(Refer to Note 8 of the financial statements)

Risk:

The Group's trade receivables and contract assets include a wide range of customers comprising government-affiliated entities and private companies operating in various sectors. Credit terms extended to customers range from 30 days to 90 days. For certain customers, management enters into instalment payment arrangements with repayment periods of less than one year. The Group's wide range of credit terms increases the Group's exposure to credit risk. In addition, the current COVID-19 pandemic outbreak results in economic uncertainties and may have negative impacts on the credit risk profile of the Group's customers.

As at 30 June 2021, trade receivables due from customers and contract assets amounted to 13% (2020: 40%) of the Group's total assets. The recoverability of the Group's trade receivables and contract assets requires significant judgement and estimates. Judgement is required in determining when a trade receivable or contract asset is credit-impaired which includes consideration of customers past payment trends, relevant industry conditions and observable data such as significant financial difficulty of the customer and breach of contract by the customer. In estimating expected credit losses for trade receivables and contract assets, judgement is made to determine if past credit loss information reflect the appropriate levels of credit risk of the trade receivables and contract assets, and if additional adjustments are required to be made to the expected credit losses (ECL) estimate.

INDEPENDENT AUDITORS' REPORT

Members of the Company IPS Securex Holdings Limited

Our response:

We tested the trade receivables and contract assets ageing profile prepared by management so as to place reliance on the ageing profile for our analysis. We reviewed the management's identification of credit-impaired trade receivables and contract assets including the basis adopted by management in the identification.

We reviewed management's assessment of the recoverability of individually significant trade receivables and contract assets by challenging management's estimates taking into account information such as past repayment patterns (including repayment progress on those customers with instalment repayment plans) and cash received subsequent to the year end from customers.

We tested the Group's measurement of the ECL arising from trade receivables (excluding the credit-impaired trade receivables) and contract assets by obtaining an understanding on the data and assumptions of the ECL model adopted by management. As part of our test, we compared the inputs used to derive the ECL rates against historical receivables collection data and considered if the rates derived reflects the Group's credit risk exposure. We reviewed the Group's estimate of the forward-looking overlay applied to the ECL model taking into account our understanding of the Group's sector exposures, customer segmentation and Singapore economic factors.

We found management's estimate of impairment loss on trade receivables and contract assets reflects the status of individually significant credit-impaired balances, and the relevant inputs used in the ECL calculation to be within range of estimates used in our evaluation.

Valuation of plant and equipment
(Refer to Note 4 of the financial statements)

Risk:

Management has identified the existence of impairment indicators on the plant and equipment in relation to the Securex GS cash generating unit ("CGU") given the unit's low profitability, its operating profits being lower than originally budgeted and uncertain economic conditions. Consequently management conducted an impairment assessment on its plant and equipment. This involved a comparison of the carrying value of the plant and equipment to its recoverable amount determined based on the higher of fair value less costs of disposal ("FVCLD") and the present value of the future cash flows expected to be derived by the CGU (i.e. value in use).

Forecasting future cash flows is a judgemental process which involves making assumptions on revenue growth rates, profit margins and determining the appropriate discount rate. As such, the recoverable amount of plant and equipment is a key audit matter.

Based on management's assessment, the recoverable amount of the plant and equipment is lower than the carrying amount. Consequently, the Group concluded that there is an impairment loss of $30,446 (2020: nil) on the plant and equipment of Securex GS CGU.

Our response:

We reviewed the key assumptions used in the cash flow projection supporting the value-in-use calculations to arrive at the recoverable amount of the Securex GS CGU. We compared the forecast order book to management's budgets, prevailing industry trends, and available market information. We challenged management's estimates of the revenue growth rates and profit margins used in the cash flow projections by corroborating to past performance and/or relevant market data. We reviewed the reasonableness of the discount rate applied and assessed if it was derived based on comparable market data and contains relevant factors reflecting the current uncertainties and risks to the CGU's business.

We found the methodology applied to be appropriate and the key assumptions used in estimating the recoverable amount to be within range of estimates used in our evaluation.

INDEPENDENT AUDITORS' REPORT

Members of the Company IPS Securex Holdings Limited

Valuation of investment in subsidiaries
(Refer to Note 5 of the financial statements)

Risk:

Management has identified the existence of impairment indicators on the cost of investment in relation to the Group's investment in its wholly-owned subsidiary, Securex GS Pte. Ltd. ("Securex GS"), given the subsidiary's operating profits being lower than originally budgeted and uncertain economic conditions. Consequently management conducted an impairment assessment on its investment in Securex GS. This involved a comparison of the cost of investment to its recoverable amount determined based on the value-in-use.

Forecasting future cash flows is a judgemental process which involves making assumptions on revenue growth rates, profit margins, asset residual values and determining the appropriate discount rate. As such, the recoverable amount of cost of investment is a key audit matter.

Based on management's assessment, the recoverable amount of the investment in subsidiary is lower than the cost of investment. Consequently, the Company concluded that the investment is impaired by $1,344,160 (2020: nil).

Our response:

We reviewed the key assumptions used in the cash flow projection supporting the value-in-use calculations to arrive at the recoverable amount of the Company's investment in Securex GS. We compared the forecast order book to management's budgets, prevailing industry trends, and available market information. We challenged management's estimates of the revenue growth rates and profit margins used in the cash flow projections by corroborating to past performance and/or relevant market data. We reviewed the reasonableness of the discount rate applied and assessed if it was derived based on comparable market data and contains relevant factors reflecting the current uncertainties and risks to the business.

We found the methodology applied to be appropriate and the key assumptions used in estimating the recoverable amount to be within range of estimates used in our evaluation.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

Other than the Directors' Statement, which we have obtained prior to the date of this auditors' report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charge with governance and take appropriate actions in accordance with SSAs.

INDEPENDENT AUDITORS' REPORT

Members of the Company IPS Securex Holdings Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

Members of the Company IPS Securex Holdings Limited

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 controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang, Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 September 2021

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2021

	Note	Group 2021 $	Group 2020 $	Company 2021 $	Company 2020 $
Assets					
Plant and equipment	4	**628,440**	1,390,083	**–**	–
Investment in subsidiaries	5	**–**	–	**4,000,039**	5,344,199
Other investment	6	**7,605**	7,605	**–**	–
Non-current assets		**636,045**	1,397,688	**4,000,039**	5,344,199
Inventories	9	**5,098,689**	1,628,538	**–**	–
Trade and other receivables	8	**2,765,298**	5,148,913	**2,254,128**	2,173,512
Contract costs	15	**764,232**	213,441	**–**	–
Loans to subsidiaries	10	**–**	–	**1,025,103**	1,429,576
Contract assets	15	**165,569**	882,154	**–**	–
Current tax recoverable		**40,143**	–	**–**	–
Cash and cash equivalents	11(a)	**6,730,659**	2,709,553	**160,007**	141,251
Investments in fixed deposits	11(b)	**1,421,147**	1,418,650	**–**	–
Current assets		**16,985,737**	12,001,249	**3,439,238**	3,744,339
Total assets		**17,621,782**	13,398,937	**7,439,277**	9,088,538
Equity attributable to owners of the Company					
Share capital	12	**9,405,906**	9,405,906	**9,405,906**	9,405,906
Reserves	12	**(679,352)**	(679,352)	**120,647**	120,647
Accumulated losses		**(47,513)**	(142,950)	**(2,334,896)**	(900,185)
Total equity		**8,679,041**	8,583,604	**7,191,657**	8,626,368
Liabilities					
Loans and borrowings	13	**3,876,240**	510,962	**–**	–
Deferred tax liabilities	7	**84,156**	172,930	**–**	–
Non-current liabilities		**3,960,396**	683,892	**–**	–
Loans and borrowings	13	**1,054,352**	41,696	**–**	–
Trade and other payables	14	**2,070,487**	2,381,367	**247,620**	462,170
Contract liabilities	15	**1,857,506**	1,620,535	**–**	–
Income tax payable		**–**	87,843	**–**	–
Current liabilities		**4,982,345**	4,131,441	**247,620**	462,170
Total liabilities		**8,942,741**	4,815,333	**247,620**	462,170
Total equity and liabilities		**17,621,782**	13,398,937	**7,439,277**	9,088,538

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2021

	Note	Group 2021 $	2020 $
Revenue	15	**8,691,992**	19,324,384
Cost of sales		**(4,556,524)**	(11,761,409)
Gross profit		**4,135,468**	7,562,975
Other income	16	**917,840**	363,101
Administrative expenses		**(4,871,843)**	(5,399,642)
Reversal of/(Recognition of) impairment loss on trade receivables and contract assets		**44,883**	(115,427)
Other operating expenses	22	**(97,308)**	(75,974)
Results from operating activities		**129,040**	2,335,033
Finance income		**2,290**	47,440
Finance costs		**(157,780)**	(90,990)
Net finance cost	17	**(155,490)**	(43,550)
(Loss)/Profit before tax	18	**(26,450)**	2,291,483
Tax credit/(expense)	19	**121,887**	(254,899)
Profit for the year, representing total comprehensive income for the year		**95,437**	2,036,584
Earnings per share			
Basic and diluted earnings per share (cents)	20	**0.02**	0.42

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2021

	Share capital $	Reserve for own shares $	Merger reserve $	Other reserve $	Accumulated profit/(losses) $	Total equity $
Group						
At 1 July 2019	9,405,906	(89,353)	(799,999)	210,000	(2,179,534)	6,547,020
Total comprehensive income for the year						
Profit for the year, representing total comprehensive income for the year	–	–	–	–	2,036,584	2,036,584
Total comprehensive income for the year	–	–	–	–	2,036,584	2,036,584
At 30 June 2020	9,405,906	(89,353)	(799,999)	210,000	(142,950)	8,583,604
At 1 July 2020	9,405,906	(89,353)	(799,999)	210,000	(142,950)	8,583,604
Total comprehensive income for the year						
Profit for the year, representing total comprehensive income for the year	–	–	–	–	95,437	95,437
Total comprehensive income for the year	–	–	–	–	95,437	95,437
At 30 June 2021	**9,405,906**	**(89,353)**	**(799,999)**	**210,000**	**(47,513)**	**8,679,041**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 30 June 2021

	Note	Group 2021 $	Group 2020 $
Cash flows from operating activities			
(Loss)/Profit before tax		**(26,450)**	2,291,483
Adjustments for:			
– Interest income		**(2,290)**	(5,381)
– Interest expense		**141,619**	90,990
– Depreciation of plant and equipment		**813,986**	854,364
– Gain on disposal of plant and equipment		**(654)**	–
– Gain on termination of lease		**(1,127)**	–
– Inventories written-off		**99**	19,010
– Impairment of plant and equipment		**30,446**	–
– Allowance for inventory obsolescence		**48,963**	44,717
– (Reversal of)/Recognition of impairment loss on trade receivables and contract assets		**(44,883)**	115,427
– Net foreign exchange loss/(gain)		**26,312**	(10,620)
		986,021	3,399,990
Changes in working capital:			
– Inventories		**(3,519,213)**	500,940
– Trade and other receivables		**2,431,295**	(2,570,820)
– Contract costs		**(550,791)**	76,298
– Contract assets		**716,585**	(662,379)
– Trade and other payables		**(88,971)**	(281,055)
– Contract liabilities		**236,971**	(772,949)
Cash generated from/(used in) operations		**211,897**	(309,975)
Income tax paid		**(94,873)**	–
Interest received		**20**	4,715
Net cash from/(used in) operating activities		**117,044**	(305,260)
Cash flows from investing activities			
Purchase of plant and equipment		**(37,891)**	(51,203)
Proceeds from disposal of plant and equipment		**654**	–
Net cash used in investing activities		**(37,237)**	(51,203)
Cash flows from financing activities			
Interest paid		**(142,125)**	(90,980)
Proceeds from bank borrowings		**4,500,000**	500,000
Repayments of bank borrowings		**(119,072)**	–
Payments of lease liabilities		**(46,765)**	(18,151)
Utilisation of trade financing facilities		**4,142,756**	3,854,209
Repayment of trade financing facilities		**(4,358,976)**	(3,637,989)
Increase in restricted cash and fixed deposits pledged	11(b)	**(2,497)**	(33,751)
Net cash from financing activities		**3,973,321**	573,338
Net increase in cash and cash equivalents		**4,053,128**	216,875
Cash and cash equivalents at beginning of the year		**2,595,621**	2,370,299
Effect of exchange rates changes on the balance of cash held in foreign currencies		**(32,022)**	8,447
Cash and cash equivalents at end of the year	11(a)	**6,616,727**	2,595,621

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 September 2021.

1 DOMICILE AND ACTIVITIES

IPS Securex Holdings Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 213 Henderson Road, #04-09, Singapore 159553.

The financial statements of the Group as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are that of an investment holding company, business and management consultancy services, provision of services and trading of security products. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I)s). The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise stated.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars which is also the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in Note 25.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5 which addresses changes in accounting policies.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill (if any) at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value on the acquisition date and is included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Business combinations (Continued)

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where applicable, the accounting policies of subsidiaries have been changed to align them with the policies adopted by the Group.

Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain or loss arising is recognised directly in equity.

Loss of control

When the Group loses control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from intra-group transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income (OCI), and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the foreign currency translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Financial assets: Business model assessment (Continued)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial assets contains a contractual term that could change the timing and amount of contractual cash flows that would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Classification and subsequent measurement (Continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Other financial liabilities comprise bank borrowings and trade and other payables.

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits. For the purpose of the statement of cash flows, restricted cash/fixed deposits pledged are excluded whilst bank overdrafts, if any, that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

Expected credit losses (ECLs) are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

3.4 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Plant and equipment (Continued)

Recognition and measurement (Continued)

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Construction-in-progress relates to the construction of office systems and setting up of computer network. Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Computers and office equipment	2 to 3 years
Furniture, fixtures and office renovation	3 to 5 years
Tools and equipment	3 to 5 years
Motor vehicles	5 to 10 years
Alert alarm systems	7 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or 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.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property-related assets the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

As a lessee (Continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Leases (Continued)

As a lessee (Continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in ‘plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment and office spaces. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from alert alarm systems under operating leases as income on a straight-line basis over the lease term as part of ‘revenue’. See Note 3.9 for further information.

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment

Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortised costs; and
- contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

***General approach* (Continued)**

The Group considers a financial asset to be in default when:

- the customer is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset remains outstanding beyond management's expected range of past due days taking into consideration past payment trends, macroeconomic and industry conditions.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor or issuer;

- a breach of contract such as a default (as defined above);

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Impairment (Continued)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and contract assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

3.8 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Employee benefits (Continued)

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

3.9 Revenue

Sale of goods and rendering of services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative standalone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised over the course of the service reflecting the progress towards complete satisfaction of that PO.

A contract asset is recognised when the value of goods delivered or services rendered for a contract exceeds payments received from the customer. The contract asset is transferred to trade receivables when the entitlement to payment becomes unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

A contract cost is recognised when costs had been incurred by the Group to fulfill future performance obligations. The Group will capitalise these as contract costs only if (a) these costs relate directly to a contract; (b) these costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (c) these costs are expected to be recovered. Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue.

The classification of a contract asset, contract cost and contract liability is determined on a contract-by-contract basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Revenue (Continued)

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease in accordance with SFRS(I) 16 *Leases*. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

At the inception of an arrangement, the Group determines if (i) the fulfilment of the arrangement is dependent on the use of the leased equipment and (ii) the arrangement assigns a right to the customer to use the equipment. In the assessment of the criteria, the Group considered the following:

- Whether there is transfer of ownership of the equipment to the customer either during or at the end of the lease term.
- Whether the customer has purchase options to acquire the equipment at the end of the lease and if, at inception, it is reasonably certain that the options will be exercised.
- Whether the lease term is shorter than or forms a major part of the economic useful life of the equipment.
- Whether the present value of the minimum lease payments is less than or substantially all of the fair value of the equipment.
- Whether the leased equipment is of a specialised nature.

3.10 Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised. In this case, the grant is recognised when it becomes receivable.

3.11 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Finance income and finance costs (Continued)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Tax (Continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.13 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses and income, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment.

3.15 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to FRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 New standards and interpretations not yet adopted (Continued)

- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Disclosure of Accounting Policies* (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- *Definition of Accounting Estimate* (Amendments to SFRS(I) 1-8)
- *Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (Amendments to SFRS(I) 1-12 Income Taxes)

4 PLANT AND EQUIPMENT

Group	Computers and office equipment $	Furniture, fixtures and office renovation $	Tools and equipment $	Motor vehicles $	Alert alarm systems $	Construction-in-progress $	Total $
Cost							
At 1 July 2019	582,122	749,729	58,865	448,646	5,528,270	–	7,367,632
Additions	25,802	–	–	12,921	–	12,480	51,203
Transfers[1]	–	–	8,559	–	–	–	8,559
At 30 June 2020	607,924	749,729	67,424	461,567	5,528,270	12,480	7,427,394
Additions	86,272	–	–	–	–	3,600	89,872
Disposals	(83,537)	–	–	(51,383)	(1,367,498)	–	(1,502,418)
At 30 June 2021	**610,659**	**749,729**	**67,424**	**410,184**	**4,160,772**	**16,080**	**6,014,848**
Accumulated depreciation and impairment losses							
At 1 July 2019	464,458	436,241	53,752	248,450	3,980,046	–	5,182,947
Depreciation for the year	61,888	149,677	12,018	39,885	590,896	–	854,364
At 30 June 2020	526,346	585,918	65,770	288,335	4,570,942	–	6,037,311
Depreciation for the year	62,480	135,900	766	36,812	578,028	–	813,986
Impairment loss	19,951	457	13	1,985	–	8,040	30,446
Disposals	(76,454)	–	–	(51,383)	(1,367,498)	–	(1,495,335)
At 30 June 2021	**532,323**	**722,275**	**66,549**	**275,749**	**3,781,472**	**8,040**	**5,386,408**
Carrying amounts							
At 1 July 2019	117,664	313,488	5,113	200,196	1,548,224	–	2,184,685
At 30 June 2020	81,578	163,811	1,654	173,232	957,328	12,480	1,390,083
At 30 June 2021	**78,336**	**27,454**	**875**	**134,435**	**379,300**	**8,040**	**628,440**

[1] In 2020, the Group transferred tools and equipment with carrying amount of $8,559 from inventories to plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

4 PLANT AND EQUIPMENT (CONTINUED)

As at 30 June 2021, plant and equipment includes right-of-use assets of $49,382 and $Nil (2020: $12,396 and $96,291) related to office equipment and motor vehicles respectively, which are acquired through lease arrangements.

During the year, the Group disposed office equipment, acquired under lease agreement, at carrying amount of $7,083. This was offset by early termination of the lease liabilities of $8,210, resulting in gain on termination of lease of $1,127 recognised as “other income” in profit or loss.

Valuation of plant and equipment

For the purpose of impairment testing, plant and equipment have been allocated into two groups of CGUs based on the level at which management monitors them. The CGUs were Securex GS CGU and IPS Securex CGU.

In 2021, management assessed that there were indicators of impairment on the plant and equipment in the Securex GS CGU given the unit’s low profitability, its operating profits being lower than originally budgeted and uncertain economic conditions. Consequently, management carried out an assessment of the recoverable amount of the plant and equipment.

Management assessed that there were no indicators of impairment on the plant and equipment in the IPS Securex CGU as the CGU remained profitable and the financial performance of the CGU for the financial year tracked management’s expectations and budget. On this basis, no further assessment was performed.

Value in use was determined by discounting the future cash flows generated from the continuing use of the CGU. The key assumptions applied in the computation of value in use include:

2021	**Securex GS CGU**
Group	
3 years compounded revenue growth rate	**1.3%**
Average earnings before interest, taxes, depreciation and amortisation margin	**6.0%**
Pre-tax discount rate	**12.8%**
2020	
Group	
5 years compounded revenue growth rate	1.0%
Average earnings before interest, taxes, depreciation and amortisation margin	5.0%
Pre-tax discount rate	13.6%

The cash flow projections were based on the forecasts prepared by management which considered current operating results and available market information.

Based on the recoverable amount determined, there is impairment loss of $30,446 recognised on the plant and equipment as at 30 June 2021.

Management believes that any reasonable unfavourable change in the above key assumptions will further cause the recoverable value to be lower than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

5 INVESTMENT IN SUBSIDIARIES

	Company	
	2021	**2020**
	$	**$**
Unquoted equity shares, at cost	**5,344,199**	5,344,199
Provision for impairment	**(1,344,160)**	–
	4,000,039	5,344,199

Movements in the provision for impairment of subsidiaries are as follows:

	Company	
	2021	**2020**
	$	**$**
At 1 July	**–**	–
Impairment loss charged to profit and loss	**1,344,160**	–
At 30 June	**1,344,160**	–

The Company assesses at each reporting date whether there is any indication that the investment in subsidiaries is impaired. To determine whether there is indication of impairment, the Company considers factors such as a significant deterioration in the financial position of the subsidiaries or the subsidiaries are experiencing significant financial difficulties.

During the financial year, management identified an indication of impairment in its investment in subsidiary, Securex GS Pte. Ltd. The recoverable amount was estimated based on the higher of fair value less costs of disposal and the present value of the future cash flows expected to be derived (i.e. value in use).

Management had performed an assessment on the recoverable amount based on the cash flow estimates of the underlying assets. The key assumptions applied in the computation of value in use are disclosed in Note 4 and a terminal growth rate of 1.5% (2020: 1.5%) being used. As the estimated recoverable amount was lower than cost of investment, an impairment loss of $1,344,160 (2020: Nil) was made.

Management believes that any reasonable unfavourable change in the above key assumptions will further cause the recoverable value to be lower than the cost of investment.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

5 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group	
			2021 %	2020 %
IPS Securex Pte. Ltd.[a]	Distribution, installation and commissioning of security equipment and provision of maintenance support and leasing services.	Singapore	**100**	100
Securex GS Pte. Ltd.[a]	Distribution, installation and commissioning of security equipment and provision of maintenance support.	Singapore	**100**	100
IPS Securex (B) Sdn Bhd[b]	Distribution, installation and commissioning of security equipment and provision of maintenance support and leasing services.	Brunei	**100**	100

[a] Audited by KPMG LLP, Singapore.
[b] Audited by member firm of KPMG International.

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Another member firm of KPMG International is the auditor of IPS Securex (B) Sdn Bhd.

A subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

6 OTHER INVESTMENT

	Group	
	2021 $	2020 $
Club membership, at cost	**7,605**	7,605

The above club membership is held in trust by a director. The carrying value of the club membership is measured at cost less allowance for impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

7 DEFERRED TAX LIABILITIES

Recognised deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 2021 $	Group 2020 $
Plant and equipment	**84,156**	172,930

Movements in temporary differences during the year

	As at 1 July 2019 $	Recognised in profit or loss (Note 19) $	As at 30 June 2020 $	Recognised in profit or loss (Note 19) $	As at 30 June 2021 $
Group					
Plant and equipment	188,474	(15,544)	172,930	(88,774)	**84,156**
Tax losses carry-forward	(182,600)	182,600	–	–	**–**
	5,874	167,056	172,930	(88,774)	**84,156**

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax jurisdiction.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item:

	Group 2021 $	Group 2020 $
Unutilised tax losses	**1,964,986**	1,964,986

Deferred tax assets have not been recognised in respect of the tax losses because of uncertainties over the availability of future taxable profits against which the Group can utilise these unrecognised benefits. The tax losses are subject to agreement by the tax authorities and compliance with tax regulations including satisfactory outcomes over changes in shareholders and the shareholding test. The tax losses do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Trade receivables	**2,345,444**	9,050,397	**–**	–
Impairment loss on trade receivables	**(213,666)**	(4,563,644)	**–**	–
	2,131,778	4,486,753	**–**	–
Other receivables	**42,632**	4,736	**–**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**2,204,558**	2,126,952
Deposits	**477,767**	397,416	**41,065**	38,055
	2,652,177	4,888,905	**2,245,623**	2,165,007
Prepayments	**113,121**	260,008	**8,505**	8,505
	2,765,298	5,148,913	**2,254,128**	2,173,512

The non-trade amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

The Group's and the Company's exposure to credit and currency risks, and impairment losses for trade and other receivables are disclosed in Note 22.

9 INVENTORIES

	Group	
	2021	2020
	$	$
Inventories, net of allowance for inventories obsolescence	**5,098,689**	1,628,538

The movements in the allowance for inventories obsolescence during the year was as follows:

	Group	
	2021	2020
	$	$
At 1 July	**142,900**	98,183
Allowance during the year	**48,963**	44,717
At 30 June	**191,863**	142,900

During the year, inventories of $4,011,105 (2020: $10,895,764) were recognised as an expense and included in "cost of sales".

10 LOANS TO SUBSIDIARIES

Loans to subsidiaries are non-trade in nature, unsecured, interest-free and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

11 CASH AND CASH EQUIVALENTS AND INVESTMENTS IN FIXED DEPOSITS

(a) Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Cash at banks	**6,720,705**	2,701,568	**159,543**	141,192
Cash on hand	**9,954**	7,985	**464**	59
Cash and cash equivalents in the statements of financial position	**6,730,659**	2,709,553	**160,007**	141,251
Less: Restricted cash pledged	**(113,932)**	(113,932)	**–**	–
Cash and cash equivalents in the statement of cash flows	**6,616,727**	2,595,621	**160,007**	141,251

(b) Investment in fixed deposits

	Group		Company	
	2021	2020	2021	2020
	$	$	$	$
Investment in fixed deposits				
– Fixed deposits with a financial institution	**1,421,147**	1,418,650	**–**	–

Restricted cash of $113,932 (2020: $113,932) and fixed deposits of $1,421,147 (2020: $1,418,650) were held as security for bank guarantees.

The effective interest rate per annum relating to fixed deposits for the Group is 0.1% to 0.2% (2020: 0.15% to 0.3%).

12 CAPITAL AND RESERVES

Share capital

	Company			
	2021	2020	2021	2020
	Number of ordinary shares		$	$
Issued and fully paid ordinary shares, with no par value:				
At beginning and end of the financial year	**486,000,000**	486,000,000	**9,405,906**	9,405,906

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

12 CAPITAL AND RESERVES (CONTINUED)

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**
Merger reserve	**(799,999)**	(799,999)	**–**	–
Reserve for own shares	**(89,353)**	(89,353)	**(89,353)**	(89,353)
Other reserve	**210,000**	210,000	**210,000**	210,000
	(679,352)	(679,352)	**120,647**	120,647

Merger reserve

In 2014, the Group underwent a restructuring exercise as part of its preparation for the listing of the Company on the SGX-ST. The financial statements incorporated the financial statements of the Company and its subsidiaries and had been prepared using the principles of merger accounting on the basis that the restructuring of entities were under common control.

Merger reserve represents the difference between the share capital of the subsidiaries at the date of acquisition and the share capital issued by the Company as consideration to the former shareholder of the subsidiaries. The acquisition of the subsidiaries was accounted for as a common control transactions as the controlling shareholder of the subsidiaries is also the controlling shareholder of the Company.

Reserve for own shares

	Group and Company	
	2021	**2020**
	$	**$**
At beginning and end of the year	**89,353**	89,353

Reserve for own shares comprises the cost of the Company's ordinary shares held by the Company.

As at 30 June 2021, the Company holds 1,155,900 (2020: 1,155,900) of its own shares as treasury shares. The treasury shares were included as a deduction against shareholders' equity.

Other reserve

Other reserve pertains to the deemed capital contribution by the controlling shareholders of the holding company for issuance of shares to directors of the Company (i.e. share-based payment) as part of the restructuring exercise in 2014. The holding company granted 16.38 million ordinary shares of the Company (adjusted for subdivision of ordinary shares) to certain directors of the Company for their services provided to the Company. The ordinary shares were granted at no consideration, with no vesting conditions. Management estimated the fair value of shares granted based on the services provided by the directors and were recognised as expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

13 LOANS AND BORROWINGS

	Group 2021 $	Group 2020 $
Non-current		
Secured bank loan	**3,836,123**	476,455
Lease liabilities	**40,117**	34,507
	3,876,240	510,962
Current		
Secured bank loan	**1,044,805**	23,545
Lease liabilities	**9,547**	18,151
	1,054,352	41,696
	4,930,592	552,658

Terms and debt repayment schedule

Terms and conditions of outstanding borrowings are as follows:

			2021		2020	
	Interest rate %	Year of maturity	Face value $	Carrying amount $	Face value $	Carrying amount $
Group						
Secured fixed rate bank loan	2.50	2026	**4,880,928**	**4,880,928**	500,000	500,000
Lease liabilities	2.18 – 2.70	2022 – 2024	**–**	**–**	60,424	52,658
Lease liabilities	4.75	2026	**55,575**	**49,664**	–	–
			4,936,503	**4,930,592**	560,424	552,658

In 2021, the Group leases office equipment which are capitalised as right-of-use assets based on its lease payment terms. In prior year, the Group purchased motor vehicles and office equipment under hire purchase arrangements. These lease liabilities have been fully settled during the year.

The Company provided an intra-group financial guarantee to a bank in respect of the bank loan granted to a subsidiary. The fair value of the financial liability attributable to the intra-group financial guarantee was assessed to be immaterial as the financial guarantee, on a standalone basis, does not change the financing cost of the loan. At the reporting date, the Company does not consider it probable that a claim will be made against these corporate guarantees.

The Group's and the Company's exposure to interest rates and liquidity risks are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

13 LOANS AND BORROWINGS (CONTINUED)

Terms and debt repayment schedule (Continued)

Future minimum lease payments together with the present value of the minimum lease payments were as follows:

Group	Principal $	Interest $	Future minimum lease payments $
2021			
Within one year	**9,547**	**2,153**	**11,700**
After one year but within five years	**40,117**	**3,758**	**43,875**
	49,664	**5,911**	**55,575**
2020			
Within one year	18,151	2,644	20,795
After one year but within five years	34,507	5,122	39,629
	52,658	7,766	60,424

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			
	Bank borrowings $	Lease liabilities $	Trade and other payables $	Total $
Group				
Balance at 1 July 2019	–	70,809	2,448,366	2,519,175
Changes from financing cash flows				
Payments of lease liabilities	–	(18,151)	–	(18,151)
Proceeds from bank borrowings	500,000	–	–	500,000
Interest paid	(8,149)	(2,644)	(80,187)	(90,980)
Utilisation of trade financing facilities	–	–	3,854,209	3,854,209
Repayment of trade financing facilities	–	–	(3,637,989)	(3,637,989)
Total changes from financing cash flows	491,851	(20,795)	136,033	607,089
Other changes				
Interest expense	8,149	2,644	80,197	90,990
Net foreign exchange gain	–	–	(2,174)	(2,174)
Changes in trade and other payables	–	–	(281,055)	(281,055)
Total other changes	8,149	2,644	(203,032)	(192,239)
Balance at 30 June 2020	500,000	52,658	2,381,367	2,934,025
Balance at 1 July 2020	500,000	52,658	2,381,367	2,934,025
Changes from financing cash flows				
Payment of lease liabilities	–	(46,765)	–	(46,765)
Proceeds from bank borrowings	4,500,000	–	–	4,500,000
Repayments of bank borrowings	(119,072)	–	–	(119,072)
Interest paid	(97,686)	(6,227)	(38,212)	(142,125)
Utilisation of trade financing facilities	–	–	4,142,756	4,142,756
Repayment of trade financing facilities	–	–	(4,358,976)	(4,358,976)
Total changes from financing cash flows	4,283,242	(52,992)	(254,432)	3,975,818

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

13 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities (Continued)

	Liabilities			
	Bank borrowings $	**Lease liabilities $**	**Trade and other payables $**	**Total $**
Other changes				
Interest expense	97,686	6,227	37,706	141,619
New leases	–	51,981	–	51,981
Termination of lease	–	(8,210)	–	(8,210)
Net foreign exchange gain	–	–	(5,183)	(5,183)
Changes in trade and other payables	–	–	(88,971)	(88,971)
Total other changes	97,686	49,998	(56,448)	91,236
Balance at 30 June 2021	**4,880,928**	**49,664**	**2,070,487**	**7,001,079**

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 $	**2020 $**	**2021 $**	**2020 $**
Trade payables	**1,381,262**	951,392	**–**	–
Bills payable	**–**	216,220	**–**	–
Other payables	**77,230**	282,897	**21,265**	25,466
Amounts due to:				
– Subsidiary (non-trade)	**–**	–	**2,101**	1,000
– Related parties (non-trade)	**26,739**	48,258	**26,220**	47,830
Accruals	**486,201**	882,600	**160,234**	350,074
Deposits received	**–**	–	**37,800**	37,800
Deferred grant income	**99,055**	–	**–**	–
	2,070,487	2,381,367	**247,620**	462,170

In 2020, the Group had bills payable relating to short-term banking facilities which bore interest of 2.60% to 5.25% and matured within 18 to 33 days.

The non-trade amounts due to subsidiary and related parties are unsecured, interest-free and are repayable on demand.

Deposits received from subsidiaries are non-trade, unsecured, interest-free and are repayable on demand.

The Group and the Company's exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

15 REVENUE

	Group	
	2021	2020
	$	$
Revenue from contract customers	**7,554,143**	17,912,233
Rental income	**1,137,849**	1,412,151
	8,691,992	19,324,384

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sales of goods

Nature of goods or services	The Group sells and installs security equipment.
When revenue is recognised	Revenue is recognised at a point in time when goods are delivered and installed, and have been accepted by the customers.
Significant payment terms	Invoices are issued upon delivery of goods and are payable within 30 to 90 days.
Variable consideration	There is no right to return the goods. There are no variable considerations such as volume discounts and sales rebates provided to customers.

Maintenance services

Nature of goods or services	The Group provides maintenance services for security equipment.
When revenue is recognised	Revenue is recognised over time (i.e. over the course of the service).
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 to 90 days.
Variable consideration	There are no variable considerations such as volume discounts and sales rebates provided to customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

15 REVENUE (CONTINUED)

Rental income

Rental income is recognised on a straight-line basis over the term of the lease based on SFRS(I) 16 *Leases*.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers, recognised under SFRS(I) 15, is disaggregated by geographical markets, major products and services lines and timings of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 21).

	Reportable Segment					
	Security solutions		**Maintenance services**		**Total**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$	**$**	**$**	**$**	**$**	**$**
Geographical markets						
Singapore	**3,373,862**	11,278,002	**2,672,106**	3,706,178	**6,045,968**	14,984,180
East Asia[1]	**179,420**	472,925	**–**	–	**179,420**	472,925
Indochina[2]	**53,512**	123,973	**–**	69,550	**53,512**	193,523
Rest of Southeast Asia[3]	**1,769**	1,735,170	**1,262,629**	519,382	**1,264,398**	2,254,552
Other countries	**10,845**	7,053	**–**	–	**10,845**	7,053
Total	**3,619,408**	13,617,123	**3,934,735**	4,295,110	**7,554,143**	17,912,233
Major product/service lines						
Sales of goods	**3,619,408**	13,617,123	**–**	–	**3,619,408**	13,617,123
Maintenance services	**–**	–	**3,934,735**	4,295,110	**3,934,735**	4,295,110
Total	**3,619,408**	13,617,123	**3,934,735**	4,295,110	**7,554,143**	17,912,233
Timing of revenue recognition						
At a point in time	**3,619,408**	13,617,123	**–**	–	**3,619,408**	13,617,123
Over time	**–**	–	**3,934,735**	4,295,110	**3,934,735**	4,295,110
	3,619,408	13,617,123	**3,934,735**	4,295,110	**7,554,143**	17,912,233

(1) Includes China, Hong Kong, South Korea and Japan.
(2) Includes Myanmar, Thailand, Laos, Cambodia and Vietnam.
(3) Includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

15 REVENUE (CONTINUED)

Contract balances

The following table provides information about trade receivables and contract balances from contracts with customers.

	Note	Group 2021 $	Group 2020 $
Trade receivables	8	**2,131,778**	4,486,753
Contract assets		**165,569**	882,154
Contract costs		**764,232**	213,441
Contract liabilities		**(1,857,506)**	(1,620,535)

The contract assets mainly relate to the Group's rights to consideration for work completed but yet to be billed at reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to advance consideration received from customers. The Group exercises the practical expedient under SFRS(I) 15 not to adjust the transaction price for the effects of financing component, at contract inception, as the period between customer payment and the transfer of goods to be within one year.

Significant changes in the contract assets and contract liabilities balances during the year are as follows:

	Contract assets 2021 $	Contract assets 2020 $	Contract liabilities 2021 $	Contract liabilities 2020 $
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**–**	–	**189,435**	2,389,218
Increase due to cash received, excluding amounts recognised as revenue during the year	**–**	–	**(426,406)**	(1,616,269)
Transfer from contract assets recognised at the beginning of the year to receivables	**(875,754)**	(218,995)	**–**	–
Recognition of revenue in the year for which remains unbilled	**159,169**	881,374	**–**	–

Contract costs primarily relate to subcontractor costs incurred by the Group for the installation of equipment at customers' premises. Such costs are capitalised as fulfilment cost for the delivery and installation of equipment satisfied at a point in time. These costs are expected to be recoverable through the transaction price and recognised to the profit or loss when the related revenue is recognised.

In 2021,

- $634,531 (2020: $158,446) of fulfilment costs was recognised as contract costs; and
- $83,740 (2020: $234,744) of contract costs was recognised to the profit or loss and no impairment loss is recognised on contract costs.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

15 REVENUE (CONTINUED)

Transaction price allocated to remaining performance obligation

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

16 OTHER INCOME

	Group	
	2021	**2020**
	$	**$**
Government grants	**913,171**	338,786
Gain on disposal of plant and equipment	**654**	–
Gain on termination of lease	**1,127**	–
Bad debts recovered	**–**	10,165
Other miscellaneous income	**2,888**	14,150
	917,840	363,101

Government grants comprise largely grant received under the Jobs Support Scheme ("JSS") from the Singapore government, which was announced at the Unity Budget 2020 on 18 February 2020. The JSS was enhanced subsequently in the three supplementary budgets (the "Resilience Budget", the "Solidarity Budget" and the "Fortitude Budget") announced on 26 March 2020, 6 April 2020 and 26 May 2020 respectively. In Singapore Budget 2021, JSS was extended by up to 6 months for firms in Tier 1 and Tier 2 sectors, covering wages from April 2021 to September 2021.

17 NET FINANCE COST

	Group	
	2021	**2020**
	$	**$**
Interest income from:		
– cash at banks	**20**	4,066
– fixed deposits	**2,270**	1,315
	2,290	5,381
Foreign exchange gain (net)	**–**	42,059
Finance income	**2,290**	47,440
Interest expense on:		
– trade financing facilities	**(37,706)**	(80,197)
– lease liabilities	**(6,227)**	(2,644)
– bank borrowings	**(97,686)**	(8,149)
	(141,619)	(90,990)
Foreign exchange loss (net)	**(16,161)**	–
Finance costs	**(157,780)**	(90,990)
Net finance cost recognised in profit or loss	**(155,490)**	(43,550)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

18 (LOSS)/PROFIT BEFORE TAX

The following items have been included in arriving at (loss)/profit before tax:

	Note	Group 2021 $	Group 2020 $
Directors' remuneration:			
– of the Company		**446,490**	634,380
– of subsidiaries		**37,739**	52,707
Directors' fees:			
– of the Company		**205,216**	205,216
– of subsidiaries		**50,000**	50,000
Total directors' remuneration		**739,445**	942,303
Employee benefits expense (inclusive of directors' remuneration):			
– Salaries and related expenses		**3,161,990**	3,570,430
– Defined contribution plan		**361,166**	416,391
Audit fees paid to:			
– auditors of the Company		**127,000**	127,000
– other member firms of KPMG International		**8,000**	8,000
Non-audit fees paid to:			
– auditors of the Company		**14,500**	14,200
– other auditors		**22,000**	20,167
Depreciation of plant and equipment	4	**799,980**	832,654
Depreciation of right-of-use assets	4	**14,006**	21,710
Inventories written-off		**99**	19,010
Impairment of plant and equipment	4	**30,446**	–
Allowance for inventories obsolescence	9	**48,963**	44,717
(Reversal of)/Recognition of impairment loss on trade receivables and contract assets arising from contract with customers		**(44,883)**	115,427
Expenses relating to short-term leases	23	**216,199**	215,892
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	23	**2,840**	3,660

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

19 TAX (CREDIT)/EXPENSE

	Note	Group 2021 $	Group 2020 $
Current tax (credit)/expense			
Current year		**6,972**	87,843
Changes in estimates in respect of prior years – utilisation of group tax relief		**(40,085)**	–
		(33,113)	87,843
Deferred tax (credit)/expense			
Origination and reversal of temporary differences	7	**(88,774)**	167,056
		(121,887)	254,899

Reconciliation of effective tax rate

	Group 2021 $	Group 2020 $
(Loss)/Profit before tax	**(26,450)**	2,291,483
Tax using the Singapore tax rate of 17% (2020: 17%)	**(4,497)**	389,552
Effect of tax rates in foreign jurisdiction	**(606)**	95
Non-deductible expenses	**48,723**	117,833
Non-taxable income	**(118,800)**	(7,347)
Tax exempt income	**(7,222)**	(33,591)
Utilisation of previously unrecognised tax losses	**–**	(211,643)
Changes in estimates in respect of prior years – utilisation of group tax relief	**(40,085)**	–
Others	**600**	–
	(121,887)	254,899

20 EARNINGS PER SHARE

The calculation of the basic and fully diluted earnings per share is based on the following:

	Group 2021	Group 2020
Profit for the year ($)	**95,437**	2,036,584
Weighted average number of ordinary shares	**484,844,100**	484,844,100
Earnings per share – Basic and diluted (cents)	**0.02**	0.42

Weighted-average number of ordinary shares

	Group 2021	Group 2020
Issued ordinary shares at 1 June*	**484,844,100**	484,844,100
Weighted-average number of ordinary shares during the year	**484,844,100**	484,844,100

* Issued ordinary shares do not include own shares held as treasury shares of 1,155,900 (2020: 1,155,900).

The basic and diluted earnings per share are the same for 2021 and 2020 as there were no dilutive instruments in issue as at 30 June 2021 and 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

21 SEGMENT REPORTING

Operating segments

For management purpose, the Group is organised into business units based on the products and services offered, and has two reportable operating segments as follows:

(i) Security solutions business includes the sale of goods and the provision of integrated security solutions to customers; and

(ii) Maintenance and leasing business includes the maintenance services and leasing of security equipment.

The Group is primarily engaged in the security solutions business, and maintenance and leasing business where each division distributes security products and provides maintenance services including preventive, corrective, comprehensive and ad-hoc maintenance services to the customers, respectively.

The Group's Chief Executive Officer (CEO) (the chief operating decision maker) monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group CEO. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of its operating segment.

Information about reportable segments

	Security solutions		Maintenance and leasing		Total	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Revenue from contracts with customers	**3,619,408**	13,617,123	**3,934,735**	4,295,110	**7,554,143**	17,912,233
Rental income	**–**	–	**1,137,849**	1,412,151	**1,137,849**	1,412,151
External revenue	**3,619,408**	13,617,123	**5,072,584**	5,707,261	**8,691,992**	19,324,384
Inter-segment revenue	**16,478**	1,094,367	**221,848**	126,350	**238,326**	1,220,717
Other income	**–**	42	**–**	–	**–**	42
Interest income	**2,243**	1,225	**–**	–	**2,243**	1,225
Interest expense	**(37,143)**	(89,470)	**(562)**	(50)	**(37,705)**	(89,520)
Depreciation of plant and equipment	**–**	–	**(578,028)**	(590,896)	**(578,028)**	(590,896)
Reversal of/(Recognition of) impairment loss on trade receivables and contract assets	**45,056**	(115,018)	**(173)**	(409)	**44,883**	(115,427)
Reportable segment operating profit	**773,630**	3,129,800	**3,249,081**	4,163,740	**4,022,711**	7,293,540
Reportable segment assets	**9,102,025**	7,220,765	**1,339,878**	3,018,098	**10,441,903**	10,238,863
Reportable segment liabilities	**(2,947,229)**	(2,538,721)	**(395,727)**	(390,367)	**(3,342,956)**	(2,929,088)

Segment operating profit represents the profit earned by each segment without allocation of certain other income, other operating expenses, administrative expenses, finance costs, and income tax expense. This is the measure reported to the Group CEO for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

21 SEGMENT REPORTING (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2021 $	2020 $
Revenues		
Total revenue for reportable segments	**8,930,318**	20,545,101
Elimination of inter-segment revenue	**(238,326)**	(1,220,717)
Consolidated revenue	**8,691,992**	19,324,384
Profit or loss		
Operating profit for reportable segments	**4,022,711**	7,293,540
Elimination of inter-segment profits	**–**	–
Unallocated amounts:		
– Other income	**917,840**	363,059
– Administrative expenses	**(4,798,629)**	(5,335,534)
– Other operating expenses	**(48,344)**	(74,327)
– Net finance (costs)/income	**(120,028)**	44,745
Consolidated (loss)/profit before tax	**(26,450)**	2,291,483
Assets		
Total assets for reportable segments	**10,441,903**	10,238,863
Unallocated amounts:		
– Plant and equipment	**249,140**	432,755
– Cash and cash equivalents	**6,616,727**	2,594,811
– Current tax recoverable	**40,143**	–
– Others	**273,869**	132,508
Consolidated total assets	**17,621,782**	13,398,937
Liabilities		
Total liabilities for reportable segments	**(3,342,956)**	(2,929,088)
Unallocated amounts:		
– Bank borrowings	**(4,880,928)**	(500,000)
– Lease liabilities	**(49,664)**	(52,658)
– Other payables	**(585,037)**	(1,072,814)
– Deferred tax liabilities	**(84,156)**	(172,930)
– Income tax payable	**–**	(87,843)
Consolidated total liabilities	**(8,942,741)**	(4,815,333)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

21 SEGMENT REPORTING (CONTINUED)

Other material items

	Reportable segment $	Unallocated amounts $	Consolidated $
2021			
Other income	**–**	**917,840**	**917,840**
Interest income	**2,243**	**47**	**2,290**
Interest expense	**(37,705)**	**(103,914)**	**(141,619)**
Depreciation of plant and equipment	**(578,028)**	**(235,958)**	**(813,986)**
Impairment of plant and equipment	**–**	**(30,446)**	**(30,446)**
Reversal of impairment loss on trade receivables and contract assets	**44,883**	**–**	**44,883**
Capital expenditure	**–**	**(37,891)**	**(37,891)**

	Reportable segment $	Unallocated amounts $	Consolidated $
2020			
Other income	42	363,059	363,101
Interest income	1,225	4,156	5,381
Interest expense	(89,520)	(1,470)	(90,990)
Depreciation of plant and equipment	(590,896)	(263,468)	(854,364)
Impairment loss on trade receivables and contract assets	(115,427)	–	(115,427)
Capital expenditure	–	(51,203)	(51,203)

Geographical information

The Security Solutions and Maintenance and Leasing segments are managed and operate primarily in Asia, with its distribution facilities and sales offices primarily in Singapore and Brunei. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

	2021 $	2020 $
Revenue		
Singapore	**7,183,817**	16,396,331
East Asia[1]	**179,420**	472,925
Indochina[2]	**53,512**	193,523
Rest of Southeast Asia[3]	**1,264,398**	2,254,552
Other countries	**10,845**	7,053
Consolidated revenue	**8,691,992**	19,324,384
Non-current assets		
Singapore	**636,045**	1,397,688

(1) Includes China, Hong Kong, South Korea and Japan.
(2) Includes Myanmar, Thailand, Laos, Cambodia and Vietnam.
(3) Includes Malaysia, Brunei, Indonesia, Philippines and Timor Leste.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

21 SEGMENT REPORTING (CONTINUED)

Other material items (Continued)

Major customers

Revenue from three (2020: two) customers of the Group collectively represents 41.2% (2020: 58.7%) of the Group's total revenue.

22 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- market risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables, contract assets and cash and cash equivalents. The Company's exposure to credit risk arises primarily from loan to subsidiaries, trade and other receivables, contract assets and cash and cash equivalents.

The carrying amounts of financial assets in the statement of financial position represent the Group's maximum exposures to credit risk, before taking into account any collateral held. The Group does not hold any collateral in respect of their financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2021	2020
	$	$
Reversal of/(Recognition of) impairment loss on trade receivables and contract assets arising from contract with customers	**44,883**	(115,427)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

The Group in managing its credit risk, assesses and takes into consideration the nature of each customer, and in turn takes deliberate actions in minimising its credit risk. These actions include, requesting advance payments from customers, performing credit risk assessment for new customers and regular monitoring of customers' financial standing.

Where assessed to be required, credit risk management also includes, having management actively monitor and manage the on-going customer relationship, the status of the project the customer is involved in, and where necessary, working with customers on payment arrangements.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade and other receivables for which no loss allowance is recognised because of collateral.

Exposure to credit risk profile

The Group monitors credit risk by the country and industry sector exposures for its trade receivables and contract assets. The credit risk concentration profile of the Group's trade receivables and contract assets at the respective reporting dates are as follows:

	Group	
	2021	**2020**
	$	**$**
By country		
Singapore	**2,276,926**	5,368,907
Hong Kong	**20,421**	–
	2,297,347	5,368,907
By business segment		
Sale of goods	**1,809,826**	4,268,160
Maintenance services	**387,048**	948,071
Rental	**100,473**	152,676
	2,297,347	5,368,907

A summary of the Group's exposure to credit risk for trade receivables and contract assets are as follows:

	Group			
	2021		**2020**	
	Not credit-impaired	**Credit-impaired**	**Not credit-impaired**	**Credit-impaired**
	$	**$**	**$**	**$**
Customer within:				
Two or more years trading history with the Group	**1,885,986**	**206,856**	4,873,383	4,580,811
Less than two years trading with the Group	**418,171**	**–**	478,357	–
Total gross carrying amount	**2,304,157**	**206,856**	5,351,740	4,580,811
Loss allowance	**(6,810)**	**(206,856)**	(14,567)	(4,549,077)
	2,297,347	**–**	5,337,173	31,734

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

As at year end, the Group has concentration of credit risk on 6 (2020: 5) customers, which accounted for 52.7% (2020: 73.3%) of the total trade and other receivables.

Expected credit loss assessment

The Group identified trade receivables and contract assets that are credit-impaired and for which default event(s) has occurred. For such receivables, the Group assessed specifically the probability of recovery to the trade receivables and contract assets balances and recognised the difference as impairment loss.

The Group uses an allowance matrix to measure the ECLs for the remaining of trade receivables and contract assets which comprises a large customer base with small balances and which are not credit impaired. The loss rates applied to the allowance matrix are calculated based on historical credit loss experience in the past 5 years (2020: 5 years). In the current year, the Group assessed and estimated the forward-looking overlay adjustments on the historical credit loss rates taking into consideration the uncertainties in existing market conditions including the consideration of COVID-19 pandemic impact on the credit risk profile of customers. The forward-looking overlay aims to reflect the differences in economic conditions during the period over which the historical loss data has been compiled, current conditions and the Group's expectations of the economic conditions that might affect recoverability of the Group's trade receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 30 June:

	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance $
2021			
Group			
Credit impaired receivables	**100**	**206,856**	**(206,856)**
Remaining receivables:			
– Not past due	**0.1**	**1,878,467**	**(2,546)**
– Past due 1 – 30 days	**0.3**	**189,441**	**(538)**
– Past due 31 – 90 days	**0.6**	**202,090**	**(1,228)**
– Past due 91 to 180 days	**3.1**	**22,721**	**(711)**
– Past due more than 180 days	**15.6**	**11,438**	**(1,787)**
		2,511,013	**(213,666)**
2020			
Group			
Credit impaired receivables	99	4,580,811	(4,549,077)
Remaining receivables:			
– Not past due	0.1	5,140,890	(2,568)
– Past due 1 – 30 days	0.4	43,051	(186)
– Past due 31 – 90 days	0.5	89,108	(453)
– Past due 91 to 180 days	3.9	35,080	(1,372)
– Past due more than 180 days	22.9	43,611	(9,988)
		9,932,551	(4,563,644)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

Movements in allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment losses in respect of trade receivables and contract assets during the year was as follows:

	Group Lifetime ECL $
At 1 July 2019	4,325,232
Impairment loss recognised	115,427
Effect of movement in exchange rates	122,985
At 30 June 2020	4,563,644
At 1 July 2020	4,563,644
Reversal of impairment loss recognised, net	(44,883)
Effect of movement in exchange rates	(209,958)
Amounts utilised	(4,095,137)
At 30 June 2021	213,666

Cash and cash equivalents, and investment in fixed deposits

The Group and the Company held cash and cash equivalents of $6,730,659 and $160,007 respectively at 30 June 2021 (2020: $2,709,553 and $141,251, respectively). The Group held investment in fixed deposits of $1,421,147 (2020: $1,418,650). The cash and cash equivalents, and investment in fixed deposits are held with banks, which are rated AA1 to A3 based on Moody's ratings.

Impairment on cash and cash equivalents, and investment in fixed deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents, and investment in fixed deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Other receivables and deposits

Other receivables and deposits are short-term in nature. Impairment on other receivables and deposits have been measured on the 12-month expected loss basis and reflects the short maturities of exposures. The Group consider its other receivables and deposits to have low credit risk and the amount of the allowance on other receivables and deposits is insignificant.

Non-trade amount due from subsidiaries and loan to subsidiaries

The Company held receivables from its subsidiaries of $2,204,558 (2020: $2,126,952) and loan to subsidiaries of $1,025,103 (2020: $1,429,576). These balances are amounts extended to subsidiaries to satisfy short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. To manage liquidity risk, the Group also monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents including ensuring that secured committed funding facilities from financial institutions are available. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

The Group's operations are project-focused and, as such, liquidity requirements and cash flow positions are subject to fluctuation and market exposures. In assessing liquidity risks, the Group considered their cash flows and projects within the next 12 months. At the date of issue of these financial statements, the directors believe that the Company will be able to generate adequate cash flows to fund its operations and to meet its various obligations. The Company's liquidity positions may be adversely affected if the directors' expectations may do not materialise as actual performance or if the execution of projects are affected by unanticipated development.

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

			Cash Flows		
	Carrying amount $	Contractual cash flows $	Within 1 year $	Within 2 to 5 years $	More than 5 years $
Group					
30 June 2021					
Non-derivative financial liabilities					
Trade and other payables[(2)]	**1,971,432**	**(1,971,432)**	**(1,971,432)**	**–**	**–**
Lease liabilities	**49,664**	**(55,575)**	**(11,700)**	**(43,875)**	**–**
Bank borrowings	**4,880,928**	**(5,127,884)**	**(1,139,530)**	**(3,988,354)**	**–**
	6,902,024	**(7,154,891)**	**(3,122,662)**	**(4,032,229)**	**–**
30 June 2020					
Non-derivative financial liabilities					
Trade and other payables	2,381,367	(2,381,367)	(2,381,367)	–	–
Lease liabilities	52,658	(60,424)	(20,795)	(39,629)	–
Bank borrowings	500,000	(532,421)	(26,621)	(505,800)	–
	2,934,025	(2,974,212)	(2,428,783)	(545,429)	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

Exposure to liquidity risk (Continued)

	Carrying amount $	Contractual cash flows $	Cash Flows Within 1 year $	Within 2 to 5 years $	More than 5 years $
Company					
30 June 2021					
Non-derivative financial liabilities					
Other payables[(1)]	**209,820**	**(209,820)**	**(209,820)**	**–**	**–**
Intra-group financial guarantee	**–**	**(4,880,928)**	**(4,880,928)**	**–**	**–**
	209,820	**(5,090,748)**	**(5,090,748)**	**–**	**–**
30 June 2020					
Non-derivative financial liabilities					
Other payables[(1)]	424,370	(424,370)	(424,370)	–	–
Intra-group financial guarantee	–	(500,000)	(500,000)	–	–
	424,370	(924,370)	(924,370)	–	–

[(1)] Excludes deposits received.
[(2)] Excludes deferred grant income.

The maturity analysis above show the contractual undiscounted cash flows of the Group's and the Company's financial liabilities on the basis of their earliest possible contracted maturity.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group and Company is exposed to currency risk on its cash and cash equivalents, trade and other receivables and trade and other payables, that are denominated in a currency other than the respective functional currencies of the Group and its subsidiaries. The currency in which these transactions are primarily denominated in is the United States dollars (USD).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Foreign currency risk (Continued)

Exposure to foreign currency risk

At the reporting date, the Group's and the Company's exposure to foreign currency, other than the respective functional currencies of the Group's entities, is as follows:

	Group		Company	
	2021 USD $	**2020 USD $**	**2021 USD $**	**2020 USD $**
Cash and cash equivalents	**872,347**	210,757	**20,338**	21,089
Trade and other receivables	**36,604**	–	**120,915**	125,388
Trade and other payables	**(701,965)**	(602,177)	**–**	–
Net exposure	**206,986**	(391,420)	**141,253**	146,477

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the USD at reporting date would have increased/(decreased) the profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2020 as indicated below.

	Group Profit or loss $	Company Profit or loss $
30 June 2021		
USD	**(20,699)**	(14,125)
30 June 2020		
USD	39,142	(14,648)

A 10% weakening of the Singapore dollar against the USD would have had the equal but opposite effect on the USD to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rate.

The Group's and Company's exposure to interest rate risk arises primarily from its floating rate bank borrowings. The Group and Company currently do not use any derivative contracts to hedge its exposure to interest rate risk.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Group Carrying amount	
	2021 $	**2020 $**
Fixed rate instruments		
Lease liabilities	**49,664**	52,658
Bank borrowings	**4,880,928**	500,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk (Continued)

Interest rate risk (Continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of issued capital, reserves and accumulated profits. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group reviews its capital structure at least annually to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders.

The Group monitors capital using the gearing ratio, which is total loans and borrowings divided by total equity attributable to owners of the Company. The Group's debt to total equity ratio at the reporting date was as follows:

	Group	
	2021	**2020**
	$	**$**
Total liabilities	**8,942,741**	4,815,333
Less: Cash and cash equivalents	**(6,730,659)**	(2,709,553)
Net debt	**2,212,082**	2,105,780
Equity attributable to owners of the Company	**8,679,041**	8,583,604
Net debt to equity ratio	**0.25**	0.25

There were no changes in the Group's approach to capital management during the year. As of 30 June 2021, the Group has met the loan covenants requirement imposed by the borrower.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest). There were no transfers between Level 1, Level 2 and Level 3 during 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Measurement of fair values (Continued)

The following methods and assumptions are used to estimate the fair values of the following significant class of financial instruments:

Type of financial instruments	Valuation method
Cash and cash equivalents, investment in fixed deposits and short-term receivables	Carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.
Short-term borrowings and other current payables	
Long-term borrowings	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

Accounting classifications and fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, investment in fixed deposits, loans to subsidiaries and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

The fair values of financial assets and financial liabilities together with the carrying amounts shown in the statements of financial position, including their fair value hierarchy are as follows:

	Carrying amount			
	Amortised cost $	Other financial liabilities $	Total carrying amount $	Fair Value Level 2 $
Group				
30 June 2021				
Financial assets not measured at fair value				
Trade and other receivables^	2,652,177	–	2,652,177	
Cash and cash equivalents	6,730,659	–	6,730,659	
Investment in fixed deposits	1,421,147	–	1,421,147	
	10,803,983	–	10,803,983	
Financial liabilities not measured at fair value				
Trade and other payables*	–	1,971,432	1,971,432	
Bank borrowings	–	4,880,928	4,880,928	4,828,482
	–	6,852,360	6,852,360	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

	Carrying amount			
	Amortised cost $	Other financial liabilities $	Total carrying amount $	Fair Value Level 2 $
Group				
30 June 2020				
Financial assets not measured at fair value				
Trade and other receivables^	4,888,905	–	4,888,905	
Cash and cash equivalents	2,709,553	–	2,709,553	
Investment in fixed deposits	1,418,650	–	1,418,650	
	9,017,108	–	9,017,108	
Financial liabilities not measured at fair value				
Trade and other payables	–	2,381,367	2,381,367	
Bank borrowings	–	500,000	500,000	494,707
	–	2,881,367	2,881,367	

	Carrying amount		
	Amortised cost $	Other financial liabilities $	Total carrying amount $
Company			
30 June 2021			
Financial assets not measured at fair value			
Other receivables^	**2,245,623**	**–**	**2,245,623**
Loans to subsidiaries	**1,025,103**	**–**	**1,025,103**
Cash and cash equivalents	**160,007**	**–**	**160,007**
	3,430,733	**–**	**3,430,733**
Financial liabilities not measured at fair value			
Other payables~	**–**	**209,820**	**209,820**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

22 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classifications and fair values (Continued)

	Carrying amount		
	Amortised cost	**Other financial liabilities**	**Total carrying amount**
	$	**$**	**$**
Company			
30 June 2020			
Financial assets not measured at fair value			
Other receivables^	2,165,007	–	2,165,007
Loans to subsidiaries	1,429,576	–	1,429,576
Cash and cash equivalents	141,251	–	141,251
	3,735,834	–	3,735,834
Financial liabilities not measured at fair value			
Other payables~	–	424,370	424,370

^ Excludes prepayments.
~ Excludes deposits received.
* Excludes deferred grant income.

23 LEASES

Leases as lessee

The Group lease office equipment and motor vehicles under a number of leases, which were previously classified as finance leases under SFRS(I) 1-17.

The Group leases office premises with a contract term of one year and does not contain an option for extension or renewal. Therefore, the remaining contractually enforceable lease term is less than 12 months.

The Group leased low-value office equipment and has elected not to recognise right-of-use assets and lease liabilities for these leases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

23 LEASES (CONTINUED)

Leases as lessee (Continued)

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased assets which are presented as plant and equipment (see Note 4).

	Office equipment 2021 $	Motor vehicles 2021 $	Total 2021 $
Group			
At 1 July 2020	12,396	96,291	108,687
Additions	51,981	–	51,981
Depreciation charge for the year	(7,912)	(6,094)	(14,006)
Termination of old lease	(7,083)	–	(7,083)
Settlement of lease	–	(90,197)	(90,197)
Balance at 30 June 2021	**49,382**	**–**	**49,382**
At 1 July 2019	19,480	110,917	130,397
Depreciation charge for the year	(7,084)	(14,626)	(21,710)
Balance at 30 June 2020	12,396	96,291	108,687

Amounts recognised in profit or loss

	Group 2021 $	Group 2020 $
Interest on lease liabilities	**6,227**	2,644
Depreciation of right-of-use assets	**14,006**	21,710
Expenses relating to short-term leases	**216,199**	215,892
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**2,840**	3,660
Gain on termination of lease	**1,127**	–

Amounts recognised in statement of cash flows

	Group 2021 $	Group 2020 $
Total cash outflow for leases	**52,992**	20,795

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2021

23 LEASES (CONTINUED)

Leases as lessor

The Group leases out its alert alarm systems under operating lease arrangements for a period of 7 years. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income recognised by the Group during 2021 was $1,137,849 (2020: $1,412,151).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2021	**2020**
	$	**$**
Operating leases		
Less than one year	**768,460**	1,131,737
More than one year but less than two years	**–**	768,460
Total	**768,460**	1,900,197

24 COMMITMENTS

Contingent liabilities (unsecured)

	Group	
	2021	**2020**
	$	**$**
In respect of performance guarantee issued by a subsidiary in favour to its customer	**1,761,663**	3,297,022

The Group assessed probability of an outflow of economic benefits arising from the outstanding guarantee to be low.

25 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates 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. The Group believes the following critical accounting policies involved judgements and estimates used in the preparation of the financial statements.

Valuation of trade receivables and contract assets

Trade receivables and contract assets balances are subjected to the expected credit loss model. Measurement of ECL allowance for trade receivables and key assumptions in determining the expected loss rate is disclosed in Note 22.

The Group evaluates whether there is any objective evidence that trade receivables and contract assets are impaired, and determine the amount of impairment loss as a result of the debtor's inability to make the required payments. The Group determines their estimates based on the ageing of the trade receivables balance, credit quality of the debtors and historical write-off experience. Judgement is exercised to determine the appropriate forward-looking factors to be used as an input into the ECL model.

Management's assessment of individually significant credit-impaired balance are based on currently available information and the actual recovery of these balances may defer from the estimates and judgement exercised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

25 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Valuation of plant and equipment

The Group assess at each reporting period whether there are any indicators of impairment for plant and equipment. In performing its assessment, the Group considers the economic outlooks relating to the entities as well as current financial performance and prospective financial information of the cash-generating unit. If any such indication exists, the recoverable amount of the cash-generating unit is estimated in order to determine the extent of the impairment loss, if any.

When value-in-use calculations are undertaken to determine recoverable amount, management must estimate the expected future cash flows from the assets or cash-generating unit and choose a suitable discount rate and growth rate in order to compute the present value of those cash flows. The estimation of future cash flows requires judgement and the computed recoverable amount could change significantly if actual market conditions deviates from management's estimates and judgement.

In the current financial year, the COVID-19 pandemic continues to disrupt businesses and public activities. As the extent and duration of these developments remain uncertain as at the issue date of this report, the Group's future cash flows used in determining recoverable amount contains significant estimation uncertainties. The outcome of the COVID-19 pandemic is likely to continue to evolve and may result in changes to estimates used by management.

Adverse developments in market conditions increases the risk of additional impairment losses on the carrying amount of plant and equipment.

Valuation of inventories

The Group's inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. The Group reviews annually its inventory levels in order to identify slow-moving and obsolete items which have a market price that is lower than its carrying amount and also considers the nature and use of such inventory items. The Group then estimates the amount of allowance for inventories required based on estimates from historical trends and expected utilisation of inventories. In addition, management's estimates of market selling price is based on their assessment of market conditions and competition. The actual amount of inventories write-offs could be higher or lower than the allowance made.

26 RELATED PARTIES

The Company is a subsidiary of IPS Technologies Pte. Ltd. ("IPST"), a company incorporated in Singapore which is also the Company's ultimate holding company. The controlling shareholders of IPST are Chan Tien Lok (65%) and Tan Suan Yap (35%) whose interests in the Company are held through their shareholdings in IPST. Mr Chan Tien Lok is also the controlling party of IPS Group Pte. Ltd. and its subsidiaries ("IPSG Group"). Members of the IPSG Group are referred to in these financial statements as related parties.

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2021

26 RELATED PARTIES (CONTINUED)

Key management personnel compensation (Continued)

The remuneration of directors and other members of key management are as follows:

	Group	
	2021	2020
	$	$
Short-term employee benefits	**1,374,022**	1,474,200
Post-employment benefits (including contribution to defined contribution plan)	**75,776**	70,541
Total key management personnel compensation	**1,449,798**	1,544,741

Total key management personnel compensation includes directors' remuneration. Refer to Note 18 for details of directors' fees and remuneration.

Other related party transactions

In addition to the information disclosed elsewhere in the financial statements, the Group entered into the following significant transactions with related parties:

	Group	
	2021	2020
	$	$
Related parties which a director has controlling interest		
Sales	**(4,361)**	(17,453)
Purchases	**750**	–
Accounting and administrative services	**77,994**	77,586
Rental expenses	**208,379**	211,713
Recharge of expenses	**2,375**	9,320

STATISTICS OF SHAREHOLDINGS

As at 23 September 2021

Issued and fully paid-up capital	–	S$9,630,646.90
Class of Shares	–	Ordinary shares
No. of Shares (excluding treasury shares and subsidiary holdings)	–	484,844,100
Voting Rights	–	One vote per share
No. of Treasury Shares and Percentage	–	1,155,900 (0.24%)
No. of Subsidiary Holdings and Percentage	–	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	14	1.74	8,800	0.00
1,001 – 10,000	97	12.08	653,150	0.14
10,001 – 1,000,000	670	83.44	91,604,350	18.89
1,000,001 AND ABOVE	22	2.74	392,577,800	80.97
TOTAL	**803**	**100.00**	**484,844,100**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	IPS TECHNOLOGIES PTE LTD	248,820,000	51.32
2	KELVIN LIM CHING SONG	58,014,400	11.97
3	GOH KHOON LIM	27,900,000	5.75
4	DBS NOMINEES (PRIVATE) LIMITED	14,717,700	3.04
5	TAN KAH HENG (CHEN JIAXING)	5,988,000	1.24
6	OCBC SECURITIES PRIVATE LIMITED	5,073,400	1.05
7	PHILLIP SECURITIES PTE LTD	3,846,900	0.79
8	LIM KOK LENG	3,800,000	0.78
9	LOW SOW KUAN	3,175,700	0.65
10	LOW SAU CHAN	2,700,000	0.56
11	LEE SIEW HAN	2,675,000	0.55
12	SIM YONG MUI	2,500,000	0.52
13	RAFFLES NOMINEES (PTE.) LIMITED	1,942,900	0.40
14	KOK JIA CHEUN	1,700,000	0.35
15	TAN HWEE KHENG	1,610,000	0.33
16	TAN SOO CHAY	1,500,000	0.31
17	ANGELA G TAN	1,258,200	0.26
18	TOH TENG SENG (ZHUO JINGSHENG)	1,206,000	0.25
19	YEO SIEW CHANG	1,140,400	0.24
20	TRUGEM CAPITAL PTE LTD	1,129,300	0.23
	TOTAL	**390,697,900**	**80.59**

STATISTICS OF SHAREHOLDINGS

As at 23 September 2021

SUBSTANTIAL SHAREHOLDERS AS AT 23 SEPTEMBER 2021
(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	Name	No. of shares held	%	No. of shares held	%
1.	IPS Technologies Pte. Ltd.	248,820,000	51.32	–	–
2.	Chan Tien Lok(1)	120,000	0.02	248,820,000	51.32
3.	Tan Suan Yap(2)	–	–	248,820,000	51.32
4.	Kelvin Lim Ching Song	58,014,400	11.97	–	–
5.	Goh Khoon Lim	27,900,000	5.75	–	–

Notes:

(1) Mr. Chan Tien Lok is deemed to be interested in the shares of the Company held by IPS Technologies Pte. Ltd. ("**IPST**") by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore as he owns 65.0% of the shareholding in IPST.

(2) Mr. Tan Suan Yap is deemed to be interested in shares of the Company held by IPST by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore as he owns 35.0% of the shareholdings in IPST.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 23 September 2021, 30.75% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of Catalist of the SGX-ST which requires 10% of the Company's total number of issued shares (excluding preference shares, convertible equity securities, treasury shares and subsidiary holdings) in a class that is listed is at all times held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of IPS Securex Holdings Limited ("**Company**" and, together with its subsidiaries, "**Group**") will be held by way of electronic means, on Thursday, 28 October 2021 at 9.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements and Directors' Statement of the Company and the Group for the financial year ended 30 June 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$205,216 for the financial year ending 30 June 2022, payable half yearly in arrears. (2021: S$205,216) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Regulation 91 of the Constitution of the Company:

   Regulation 91

   Mr. Chan Tien Lok **(Resolution 3)**

   Mr. Joseph Tan Peng Chin **(Resolution 4)**

   [See Explanatory Note (i)]

4. To re-appoint Messrs KPMG LLP, Certified Public Accountants, as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

5. To transact any other ordinary business which may be properly transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions, with or without modifications:

6. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Chapter 50 ("**Companies Act**") and Rule 806 of the Catalist Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instrument made or granted by the Directors of the Company while this Resolution was in force,

   ("**Share Issue Mandate**")

NOTICE OF ANNUAL GENERAL MEETING

PROVIDED ALWAYS that:

(1) the aggregate number of Shares (including Shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (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 Shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed fifty per centum (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 shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued Shares and Instruments shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution, 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 awards provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) of the Catalist Rules are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier or (ii) in the case of Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.

[See Explanatory Note (ii)] **(Resolution 6)**

7. **Authority to issue shares under the IPS Securex Employee Share Option**

That pursuant to Section 161 of the Companies Act and the provisions of the IPS Securex Employee Share Option Scheme ("**IPS Securex ESOS**"), the Directors of the Company be authorised and empowered to offer and grant share options under the IPS Securex ESOS and to issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of share options granted by the Company under the IPS Securex ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the IPS Securex ESOS shall not exceed fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to issue shares under the IPS Securex Performance Share Plan**

That pursuant to Section 161 of the Companies Act and the provisions of the IPS Securex Performance Share Plan ("**IPS Securex PSP**"), the Directors of the Company be authorised and empowered to offer and grant share awards under the IPS Securex PSP and to issue from time to time such number of Shares as may be required to be issued pursuant to the vesting of share awards under the IPS Securex PSP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the IPS Securex PSP shall not exceed fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 8)**

9. **Renewal of Share Buyback Mandate**

That:

(a) for the purposes of Section 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding the Prescribed Limit (as defined hereinafter), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined hereinafter), whether by way of:

(i) on-market purchases, transacted on the SGX-ST through the SGX-ST's trading system ("**Market Purchase**"); and/or

(ii) off-market purchases pursuant to an equal access scheme in accordance with Section 76C of the Companies Act and the Catalist Rules ("**Off-Market Purchase**"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next AGM is held or required by law to be held;

(ii) the date on which the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; and

(iii) the date on which the authority conferred by the Share Buyback Mandate is varied or revoked by shareholders of the Company in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this Resolution, unless the Company has effected a reduction of the Shares in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

"**Relevant Period**" means the period commencing from the date on which this Resolution authorising the Share Buyback Mandate is passed, and expiring on the date the next AGM is or is required by law to be held, whichever is the earlier;

"**Average Closing Price**", in the case of a Market Purchase, means the average of the closing market prices of the Shares over the last five Market Days on which transactions in the Shares were recorded preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period, or in case of an Off-Market Purchase, means the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, preceding the date on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (v)] **(Resolution 9)**

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 12 October 2021

Explanatory Notes:

(i) Mr. Chan Tien Lok will, upon re-election as a Director of the Company, remain as the member of the Audit Committee, the Nominating Committee and Remuneration Committee and will be considered non-independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr. Joseph Tan Peng Chin will, upon re-election as a Director of the Company, remain as the Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Please refer to pages 52 to 58 of the Annual Report for the detailed information for Mr. Chan Tien Lok and Mr. Joseph Tan Peng Chin required pursuant to Rule 720(5) of the Catalist Rules.

(ii) Resolution 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to fifty per centum (50.0%) may be issued other than on a *pro rata* basis to existing shareholders of the Company for such purposes as they consider would be in the interest of the Company.

For determining the aggregate number of Shares that may be issued, the percentage of issued Shares will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of Shares.

(iii) Resolution 7 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the exercise of share options granted or to be granted under the IPS Securex ESOS provided that the aggregate additional Shares to be allotted and issued pursuant to the IPS Securex ESOS and IPS Securex PSP do not exceed in total (for the entire duration of the IPS Securex ESOS and IPS Securex PSP) fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

NOTICE OF ANNUAL GENERAL MEETING

(iv) Resolution 8 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares pursuant to the vesting of share awards under the IPS Securex PSP provided that the aggregate additional Shares to be allotted and issued pursuant to the IPS Securex PSP and IPS Securex ESOS do not exceed in total (for the entire duration of the IPS Securex PSP and IPS Securex ESOS) fifteen per centum (15.0%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

(v) Resolution 9 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier, to repurchase Shares of the Company by way of market purchases or off-market purchases of up to ten per centum (10.0%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in the Notice of AGM.

Notes relating to measures to minimise the risk of COVID-19:

General

1. In view of the circuit breaker measures applicable as of the date of this Notice up to 1 June 2020 and pursuant to the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time), provide legal certainty such that issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The Meeting Orders has been extended beyond 30 June 2021 and amendments to the Temporary Measures Act come into force on 29 September 2020. A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020 and 1 October 2020, by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Regulation on 13 April 2020 to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. In view of these development, general meetings which held beyond 30 June 2021 can be held via electronic means, and are encouraged to do so. This will help keep physical interactions and COVID-19 transmission risks to a minimum, which remain important in the long term, even as safe distancing regulations are gradually and cautiously relaxed. As such, the AGM will be held by way of **electronic means and shareholders will NOT be allowed to attend the AGM in person**. This Notice will be sent to members by electronic means via publication on the Company's corporate website https://www.ips-securex.com/ and the following URL: https://globalmeeting.bigbangdesign.co/ips/. This Notice will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements are instead put in place to allow shareholders to participate in the AGM by:

   (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;

   (b) submitting questions ahead of the AGM. Please refer to Notes 7 to 9 below for further details; and

   (c) voting by proxy at the AGM. Please refer to Notes 10 to 16 below for further details.

Participation in the AGM via live webcast or live audio feed

3. A shareholder of the Company or their corporate representatives (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 9.00 a.m. on 26 October 2021 ("**Registration Deadline**"), at the following URL: https://globalmeeting.bigbangdesign.co/ips/ ("**IPS AGM Website**"), to create an account.

4. Following authentication of his/her/its status as a shareholder of the Company, such shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

5. Shareholders who have registered by the Registration Deadline in accordance with paragraph 2 above but do not receive an email response by 12:00 p.m. on 27 October 2021 may contact the Company for assistance at the following email address: webcast@bigbangdesign.co, with the following details included: (1) the member's full name; and (2) his/her/its identification/registration number.

6. Non-SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.

Submission of questions prior to the AGM

7. A shareholder of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company shall only address relevant and substantial questions (as may be determined by the Company in its sole discretion) received. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one month after the date of AGM.

8. To do so, all questions must be submitted no later than the Registration Deadline through any one of the following means:

   (a) via the IPS AGM Website; or

   (b) in physical copy by depositing the same at the Company's registered office of the Company at 213 Henderson Road #04-09 Singapore 159553; or

   (c) by email to the Company at agm@ips-securex.com.

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

NOTICE OF ANNUAL GENERAL MEETING

Voting by proxy

10. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the IPS AGM Website, the Company's corporate website https://www.ips-securex.com/, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

11. Shareholders (including Relevant Intermediary*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.

12. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

    (a) if submitted by post, be lodged at the Company's registered office of the Company at 213 Henderson Road #04-09 Singapore 159553; **or**

    (b) if submitted electronically, be submitted via email to the Company at agm@ips-securex.com,

    in either case **by no later than 9.00 a.m. on 26 October 2021, being 48 hours before the time appointed for the AGM**.

    In the case of submission of the Proxy Form, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

    In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

13. In the case of submission of the Proxy Form, the instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation, failing which the instrument of proxy may be treated as invalid.

14. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investor**") and wishes to vote, should approach their respective SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the AGM.

15. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

16. **Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

*"Relevant Intermediary" means:

(a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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IPS SECUREX HOLDINGS LIMITED
(Company Registration No. 201327639H)
(Incorporated In Singapore)

ANNUAL GENERAL MEETING
PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. The Annual General Meeting ("Meeting") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Order 2020. **Due to the current COVID-19 restriction order, a member will not be able to physically attend the Meeting. A member (including Relevant Intermediary**) must appoint the Chairman of the Meeting as proxy to vote on his/her/it behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting**.
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's announcement dated 11 October 2021, which can be accessed via the SGX website at: https://www.sgx.com/securities/company-announcements.
3. An investor who holds shares under the Supplementary Retirement Scheme ("**SRS Investors**") and wishes to vote should approach their respective SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least 7 working days before the Meeting.
4. This Proxy Form is not valid for use by SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name) NRIC/Passport No./Co. Registration No. ______________

of ____ (Address)
being *a member/members of **IPS SECUREX HOLDINGS LIMITED** ("**Company**"), hereby appoint:

Chairman of the Meeting	**Proportion of Shareholdings**	
	No. of Shares	**%**

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held by way of electronic mean, on Thursday, 28 October 2021 at 9.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. In terms of proxy voting, the shareholder/shareholders must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

No.	**Resolutions relating to:**	**No. of votes 'For'****	**No. of votes 'Against'****	**No. of votes 'Abstain'****
Ordinary Businesses				
1	Audited Financial Statements and Directors' Statement for the financial year ended 30 June 2021			
2	Approval of Directors' fees amounting to S$205,216 for the financial year ending 30 June 2022, payable half yearly in arrears.			
3	Re-election of Mr. Chan Tien Lok as a Director			
4	Re-election of Mr. Joseph Tan Peng Chin as a Director			
5	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors of the Company to fix their remuneration			
Special Businesses				
6	Authority to allot and issue shares			
7	Authority to issue shares under the IPS Securex Employee Share Option			
8	Authority to issue shares under the IPS Securex Performance Share Plan			
9	Renewal of Share Buyback Mandate			

***If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.*

Dated this ________ day of ______________ 2021

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

____
Signature of Shareholder(s)
and/or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **In light of the current COVID-19 measures in Singapore, members will not be able to attend the Meeting in person. A member of the Company (including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**

3. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Company's registered office of the Company at 213 Henderson Road #04-09 Singapore 159553; **or**

   (b) if submitted electronically, be submitted via email to the Company at agm@ips-securex.com,

   in either case **by no later than 9.00 a.m. on 26 October 2021, being 48 hours before the time appointed for the AGM**.

   In the case of submission of the Proxy Form, a member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

4. In the case of submission of the Proxy Form, the instrument appointing Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

5. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

6. An investor who holds shares under the Central Provident Fund ("**CPF**") Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

* Relevant Intermediary is:

a. a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

b. a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

c. the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

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

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 October 2021.

IPS SECUREX HOLDINGS LIMITED

(Company Registration No. 201327639H)

(Incorporated in the Republic of Singapore on 10 October 2013)

213 Henderson Road, #04-09 Henderson Industrial Park, Singapore 159553

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