

## APPENDIX DATED 10 OCTOBER 2024

**THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

This Appendix is issued by IPS Securex Holdings Limited (the “**Company**”). If you are in any doubt about its contents or the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Capitalised terms appearing on the cover of this Appendix have the same meanings as defined herein.

This Appendix is circulated to the shareholders of the Company (the “**Shareholders**”) together with the Company’s annual report for the financial year ended 30 June 2024 (the “**Annual Report**”). Its purpose is to explain to the Shareholders the rationale and provide information relating to, and to seek Shareholders’ approval for, the proposed adoption of the PSP and ESOS to be tabled at the annual general meeting (“**AGM**”) of the Company. The Notice of AGM and the Proxy Form are enclosed with the Annual Report.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately send this Appendix (as defined herein) with the notice of AGM and the proxy form to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited, (the “**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. This Appendix has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made or reports contained in this Appendix.

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.



**IPS SECUREX HOLDINGS LIMITED**

(Company Registration No. 201327639H)  
(Incorporated in the Republic of Singapore)

## APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING 2024

### IN RELATION TO

### THE PROPOSED ADOPTION OF THE IPS SECUREX PERFORMANCE SHARE PLAN AND PROPOSED ADOPTION OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

#### IMPORTANT DATES AND TIMES

Last date and time for lodgement of proxy form	:	23 October 2024 at 9:30 a.m.
Date and time of AGM	:	25 October 2024 at 9:30 a.m.
Place of AGM	:	The Singapore Island Country Club (Bukit Location), 240 Sime Road, The Habitat Level 3, Singapore 288303

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## DEFINITIONS

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In this Appendix, the following definitions apply throughout unless otherwise stated:

<i>“Act”</i>	The Companies Act 1967 of Singapore, as amended or modified from time to time
<i>“Adoption Date”</i>	The date on which the PSP and ESOS is adopted by resolution of the Shareholders at the AGM
<i>“AGM”</i>	The annual general meeting of the Company to be held on 25 October 2024 at 9:30 a.m.
<i>“Associate”</i>	<p>(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) would mean his immediate family, the trustees of any trust of which he or his immediate family is a beneficiary, or in the case of a discretionary trust, is a discretionary object, or any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and</p> <p>(b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) would mean any company that is:</p> <ul style="list-style-type: none"><li>(i) its subsidiary;</li><li>(ii) its holding company;</li><li>(iii) a subsidiary of its holding company; or</li><li>(iv) a company in the equity of which the Controlling Shareholder and/or one or more of the entities listed in sub-paragraphs (i) to (iii) above taken together (directly or indirectly) have an interest of 30% or more</li></ul>
<i>“Auditors”</i>	The auditors of the Company for the time being
<i>“Award”</i>	A contingent award of Shares granted under the PSP
<i>“Award Date”</i>	In relation to an Award, the date on which the Award is granted pursuant to the PSP
<i>“Award Letter”</i>	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee
<i>“Board”</i>	The board of Directors of the Company for the time being

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## DEFINITIONS

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<i>“Catalist”</i>	The Catalist Board of the SGX-ST
<i>“Catalist Rules”</i>	Section B: Rules of Catalist of the listing manual of the SGX-ST, as amended, modified or supplemented from time to time
<i>“CDP”</i>	The Central Depository (Pte) Limited
<i>“Committee”</i>	The remuneration committee of the Company, or such other committee comprising Directors or such persons duly authorised and appointed by the Board to administer the PSP and ESOS, from time to time
<i>“Company”</i>	IPS Securex Holdings Limited
<i>“Constitution”</i>	The constitution of the Company, as may be amended, modified or supplemented from time to time
<i>“Control”</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
<i>“Controlling Shareholder”</i>	A person who (a) holds directly or indirectly 15% or more of the nominal amount of all Shares, or (b) in fact exercises Control as defined under the Catalist Rules
<i>“Directors”</i>	The directors of the Company as at the Latest Practicable Date or from time to time, as the case may be
<i>“Depositor”</i>	A person being a Depository Agent or holder of a securities account maintained with CDP but not including a holder of a sub-account maintained with a Depository Agent
<i>“Date of Grant”</i>	In relation to an Option, the date on which the Option is granted to a Participant pursuant to the ESOS Rules
<i>“Exercise Notice”</i>	The notice to be submitted by the Participant when exercising their Options as set out substantially in Schedule C of the ESOS Rules, as may be amended by the Company from time to time
<i>“Exercise Price”</i>	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with and as adjusted in accordance with the ESOS Rules
<i>“ESOS”</i>	The proposed IPS Securex employee share option scheme to be adopted by the Company

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## DEFINITIONS

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<i>“ESOS Rules”</i>	The rules of the ESOS attached as Annex B to this Appendix that may be modified or altered from time to time
<i>“EPS”</i>	Earnings per Share
<i>“Group”</i>	The Company and its subsidiaries
<i>“Group Executive”</i>	Any full time employee of the Group (including any Group Executive Director and Group Non-Executive Director who meets the relevant age and rank criteria and who shall be regarded as a Group Executive for the purposes of the PSP and ESOS) selected by the Committee to participate in the PSP and ESOS in accordance with the provisions thereof
<i>“Group Non-Executive Director”</i>	A director of the Company and/or any of its subsidiaries, as the case may be other than a Group Executive Director
<i>“Group Executive Director”</i>	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
<i>“Latest Practicable Date”</i>	24 September 2024, being the latest practicable date prior to the issuance of this Appendix
<i>“Market Day”</i>	A day on which the SGX-ST is open for trading in securities
<i>“Market Value”</i>	In relation to a Share, on any day:  (a) the average price of a Share on the SGX-ST over the five (5) immediately preceding Trading Days; or  (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) above is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable
<i>“New Shares”</i>	The new Shares may be issued from time to time pursuant to the vesting of Awards granted under the PSP or the exercise of Options issued under the ESOS
<i>“Offer Date”</i>	The date on which an offer to grant an Option is made pursuant to the ESOS
<i>“Offeree”</i>	The person to whom an offer of an Option is made
<i>“Option”</i>	The right to subscribe for Shares granted or to be granted pursuant to the ESOS

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## DEFINITIONS

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<i>“Participant”</i>	Any eligible person selected by the Committee to participate in the PSP and ESOS in accordance with the PSP Rules and ESOS Rules
<i>“Performance Targets”</i>	The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the PSP
<i>“Performance Period”</i>	In relation to an Award, a period, the duration of which is to be determined by the Committee on the Award Date, during which the Performance Targets are to be satisfied
<i>“PSP”</i>	The proposed IPS Securex performance share plan to be adopted by the Company
<i>“PSP Rules”</i>	The rules of the PSP attached as Annex A to this Appendix that may be modified or altered from time to time
<i>“SFA”</i>	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
<i>“SFRS(I)”</i>	Singapore Financial Reporting Standards (International)
<i>“SGX-ST”</i>	The Singapore Exchange Securities Trading Limited
<i>“Shareholders”</i>	The registered holders for the time being of the Shares (other than the CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register
<i>“Shares”</i>	Ordinary shares in the capital of the Company
<i>“Subsidiary”</i>	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act
<i>“Substantial Shareholder”</i>	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued voting Shares
<i>“Trading Day”</i>	A day on which the Shares are traded on Catalist
<i>“Vesting Date”</i>	In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10 of the PSP Rules, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10 of the PSP Rules;

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## DEFINITIONS

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- 1.1 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- 1.2 For purposes of the PSP and ESOS, the Company shall be deemed to have control over another company if it has the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company.
- 1.3 Any reference to a time of a day in the PSP and ESOS is a reference to Singapore time.
- 1.4 Any reference in the PSP and ESOS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and not otherwise defined in the PSP and ESOS and used in the PSP and ESOS shall have the meaning assigned to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof as the case may be.
- 1.5 The terms “*Depositor*” and “*Depository Register*” shall have the meanings ascribed to them respectively in the SFA.
- 1.6 The term “*treasury shares*” shall have the meanings ascribed to them respectively in the Act.
- 1.7 References to “*paragraph*” are to the paragraphs of this Appendix, unless otherwise stated.
- 1.8 The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.
- 1.9 Any discrepancies in figures included in this Appendix between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.
- 1.10 RHTLaw Asia LLP has been appointed as the legal adviser to the Company in relation to the proposed adoption of the PSP and ESOS.

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## LETTER TO SHAREHOLDERS

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### IPS SECUREX HOLDINGS LIMITED

(Company Registration No. 201327639H)  
(Incorporated in the Republic of Singapore)

**Directors:**

Ong Beng Chye (Independent Non-Executive Chairman)  
Chan Tien Lok (Non-Executive Director)  
Joseph Tan Peng Chin (Independent Director)

**Registered Office:**

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

To: The Shareholders of IPS Securex Holdings Limited.

Date: 10 October 2024

Dear Sir/Madam

- (1) **THE PROPOSED ADOPTION OF THE IPS SECUREX PERFORMANCE SHARE PLAN AND**
- (2) **THE PROPOSED ADOPTION OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

#### 1. INTRODUCTION

- 1.1 The Board wishes to refer Shareholders to Ordinary Resolution 9 and Ordinary Resolution 10 of the Notice of AGM to be proposed at the AGM to seek Shareholders' approval for the proposed adoption of the IPS Securex Performance Share Plan (the "**PSP**") and the proposed adoption of the IPS Securex Employee Share Option Scheme (the "**ESOS**").
- 1.2 The purpose of this Appendix is to provide Shareholders with the relevant information in relation to the proposed adoption of the PSP and ESOS ("**Proposed Adoption of the PSP and ESOS**") to be tabled at the AGM, and to seek the approval of Shareholders for the resolution relating to the same.
- 1.3 The SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Appendix.

#### 2. THE EXPIRED SCHEME AND PLAN

##### 2.1 Background

- 2.1.1 The Company had previously adopted the IPS Securex Performance Share Plan and IPS Securex Employee Share Option Scheme on 29 May 2014 (collectively, the "**Expired Plans**") which were subject to a maximum period of 10 years and had expired on 28 May 2024. Since the inception of the Expired Plans, no awards have been granted under the Expired Plans.
- 2.1.2 Accordingly, the Company proposes to adopt the PSP and the ESOS to replace the Expired Plans. A summary of PSP Rules and the ESOS Rules are set out in sections 4 and 5 of this Appendix.



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## LETTER TO SHAREHOLDERS

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2.1.3 Subject to the approval of Shareholders being obtained for the Proposed Adoption of the PSP and ESOS, the Company will make an application, through its sponsor, United Overseas Bank Limited, to the SGX-ST for the listing and quotation of the New Shares to be allotted and issued pursuant to the PSP and ESOS. An announcement will be made by the Company upon receipt of the listing and quotation notice from the SGX-ST. The new Shares to be allotted and issued pursuant to the PSP and ESOS are conditional upon the grant of the listing and quotation notice by the SGX-ST and the conditions in the listing and quotation notice being fulfilled.

### **3. RATIONALE AND OBJECTIVES OF THE PSP AND ESOS**

3.1 The Proposed Adoption of the PSP and ESOS are intended to replace the Expired Plans and will provide the Company with the opportunity to incentivise their employees by enabling their participation in the equity of the Company. The PSP and ESOS aim to foster greater dedication, loyalty and higher standards of performance, while also recognising such individuals who have contributed to the success and development of the Group.

3.2 In recognising the above, the main objectives of the PSP and ESOS are as follows:

- (i) To attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders;
- (ii) To instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of the Group;
- (iii) To motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (iv) to align the interests of the Participants with the interests of the Shareholders;
- (v) to give recognition to the contributions made by the Participants to the success of the Group; and
- (vi) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Group.

3.3 The rationale for adopting two share incentive plans is to provide the Company with greater flexibility in customising reward and incentive packages suited to different employees under the PSP and ESOS. The PSP and ESOP are designed to complement each other, part of the Company's ongoing efforts to reward, retain and motivate employees to achieve better performance.

3.4 The Expired Plans were adopted on 29 May 2014 and expired on 28 May 2024, and have not been renewed or replaced since then. As at the Latest Practicable Date, the Company does not have any existing share option scheme, performance share plan or share incentive scheme in force.

3.5 The Proposed Adoption of the PSP and ESOS are subject to the approval of the Shareholders being obtained at the AGM.

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## LETTER TO SHAREHOLDERS

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- 3.6 Under the PSP and ESOS, Group Non-Executive Directors, Controlling Shareholder(s) and their Associates) will be allowed to participate if they are deemed to be eligible pursuant to the conditions within the PSP Rules and the ESOS Rules.

A key objective of the PSP and ESOS is to motivate Participants and optimise their performance standards and efficiency, and to maintain a high level of contribution to the Group. To achieve this, the terms of the PSP and ESOS do not differentiate between Group Non-Executive Directors, the Controlling Shareholder(s) and their Associates from other Participants in determining the eligibility of such persons to be granted Award(s) or issued Option(s). In addition, to deny participation to Group Non-Executive Directors, Controlling Shareholders and their Associates may serve to demotivate them and undermine the objectives of the PSP and ESOS. It is therefore in the Company's interest to incentivise outstanding Group Executives who have contributed to the growth of the Group.

The Company recognises that the services of such Group Executives who are Group Non-Executive Directors, Controlling Shareholder(s) and their Associates are important to the success and continued well-being of the Group and the Awards granted and/or Options issued, if any, would be intended as a token of the Company's appreciation to them. The Group Non-Executive Directors bring a wealth of knowledge and business expertise and play an important role in helping the Company shape its business strategy. It is important for the Company to attract, retain and incentivize them along with the other employees. The Company is of the view that the grant of Awards is likely to further motivate the Group Non-Executive Directors, Controlling Shareholder(s) and their Associates to contribute towards the success of the Group and enhance shareholder value.

In deciding the number of Awards to be granted and or Options to be issued, the Committee will take into account the performance, scope of responsibilities and contributions, years of service, and existing remuneration of the eligible Group Non-Executive Directors, Controlling Shareholder(s) and their Associates, as well as the financial performance of the Group.

#### **4. THE PROPOSED ADOPTION OF THE PSP**

The PSP Rules are set out in Annex A to this Appendix and a summary of which is set out in paragraphs 4.1 to 4.8 below.

##### **4.1 Eligibility**

The following persons provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the PSP at the absolute discretion of the Committee:

- (i) Group Executives (including any Group Executive Directors and Group Non-Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
- (ii) Controlling Shareholders and Associates of Controlling Shareholders who meet the above eligibility criteria shall be eligible to participate in the PSP provided that (i) the participation of, and (ii) the terms of each grant and the actual number of Awards granted under the PSP, to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in a general meeting in separate resolutions for each such person, and the basis for seeking such Shareholders' approval will be included in the circular to Shareholders.

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## LETTER TO SHAREHOLDERS

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### 4.2 Limitations

The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (i) all Awards granted under the PSP; (ii) all Options granted under the ESOS; and (iii) any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time on the date preceding the Award Date.

Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the PSP.

The aggregate number of Shares available to the Controlling Shareholders or Associates of the Controlling Shareholders (including adjustments made in accordance with the PSP Rules) pursuant to Awards granted under the PSP shall not exceed 25% of the Shares available under the PSP.

The number of Shares available to each Controlling Shareholder or Associate of the Controlling Shareholder (including adjustments made in accordance with the PSP Rules) pursuant to Awards granted under the PSP shall also not exceed 10% of the Shares available under the PSP.

### 4.3 Awards

The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, inter alia, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past Performance Targets, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.

### 4.4 Events prior to the Vesting of Awards

Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:

- (i) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
- (ii) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;

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## LETTER TO SHAREHOLDERS

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- (iii) subject to the PSP Rules, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
- (iv) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the PSP have not been met.

### 4.5 Release of Awards

As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Targets specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.

The Committee shall have the discretion to determine whether the Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.

Awards may only be vested, and consequently any Shares comprised in such Awards shall only be delivered, upon the Committee being satisfied that the Participant has achieved the Performance Targets.

Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants.

### 4.6 Variation of Capital

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine, at its own discretion, the manner in which such adjustment shall be made.

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## LETTER TO SHAREHOLDERS

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Notwithstanding the above paragraph:

- (i) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (ii) any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

Upon any adjustment required to be made pursuant to this paragraph, the Company shall notify the Participant (or his duly appointed personal representative where applicable) in writing and deliver to him (or his duly appointed personal representative where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given or on such date as may be specified in such written notification.

### 4.7 Disclosure

The following disclosures will be made by the Company in its annual report for so long as the PSP continues in operation:

- (i) the names of the members of the Committee administering the PSP;
- (ii) the information required in the table below for the following Participants:
  - (a) Directors of the Company;
  - (b) Participants who are Controlling Shareholders and their Associates;
  - (c) Participants (other than those in paragraph (ii)(a) and (ii)(b) above) who have received Shares pursuant to the vesting of the Awards granted under the PSP which, in aggregate, represent 5% or more of the total number of Shares available under the PSP, and

the following information:

<b>Name of Participant</b>	<b>Number of Shares comprised in Awards granted during the financial year under review (including terms)</b>	<b>Aggregate number of Shares comprised in Awards granted since the commencement of the PSP to the end of the financial year under review</b>	<b>Aggregate number of Shares comprised in Awards which have vested since the commencement of the PSP to the end of the financial year under review</b>	<b>Aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review</b>

If any of the above is not applicable, an appropriate negative statement shall be included.

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## LETTER TO SHAREHOLDERS

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### 4.8 Duration of the PSP

The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The PSP may be terminated at any time at the discretion of the Committee or by an ordinary resolution of the Company in general meeting subject to all other relevant approvals which may be required and if the PSP is so terminated, no further Awards shall be offered by the Company thereunder.

Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

### 4.9 Administration

The PSP shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.

The Committee, in its absolute discretion, shall have the power, from time to time, to make and vary such arrangements, guidelines and/or rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit. Any matter pertaining or pursuant to the PSP and any dispute and uncertainty as to the interpretation of the PSP, any rule, regulation or procedure hereunder or any rights under the PSP shall be determined by the Committee. The Committee may amend or waive any condition applicable to an Award in its absolute discretion and shall notify the relevant Participant of such change or waiver.

Any decision of the Committee made pursuant to any provision of the PSP (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested or to disputes as to the interpretation of the PSP or any rule, regulation, procedure thereunder or as to any rights under the PSP). The Committee shall not be required to furnish any reasons for any decision or determination made by.

## 5. THE PROPOSED ADOPTION OF THE ESOS

The ESOS Rules are set out in Annex B to this Appendix and a summary of which is set out in paragraphs 5.1 to 5.9 below.

### 5.1 Eligibility

Confirmed Group Executives (including any Group Executive Directors and Group Non-Executive Directors (including independent Director)) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, shall be eligible to participate in the ESOS at the absolute discretion of the Committee.

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## LETTER TO SHAREHOLDERS

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Controlling Shareholders and their Associates who meet the above eligibility criteria shall be eligible to participate in the ESOS, provided that (a) the participation of, and (b) the terms of any Options to be granted and the actual number of Options to be granted under the ESOS, to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person. The Company will, at such time, provide the rationale and justification for any proposal to grant the Controlling Shareholder or his Associate any Options (including the rationale for any discount to the market price, if so proposed).

Such Controlling Shareholder and his Associate shall abstain from voting on the resolution in relation to his participation in this ESOS and the grant of Options to him.

### 5.2 Limitations

The total number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the ESOS; and (b) all Awards granted under the PSP; and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued Shares (including treasury shares, as defined in the Act) on the day immediately preceding the Offer Date of the Option.

### 5.3 Exercise Price

Subject to any adjustment pursuant the ESOS, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the Date of Grant, at:

- (i) a price equal to the Market Price; or
- (ii) a price which is set at a discount to the Market Price, provided that:
  - (a) the maximum discount shall not exceed 20% of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and
  - (b) the prior approval of the Shareholders in general meeting shall have been obtained, in a separate resolution, for the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid. Such approval shall be required to be obtained only once, and once obtained, shall unless revoked, authorise the making of offers and grants of Options under the ESOS at such discount for the duration of the ESOS.

### 5.4 Option Period

Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part, at any time, by a Participant after the first anniversary of the Offer Date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.



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## LETTER TO SHAREHOLDERS

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Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part, at any time, by a Participant after the second anniversary from the Offer Date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.

An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:

- (i) subject to the ESOS Rules, upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever;
- (ii) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
- (iii) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

### 5.5 Exercise of Options

An Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in or substantially in the form set out in Annex B (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the abovementioned Notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

Subject to:

- (i) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary; and
- (ii) compliance with the ESOS Rules, the Act and the Constitution of the Company, the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Participant and within five Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

The Company shall, if necessary, as soon as practicable after the exercise of an Option, apply for the listing and quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with the ESOS Rules.



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## LETTER TO SHAREHOLDERS

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### 5.6 Variation

If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (i) the Exercise Price for the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (ii) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

Notwithstanding the above paragraph, no such adjustment shall be made:

- (i) If as a result, the Participant receives a benefit that a Shareholder does not receive; and
- (ii) Unless the Committee, after considering all relevant circumstances, considers it equitable to do so.

Upon any adjustment required to be made pursuant to the ESOS Rules, the Company shall notify each Participant (or his duly appointed personal representative) in writing and deliver to him (or, where applicable, his duly appointed personal representative) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

### 5.7 Duration

The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the ESOS is adopted by the Company in a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the ESOS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

The ESOS may be terminated at any time by the Committee or by ordinary resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the ESOS is so terminated, no further Options shall be offered by the Company hereunder.

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## LETTER TO SHAREHOLDERS

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### 5.8 Administration

The ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred upon it by the Board.

The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the ESOS) as it may consider necessary, desirable or expedient for it to administer and give effect to the ESOS.

Any decision of the Committee, made pursuant to any Rule of the ESOS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the ESOS Rules or any rule, regulation or procedure thereunder or as to any rights under the ESOS).

A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

### 5.9 Disclosure

The Company shall make the following disclosures in its annual report:

- (i) The names of the members of the Committee;
- (ii) The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular financial year):
  - (a) participants who are Directors of the Company;
  - (b) participants who are Controlling Shareholders of the Company and their Associates; and
  - (c) Participants, other than those in (i) and (ii) above, who receive 5% or more of the total number of Options available under the scheme.

<b>Name of Participant</b>	<b>Options granted during financial year under review (including terms)</b>	<b>Aggregate Options granted since commencement of the ESOS to end of financial year under review</b>	<b>Aggregate Options exercised since commencement of the ESOS to end of financial year under review</b>	<b>Aggregate Options outstanding as at end of financial year under review</b>
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- (iii) In respect of Options granted to directors and employees of the parent company and its subsidiaries:
  - (a) The names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of Options available to all directors and employees of the parent company and its subsidiaries under the scheme, during the financial year under review; and

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## LETTER TO SHAREHOLDERS

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- (b) The aggregate number of Options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the scheme to the end of the financial year under review.
- (iv) The number and proportion of Options granted at the following discounts to average market value of the Shares in the financial year under review:
  - (a) Options granted at up to 10% discount; and
  - (b) Options granted at between 10% but not more than 20% discount.

Provided that if any of the above requirements is not applicable, an appropriate negative statement must be included.

### 6. FINANCIAL EFFECTS OF THE PSP AND ESOS

The financial effects of the Company granting Options under the ESOS and Awards under the PSP are as follows:

#### 6.1 SHARE CAPITAL

The ESOP and PSP will result in an increase in the Company's issued ordinary share capital only if new Shares are issued to Participants upon exercise of the Options or pursuant to the Awards, as the case may be. This will in turn depend on, amongst others, in the case of Options, the number of Shares comprised in the Options, the number of Options that are exercised and the Exercise Price of the Shares comprised in the Options and in the case of Awards, the number of Awards granted and the prevailing market price of the Shares on the SGX-ST. However, if existing Shares are purchased for delivery to Participants in lieu of issuing new Shares, the ESOS and the PSP will have no impact on the Company's issued share ordinary share capital.

#### 6.2 EPS

The ESOS and PSP will have a dilutive impact on the EPS (excluding treasury shares) following the increase in the number of issued Shares, to the extent that new Shares are allotted and issued or transferred in relation to the Awards or upon the exercise of the Options. Nonetheless, the dilutive impact is not expected to be significant as the aggregate number of Shares available under the ESOS and PSP, when aggregated with aggregate number of Shares of any other share-based schemes of the Company, will be subject to the maximum limit of 15% of the Company's total issued Shares (excluding treasury shares and subsidiary holdings).

#### 6.3 NTA

The ESOS and PSP will result in a change to the Company's profit and loss statement equal to the market value at which the existing Shares are purchased or the market value on the date at which new Shares are vested under the Awards or exercised under the Options. If existing Shares are purchased for delivery to Participants, the NTA would decrease by the cost of the Shares purchased. If new Shares are issued to Participants pursuant to the vesting of the Awards or exercise under the Options, it will not have an impact on the NTA of the Group.

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## LETTER TO SHAREHOLDERS

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### 6.4 Potential Cost of granting Options under the ESOS and Awards under the PSP

#### 6.4.1 Options granted under the ESOS

- (i) SFRS(1) 2 relating to share-based payments takes effect for all listed companies beginning 1 January 2018. Under SFRS(1) 2, the recognition of an expense in respect of the Options granted under the ESOS is required. The expense will be based on the fair value of the Options at each date of exercise. The fair value is normally estimated by applying the option pricing model at the date of grant of the Options and recognised as a charge to the Company's consolidated profit and loss statement ("P&L").
- (ii) Before the end of the vesting period and at the end of each accounting year, the estimate of the number of Options that are expected to vest in each Participant by the vesting date is revised, and the impact of the revised estimate is recognised in the consolidated P&L with a corresponding adjustment to the Company's reserve account. After the vesting date, no adjustment of the charge to the consolidated P&L is made.
- (iii) Any options granted under the ESOS would have fair value. In the event that such Options are granted at prices below the fair value of the Options, there will be a cost to the Company. The cost to the Company of granting Options with a discounted exercise price under the ESOS would be as follows:
  - (a) the exercise of an Option at a discounted exercise price would translate into a reduction of the proceeds from the exercise of such Options, as compared to the proceeds that the Company would have received from such exercise had the exercise been made at the prevailing Market Price of the Shares. Such reduction of the exercise proceeds would represent the monetary cost to the Company of granting Options with a discounted exercise price;
  - (b) as the monetary cost of granting Options with a discounted exercise price is borne by the Company, the earnings of the Company would effectively be reduced by an amount corresponding to the reduced interest earnings that the Company would have received from the difference in proceeds from an exercise price with no discount versus the discounted exercise price. Such reduction would, accordingly, result in the dilution of the Company's EPS; and
  - (c) the effect of the issue of new Shares upon the exercise of Options on the Company's net asset value per Share is accretive if the exercise price is above the net asset value per Share, but dilutive otherwise. The dilutive effect is greater if the exercise price is at a discount to the prevailing Market Price. The costs as discussed above would only materialise upon the exercise of the Options.

## LETTER TO SHAREHOLDERS

### 6.4.2 Awards under the PSP

- (i) Under SFRS(1) 2, the recognition of an expense in respect of Awards granted under the PSP is required. The expense will be based on the fair value of the Awards at each date of grant of the Awards and will be recognised over the vesting period. This fair value is normally estimated by applying the option pricing model at the date of grant of the Award(s), taking into account the terms and conditions of the grant of the Awards and recognised as a charge to the Company's consolidated profit and loss statement ("P&L") over the vesting period, with a corresponding credit to the Company's reserve account.
- (ii) Before the end of the vesting period and at the end of each accounting year, the estimate of the number of Awards that are expected to vest in each Participant by the Vesting Date is revised, and the impact of the revised estimate is recognised in the consolidated P&L with a corresponding adjustment to the Company's reserve account. After the Vesting Date, no adjustment of the charge to the consolidated P&L is made.

## 7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 7.1 The interests of the Directors and Substantial Shareholders of the Company as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, are as follows:

	Number of Shares			
	Direct Interest	%	Indirect Interest	%
<b>Directors</b>				
Ong Beng Chye	300,000	0.06	–	–
Chan Tien Lok <sup>(1)</sup>	120,000	0.03	248,820,000	51.32
Joseph Tan Peng Chin	600,000	0.12	–	–
<b>Substantial Shareholders (excluding Directors)</b>				
IPS Technologies Pte. Ltd.	248,820,000	51.32	–	–
Tan Suan Yap <sup>(2)</sup>	–	–	248,820,000	51.32
Kelvin Lim Ching Song <sup>(3)</sup>	58,014,400	11.97	–	–
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 2001 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 2001 of Singapore as he owns 35.0% of the shareholdings in IPST.
- (3) Mr Kelvin Lim Ching Song's direct interest includes 130,000 ordinary shares (SRS) that are held under UOB Kay Hian Nominees Pte. Ltd.

- 7.2 Save as disclosed above, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Company.

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## LETTER TO SHAREHOLDERS

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### 8. DIRECTORS' RECOMMENDATIONS

The Directors are all eligible to participate in the PSP and ESOS. Accordingly, the Directors have refrained from making any recommendation as to how Shareholders should vote in relation to the Proposed Adoption of the PSP and ESOS to be proposed at the AGM.

### 9. ACTIONS TO BE TAKEN BY SHAREHOLDERS

#### 9.1 Appointment of Proxies

Shareholders can vote at the AGM themselves or through a fully appointed proxy(ies).

Shareholders who wish to appoint a proxy(ies) must submit an instrument appointing a proxy(ies) in accordance with the instructions on the proxy form. Duly completed proxy forms must be (a) lodged via post with the Company's registered office at 213 Henderson Road #04-09 Henderson Industrial Park Singapore 159553, or (b) submitted via electronic mail at [agm@ips-securex.com](mailto:agm@ips-securex.com) by enclosing a clear scanned completed and signed proxy form, in each case, by 9:30 a.m. on 23 October 2024 (being 48 hours before the time appointed for the holding of the AGM). Proxy forms may be downloaded from the Company's website at the URL <https://www.ips-securex.com/> or on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>.

The completion and return of the proxy form by a Shareholder does not preclude him from attending and voting in person at the AGM in place of his proxy/proxies if he finds that he is able to do so. In such an event, the proxy form will be deemed to be revoked.

**Members are strongly encouraged to submit the completed proxy forms electronically via email to the Company.**

#### 9.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP, as at 72 hours before the AGM.

#### 9.3 Abstention from Voting

9.3.1 Shareholders (including Directors who are Shareholders) who are eligible to participate in the PSP and ESOS are required to abstain from voting on any resolution relating to the ESOS and PSP. If and when votes are cast by such persons, the Company will disregard the votes cast by them on the resolution in relation to the Proposed Adoption of the PSP and ESOS as set out in the Notice of AGM.

9.3.2 Such Shareholders should also not accept nominations as proxies for voting at the AGM unless specific instructions have been given in the proxy instrument by the independent Shareholders appointing them on how they wish their votes to be cast for each of the resolutions.

9.3.3 The Directors and employees of the Group are eligible to participate in the PSP and ESOS. Accordingly, Directors and employees of the Group who are Shareholders shall abstain from voting on the Proposed Adoption of the PSP and ESOS and shall not accept appointments as proxies unless specific instructions as to voting are given.

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## LETTER TO SHAREHOLDERS

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### 9.4 AGM

The AGM, notice of which is set out on page 112-118 of the Annual Report, will be held, by wholly physical means, on 25 October 2024 at 9:30 a.m. at the Singapore Island Country Club (Bukit Location), 240 Sime Road, The Habitat, Level 3, Singapore 288303 for the purpose of considering and, if thought fit, passing, amongst others, the Proposed Adoption of the PSP and ESOS as set out in the Notice of AGM.

A copy of this Appendix (including the Notice of AGM and the proxy form) may be accessed at the Company's website at the URL <https://www.ips-securex.com/> or on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>.

### 10. DIRECTORS RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Adoption of the PSP and ESOS, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

### 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following may be inspected by Shareholders at the registered office of the Company at 213 Henderson Road, #04-09 Henderson Industrial Park, Singapore 159553 during normal business hours from the date of this Appendix up to the date of the AGM:

- (a) the Constitution;
- (b) the Annual Report of the Company;
- (c) the PSP Rules; and
- (d) the ESOS Rules.

Yours faithfully  
For and on behalf of the Board  
**IPS SECUREX HOLDINGS LIMITED**

Ong Beng Chye  
Independent Non-Executive Chairman

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## ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN

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### 1. NAME OF THE PSP

The PSP shall be called the “IPS Securex Performance Share Plan”.

### 2. DEFINITIONS

2.1 In this PSP, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Adoption Date” : The date on which the PSP is adopted by the Company in general meeting

“Associate” : (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

(a) his immediate family;

(b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or

(c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

(ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

“Auditors” : The auditors for the time being of the Company

“Award” : An award of Shares granted under the PSP

“Board” : The board of Directors of the Company for the time being

“Catalist Rules” : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time

“CDP” : The Central Depository (Pte) Limited

“Commencement Date” : The date for the commencement of the PSP



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## ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN

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“Committee”	:	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this PSP
“Companies Act”	:	The Companies Act 1967 of Singapore as amended or modified from time to time
“Company”	:	IPS Securex Holdings Limited
“Controlling Shareholder”	:	Has the same meaning ascribed to it in the Catalist Rules
“Director”	:	A director of the Company for the time being
“ESOS”	:	The IPS Securex Employee Share Option Scheme, as modified or supplemented from time to time
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	Any full time employee of the Group (including any Group Executive Director) selected by the Committee to participate in the PSP in accordance with the provisions thereof
“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Group Non-Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be other than a Group Executive Director
“IPS Securex Performance Share Plan” or “PSP”	:	The IPS Securex Performance Share Plan, as modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“New Shares”	:	The new Shares which may be issued from time to time pursuant to the vesting of Awards granted under the PSP
“Option”	:	The right to subscribe for Shares granted or to be granted pursuant to the ESOS
“Participant”	:	A person who is selected by the Committee to participate in the PSP in accordance with the provisions of the PSP

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## ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN

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“Performance Targets”	:	The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the PSP
“Rules”	:	The rules of the PSP, as the same may be amended or supplemented from time to time
“S\$” and “cents”	:	Singapore dollars and cents respectively
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“treasury shares”	:	Has the meaning ascribed to it in the Companies Act
“Vesting Date”	:	In relation to Shares which are the subject of an Award which has been released in accordance with Rule 10, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares will vest pursuant to Rule 10
“%” or “per cent”	:	Percentage or per centum

### 2.2 For the purposes of the PSP:

- (a) in relation to a Shareholder (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company;
- (b) unless rebutted, a person who holds, directly or indirectly, a shareholding of 15% or more of the Company’s total number of issued shares excluding treasury shares shall be presumed to be a Controlling Shareholder; and
- (c) in relation to a Controlling Shareholder, his “associate” shall have the meaning ascribed to it in the Catalist Rules or any other publication prescribing rules or regulations for corporations admitted to the Official List of Catalist (as modified, supplemented or amended from time to time).

### 2.3 The terms “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Companies Act.

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## **ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN**

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- 2.4 Any reference in the PSP or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and used in the PSP and the Rules shall have the meaning assigned to it under the Companies Act.
- 2.5 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.
- 2.6 Any reference to a time of day shall be a reference to Singapore time.

### **3. OBJECTIVES**

- 3.1 The main objectives of the PSP are as follows:
- (i) to attract potential employees with relevant skills to contribute to the Group and to create value for Shareholders;
  - (ii) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of the Group;
  - (iii) to motivate the Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
  - (iv) to align the interests of the Participants with the interests of the Shareholders;
  - (v) to give recognition to the contributions made by the Participants to the success of the Group; and
  - (vi) to retain key employees of the Company whose contributions are essential to the long-term prosperity of the Group.

### **4. ELIGIBILITY**

- 4.1 The following persons (provided that such persons are not undischarged bankrupts at the relevant time) shall be eligible to participate in the PSP at the absolute discretion of the Committee:
- (i) Group Employees (including Group Executive Directors) who have attained the age of 21 years on or before the date of grant of the Award; and
  - (ii) Group Non-Executive Directors (including independent Directors) who have attained the age of 21 years on or before the date of grant of the Award.
- 4.2 Controlling Shareholders and Associates of the Controlling Shareholders who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the PSP provided that (i) the participation of, and (ii) the terms of each grant and the actual number of Awards granted under the PSP, to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in a general meeting in separate resolutions for each such person, and the basis for seeking such Shareholders' approval will be included in the circular to Shareholders.

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## **ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN**

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- 4.3 Participants who are also Shareholders and are eligible to participate in this PSP must abstain from voting on any resolution relating to the participation of, or grant of Awards to the Participants.
- 4.4 The Controlling Shareholder and his Associate shall abstain from voting on the resolution in relation to his participation in this PSP and grant of Awards to him.
- 4.5 For the purposes of determining eligibility to participate in the PSP, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased, by reason only of such secondment, to be a full time employee of the Group.
- 4.6 There shall be no restriction on the eligibility of any Participant to participate in any other share incentive schemes or share plans implemented or to be implemented by the Company or any other company within the Group.
- 4.7 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the PSP may be amended from time to time at the absolute discretion of the Committee.

### **5. LIMITATIONS UNDER THE PSP**

- 5.1 The total number of Shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of Shares issued and/or issuable in respect of (i) all Awards granted under the PSP; (ii) all Options granted under the ESOS; and (iii) any other share-based incentive schemes or share plans of the Company, shall not exceed 15% of the total number of issued Shares (excluding treasury shares) of the Company from time to time on the date preceding the Award Date.
- 5.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the PSP.
- 5.3 The aggregate number of Shares available to the Controlling Shareholders or Associates of the Controlling Shareholders (including adjustments made in accordance with Rule 11) pursuant to Awards granted under the PSP shall not exceed 25% of the Shares available under the PSP.
- 5.4 The number of Shares available to each Controlling Shareholder or Associate of the Controlling Shareholder (including adjustments made in accordance with Rule 11) pursuant to Awards granted under the PSP shall also not exceed 10% of the Shares available under the PSP.

### **6. DATE OF GRANT**

The Committee may grant Awards at any time in the course of a financial year, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be vested, and hence any Shares comprised in such Awards may only be delivered, on or after the second Market Day from the date on which the aforesaid announcement is made.

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## ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN

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### 7. AWARDS

- 7.1 The selection of the Participants and number of Shares which are the subject of each Award to be granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.
- 7.2 In the case of a performance-related Award, the Performance Targets will be set by the Committee depending on each individual Participant's job scope and responsibilities. The Performance Targets to be set shall take into account both the medium and long-term corporate objectives of the Group and the individual performance of the Participant and will be aimed at sustaining long-term growth. The corporate objectives shall cover market competitiveness, business growth and productivity growth. The Performance Targets could be based on criteria such as sales growth, growth in earnings and return on investment. In addition, the Participant's length of service with the Group, achievement of past Performance Targets, value-add to the Group's performance and development and overall enhancement to shareholder value, amongst others, will be taken into account.
- 7.3 As soon as reasonably practicable after an Award is finalised by the Committee, the Committee shall send an Award Letter to the Participant confirming the said Award. The said Award Letter shall specify, *inter alia*, the following:
- (i) in relation to a performance-related Award, the Performance Targets for the Participant and the period during which the Performance Targets shall be met;
  - (ii) the number of Shares to be vested on the Participant;
  - (iii) the prescribed vesting periods (if any);
  - (iv) any other condition which the Committee may determine in relation to that Award; and
  - (v) the date by which the Award shall be vested.
- 7.4 Participants are not required to pay for the grant of Awards.
- 7.5 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the pre-determined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on pre-determined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Awards are vested. Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the PSP will comply with the relevant rules of the Listing Manual.
- 7.6 Awards are personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award without the prior approval of the Committee, that Award shall immediately lapse.

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## **ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN**

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### **8. VESTING OF THE AWARDS**

8.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:

- (i) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
- (ii) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
- (iii) subject to Rule 8.2, upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
- (iv) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the PSP (as set out in Rule 3) have not been met.

8.2 A Participant shall be entitled to an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely:

- (i) through ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (ii) redundancy;
- (iii) death;
- (iv) retirement at or after the legal retirement age;
- (v) retirement before the legal retirement age with the consent of the Committee; or
- (vi) any other event approved by the Committee.

### **9. TAKE-OVER AND WINDING UP OF THE COMPANY**

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall (notwithstanding that the vesting period for the Award has not expired) be entitled to the Shares under the Awards if he has met the Performance Targets which fall within the period commencing on the date on which such offer for a take-over of the Company is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (i) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the last date on which the Performance Targets are to be met); or

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## **ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN**

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(ii) the date of expiry of the period for which the Performance Targets are to be met,

provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that the offeror intends to exercise such rights on a specified date, the Participant shall be obliged to fulfill such Performance Targets until the expiry of such specified date or the expiry date of the Performance Targets relating thereto, whichever is earlier, before an Award can be vested.

- 9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant who has fulfilled his Performance Target shall be entitled, notwithstanding the provisions herein and the fact that the vesting period for such Award has not expired but subject to Rule 9.5, to any Shares under the Awards so determined by the Committee to be released to him during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later.
- 9.3 If an order or an effective resolution is made for the winding-up of the Company on the basis of its insolvency, all Awards, notwithstanding that they may have been so vested, shall be deemed or become null and void.
- 9.4 In the event of a members' voluntary winding-up (other than for amalgamation or reconstruction), the Awards shall so vest in the Participant for so long as, in the absolute determination by the Committee, the Participant has met the Performance Targets prior to the date that the members' voluntary winding-up shall be deemed to have been commenced or effective in law.
- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the payment of cash or by any other form of benefit, no release of Shares under the Award shall be made in such circumstances.

### **10. RELEASE OF AWARDS**

- 10.1 As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Targets specified in respect of that Award and determine whether they have been satisfied and, if so, the extent to which they have been satisfied (whether fully or partially) and the number of Shares to be released.
- 10.2 The Committee shall have the discretion to determine whether the Performance Targets have been met (whether fully or partially) or exceeded and/or whether the Participant's performance and/or contribution to the Company and/or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to make reference to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the Performance Targets if the Committee decides that a changed Performance Targets would be a fairer measure of performance.



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## ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN

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- 10.3 Awards may only be vested, and consequently any Shares comprised in such Awards shall only be delivered, upon the Committee being satisfied that the Participant has achieved the Performance Targets.
- 10.4 Subject to the prevailing legislation and the provisions of the Catalist Rules, the Company will deliver Shares to Participants upon vesting of their Awards by way of an issue of New Shares or the transfer of existing Shares held as treasury shares to the Participants.
- 10.5 In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing existing Shares.
- 10.6 The Committee will procure, upon approval of the Board, the allotment or transfer to each Participant of the number of Shares which are to be released to that Participant pursuant to an Award under Rule 7. Any proposed issue of New Shares will be subject to there being in force at the relevant time the requisite Shareholders' approval under the Companies Act for the issue of Shares. Any allotment of New Shares pursuant to an Award will take into account the rounding of odd lots.
- 10.7 Where New Shares are to be allotted or any Shares are to be transferred to a Participant pursuant to the release of any Award, the Vesting Date will be a trading day falling as soon as practicable after the review of the Committee referred to in Rule 10.1. On the Vesting Date, the Committee will procure the allotment or transfer of each Participant of the number of Shares so determined.
- 10.8 Where New Shares are to be allotted upon the vesting of any Award, the Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for the permission to deal in and for quotation of such Shares on Catalist of the SGX-ST.
- 10.9 Shares which are allotted or transferred on the release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of either:
- (i) the securities account of that Participant maintained with CDP;
  - (ii) the securities sub-account of that Participant maintained with a Depository Agent; or
  - (iii) the CPF investment account maintained with a CPF agent bank,
- in each case, as designated by that Participant. Until such issue or transfer of such Shares has been effected, that Participant shall have no voting rights nor any entitlements to dividends or other distributions declared or recommended in respect of any Shares which are the subject of the Award granted to him.
- 10.10 New Shares allotted and issued, and existing Shares held in treasury procured by the Company for transfer, on the release of an Award, shall be subject to all the provisions of the Constitution of the Company and the Companies Act, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the date of issue of the New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.



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## ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN

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10.11 Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

### 11. VARIATION OF CAPITAL

11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, capital reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (i) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares over which future Awards may be granted under the PSP,

shall be adjusted by the Committee to give each Participant the same proportion of the equity capital of the Company as that to which he was previously entitled and, in doing so, the Committee shall determine, at its own discretion, the manner in which such adjustment shall be made.

11.2 Unless the Committee considers an adjustment to be appropriate, the following events shall not normally be regarded as a circumstance requiring adjustment:

- (i) the issue of securities as consideration for an acquisition or a private placement of securities;
- (ii) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on Catalist of the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force;
- (iii) the issue of Shares or other securities convertible into, or with rights to acquire or subscribe for, Shares to its employees pursuant to any share option scheme or share plan approved by Shareholders in general meeting, including the PSP; and
- (iv) any issue of Shares arising from the exercise of any warrants or the conversion of any convertible securities issued by the Company.

11.3 Notwithstanding the provisions of Rule 11.1:

- (i) the adjustment must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (ii) any adjustment (except in relation to a bonus issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representative where applicable) in writing and deliver to him (or his duly appointed personal representative where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the vesting of an Award. Any adjustment shall take effect upon such written notification being given or on such date as may be specified in such written notification.

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## **ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN**

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### **12. ADMINISTRATION OF THE PSP**

- 12.1 The PSP shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 12.2 The Committee, in its absolute discretion, shall have the power, from time to time, to make and vary such arrangements, guidelines and/or rules (not being inconsistent with the PSP) for the implementation and administration of the PSP as they think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure hereunder or any rights under the Plan shall be determined by the Committee. The Committee may amend or waive any condition applicable to an Award in its absolute discretion and shall notify the relevant Participant of such change or waiver.
- 12.3 Neither the PSP nor the grant of Awards under the PSP shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with:
- (a) The lapsing of any Awards pursuant to any provision of the PSP;
  - (b) The failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the PSP; and/or
  - (c) Any decision or determination of the Committee made pursuant to any provision of the PSP.
- 12.4 Any decision of the Committee made pursuant to any provision of the PSP (other than a matter to be certified by the Auditors) shall be final and binding (including any decisions pertaining to the number of Shares to be vested or to disputes as to the interpretation of the PSP or any rule, regulation, procedure thereunder or as to any rights under the PSP). The Committee shall not be required to furnish any reasons for any decision or determination made by it.

### **13. NOTICES AND ANNUAL REPORT**

- 13.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing.
- 13.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.
- 13.3 The following disclosures will be made by the Company in its annual report for so long as the PSP continues in operation:
- (i) the names of the members of the Committee administering the PSP;

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## ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN

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- (ii) in respect of the following Participants:
- (a) Directors of the Company;
  - (b) Participants who are Controlling Shareholders and their Associates; and
  - (c) Participants (other than those in paragraph (ii)(a) and (b) above) who have received Shares pursuant to the vesting of the Awards granted under the PSP which, in aggregate, represent 5% or more of the total number of Shares available under the PSP,

the following information:

Name of Participant	Number of Shares comprised in Awards granted during the financial year under review (including terms)	Aggregate number of Shares comprised in Awards granted since the commencement of the PSP to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have Vested since the commencement of the PSP to the end of the financial year under review	Aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review
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If any of the above is not applicable, an appropriate negative statement shall be included.

### 14. MODIFICATIONS TO THE PSP

14.1 Any or all the provisions of the PSP may be modified and/or altered at any time and from time to time by resolution of the Committee, provided that:

- (i) any modification or alteration which would be to the advantage of Participants under the PSP shall be subject to the prior approval of Shareholders in a general meeting; and
- (ii) no modification or alteration shall be made without due compliance with the Listing Manual and such other laws or regulations as may be applicable.

14.2 Written notice of any modification or alteration made in accordance with this Rule 14 shall be given to all Participants.

### 15. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the PSP, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

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## **ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN**

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### **16. DURATION OF THE PSP**

- 16.1 The PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the PSP may continue beyond the above stipulated period with the approval of the Company's Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 16.2 The PSP may be terminated at any time at the discretion of the Committee or by an ordinary resolution of the Company in general meeting subject to all other relevant approvals which may be required and if the PSP is so terminated, no further Awards shall be offered by the Company thereunder.
- 16.3 Notwithstanding the expiry or termination of the PSP, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

### **17. TAXES**

All taxes (including income tax) arising from the grant and/or disposal of Shares pursuant to the Awards granted to any Participant under the PSP shall be borne by that Participant.

### **18. COSTS AND EXPENSES**

- 18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the PSP to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the PSP, including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the Awards, shall be borne by the Company.

### **19. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not, under any circumstances, be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing of the Shares on Catalist of the SGX-ST.

### **20. DISPUTES**

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

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## **ANNEX A – RULES OF THE IPS SECUREX PERFORMANCE SHARE PLAN**

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### **21. CONDITION OF AWARDS**

Every Award shall be subject to the condition that no Shares would be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to the constitutive documents of the Company or any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

### **22. GOVERNING LAW**

The PSP shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the PSP, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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### RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

#### 1. NAME OF THE ESOS

The ESOS shall be called the “IPS Securex Employee Share Option Scheme”.

#### 2. DEFINITIONS

2.1 In the ESOS, unless the context otherwise requires, the following words and expressions shall have the following meanings:

- “Act” : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “Associate” : (i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (a) his immediate family;
  - (b) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or
  - (c) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Auditors” : The auditors of the Company for the time being
- “Board” : The board of directors of the Company
- “Catalist Rules” : The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time board of directors of the Company

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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“CDP”	:	The Central Depository (Pte) Limited
“Committee”	:	The remuneration committee of the Company, or such other committee comprising directors of the Company duly authorised and appointed by the Board to administer this ESOS
“Company”	:	IPS Securex Holdings Limited
“control”	:	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A shareholder exercising control over the Company and, unless rebutted, a person who controls, directly or indirectly, 15% or more of the Company’s issued share capital shall be presumed to be a Controlling Shareholder of the Company
“CPF”	:	Central Provident Fund
“Date of Grant”	:	In relation to an Option, the date on which the Option is granted to a Participant pursuant to Rule 7
“Director”	:	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be
“ESOS”	:	The IPS Securex Employee Share Option Scheme, as the same may be modified or altered from time to time
“Executive Director”	:	A director of the Company and/or its Subsidiaries, as the case may be, who performs an executive function within the Company or the relevant Subsidiary, as the case may be
“Exercise Notice”	:	The notice to be submitted by the Participant when exercising their Options as set out substantially in Schedule C of the Rules, as may be amended by the Company from time to time
“Exercise Price”	:	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 9, as adjusted in accordance with Rule 10
“Grantee”	:	A person to whom an offer of an Option is made
“Group”	:	The Company and its Subsidiaries

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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“Group Employee”	:	Any confirmed full time employee of the Group (including any Executive Director) selected by the Committee to participate in the ESOS in accordance with Rule 4
“Group Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function
“Group Non-Executive Director”	:	A director of the Company and/or any of its subsidiaries, as the case may be other than a Group Executive
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“Market Price”	:	A price equal to the average of the last dealt prices for the Shares on Catalist over the five consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Offer Date”	:	The date on which an offer to grant an Option is made pursuant to the ESOS
“Offeree”	:	The person to whom an offer of an Option is made
“Option”	:	The right to subscribe for Shares granted or to be granted to a Group Employee pursuant to the ESOS and for the time being subsisting
“Participant”	:	The holder of an Option
“PSP”	:	The IPS Securex Performance Share Plan, as the same may be modified or altered from time to time
“Record Date”	:	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions
“Rules”	:	Rules of the Employee Share Option Scheme
“securities account”	:	The securities account maintained by a Depositor with CDP
“SGX-ST”	:	Singapore Exchange Securities Trading Limited



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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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“Shareholders”	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose securities accounts are credited with Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Sponsor”	:	The sponsor appointed by the Company in accordance with the Catalist Rules, for such time as the Company remains listed on the Catalist Board of the SGX-ST
“Subsidiaries”	:	Companies which are for the time being subsidiaries of the Company as defined by Section 5 of the Act; and “Subsidiary” means each of them
“Trading Day”	:	A day on which the Shares are traded on the Official List of Catalist
“S\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent”	:	Percentage or per centum

2.2 The term “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to it by Section 130A of the Act.

2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.

2.4 Any reference to a time of a day in the ESOS is a reference to Singapore time.

2.5 Any reference in the ESOS to any enactment is a reference to that enactment as for the time being amended or re-enacted. Unless otherwise defined, any word defined under the Act or any statutory modification thereof and used in the ESOS shall have the meaning assigned to it under the Act.

### **3. OBJECTIVES OF THE ESOS**

3.1 The ESOS will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of the Group (including Group Executive Directors) and Group Non-Executive Directors (including independent Directors) and who satisfy the eligibility criteria as set out in Rule 4 of the ESOS, to participate in the equity of the Company.

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## **ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

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- 3.2 The ESOS is primarily a share incentive scheme. It recognises the fact that the services of such Group Employees are important to the success and continued well-being of the Group. Implementation of the ESOS will enable the Company to give recognition to the contributions made by such Group Employees. At the same time, it will give such Group Employees an opportunity to have a direct interest in the Company and will also help to achieve the following positive objectives:
- (i) to motivate each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
  - (ii) to retain key employees and Directors whose contributions are essential to the long-term growth and profitability of the Group;
  - (iii) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Group;
  - (iv) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
  - (v) to align the interests of the Participants with the interests of the Shareholders.

### **4. ELIGIBILITY**

- 4.1 Confirmed Group Employees (including Executive Directors) and Group Non-Executive Directors (including independent Director) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, shall be eligible to participate in the ESOS at the absolute discretion of the Committee.
- 4.2 Controlling Shareholders and their Associates who meet the eligibility criteria in Rule 4.1 shall be eligible to participate in the ESOS, provided that (a) the participation of, and (b) the terms of any Options to be granted and the actual number of Options to be granted under the ESOS, to a Participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person. The Company will, at such time, provide the rationale and justification for any proposal to grant the Controlling Shareholder or his Associate any Options (including the rationale for any discount to the market price, if so proposed).
- Such Controlling Shareholder and his Associate shall abstain from voting on the resolution in relation to his participation in this ESOS and the grant of Options to him.
- 4.3 For the purposes of determining eligibility to participate in the ESOS, the secondment of a confirmed Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased, by reason only of such secondment, to be a full time employee of the Group.
- 4.4 There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group.
- 4.5 Subject to the Act and any requirement of the SGX-ST, the terms of eligibility for participation in the ESOS may be amended from time to time at the absolute discretion of the Committee, which would be exercised judiciously.

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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### 5. MAXIMUM ENTITLEMENT

- 5.1 Subject to Rules 4, 5.2, 5.3 and 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the ESOS shall be determined at the discretion of the Committee, who shall take into account criteria such as rank, past performance, years of service and potential development of the Participant.
- 5.2 The aggregate number of Shares issued and issuable in respect of all Options granted under the ESOS available to the Controlling Shareholders or Associates of the Controlling Shareholders shall not exceed 25% of the total number of Shares available under the ESOS.
- 5.3 The number of Shares issued and issuable in respect of all Options granted under the ESOS available to each Controlling Shareholder or Associate of a Controlling Shareholder under the ESOS shall not exceed 10% of the total number of Shares available under the ESOS.

### 6. LIMITATION ON SIZE OF THE ESOS

- 6.1 The total number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of (a) all Options granted under the ESOS; and (b) all Awards granted under the PSP; and (c) all outstanding options or awards granted under such other share-based incentive schemes of the Company, shall not exceed 15% of the number of issued Shares (including treasury shares, as defined in the Act) on the day immediately preceding the Offer Date of the Option.

### 7. OFFER DATE

- 7.1 The Committee may, save as provided in Rules 4, 5 and 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the ESOS is in force, except that no Option shall be granted during the period of 30 days immediately preceding the date of announcement of the Company's interim and/or final results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant Options may only be made on or after the second Market Day on which such announcement is released.

An offer to grant the Option to a Grantee shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Schedule A, subject to such amendments as the Committee may determine from time to time.

### 8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within 30 days after the relevant Offer Date and not later than 5.00 p.m. on the 30th day from such Offer Date (i) by completing, signing and returning to the Company the acceptance form (the "**Acceptance Form**") in or substantially in the form set out in Schedule B, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration and (ii) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the ESOS in accordance with these Rules.

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8.1, such offer shall, upon the expiry of the 30 day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.

- 8.2 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or exercise notice (the “**Exercise Notice**”) in or substantially in the form set out in Schedule C given pursuant to Rule 12 which does not strictly comply with the terms of the ESOS.
- 8.3 Options shall be personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee’s prior written approval, but may be exercised by the Grantee’s duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee.
- 8.4 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.
- 8.5 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (i) it is not accepted in the manner as provided in Rule 8.1 within the 30 days period;
  - (ii) the Grantee dies prior to his acceptance of the Option;
  - (iii) the Grantee is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option;
  - (iv) the Grantee being a Group Employee ceases to be in the employment of the Group or (being a Director) ceases to be a Director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
  - (v) the Company is liquidated or wound-up prior to the Grantee’s acceptance of the Option.

### 9. EXERCISE PRICE

- 9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, on the Date of Grant, at:
- (i) a price equal to the Market Price; or
  - (ii) a price which is set at a discount to the Market Price, provided that:
    - (a) the maximum discount shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and

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## **ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

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- (b) the prior approval of the Shareholders in general meeting shall have been obtained, in a separate resolution, for the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount as aforesaid. Such approval shall be required to be obtained only once, and once obtained, shall unless revoked, authorise the making of offers and grants of Options under the ESOS at such discount for the duration of the ESOS.

9.2 In making any determination under Rule 9.1(ii) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:

- (i) the performance of the Company and/or its Subsidiaries, as the case may be;
- (ii) the years of service and individual performance of the eligible Group Employee or Director;
- (iii) the contribution of the eligible Group Employee or Director to the success and development of the Company and/or the Group; and
- (iv) the prevailing market conditions.

9.3 In the event that the Company is no longer listed on Catalist or any other relevant stock exchange or trading in the Shares on Catalist or such stock exchange is suspended for any reason for 14 days or more, the Exercise Price for each Share in respect of which an Option is exercisable shall be the fair market value of each such Share as determined by the Committee in good faith.

### **10. ALTERATION OF CAPITAL**

10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves, rights issue, reduction (including any reduction arising by reason of the Company purchasing or acquiring its issued Shares), subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (i) the Exercise Price for the Shares, class and/or number of Shares comprised in the Options to the extent unexercised and the rights attached thereto; and/or
- (ii) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

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## **ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

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- 10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made:
- (i) if as a result, the Participant receives a benefit that a Shareholder does not receive; and
  - (ii) unless the Committee, after considering all relevant circumstances, considers it equitable to do so.
- 10.3 The issue of securities as consideration for an acquisition of any assets by the Company, or the cancellation of issued Shares purchased or acquired by the Company by way of market purchase of such Shares undertaken by the Company on Catalist during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10, unless the Committee considers an adjustment to be appropriate, having due regard to the interests of Shareholders and Participants.
- 10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.
- 10.5 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify each Participant (or his duly appointed personal representative) in writing and deliver to him (or, where applicable, his duly appointed personal representative) a statement setting forth the new Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised. Any adjustment shall take effect upon such written notification being given.

### **11. OPTION PERIOD**

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part, at any time, by a Participant after the first anniversary of the Offer Date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part, at any time, by a Participant after the second anniversary from the Offer Date of that Option, provided always that the Options shall be exercised before the tenth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (i) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever;

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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- (ii) upon the bankruptcy of the Participant or the happening of any other event which result in his being deprived of the legal or beneficial ownership of such Option; or
- (iii) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.3(i), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

11.4 If a Participant ceases to be employed by the Group by reason of his:

- (i) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
- (ii) redundancy;
- (iii) retirement at or after a legal retirement age; or
- (iv) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary:

- (i) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or
- (ii) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any unexercised Options within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representative of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also an Executive Director, ceases to be a Director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.



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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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### 12. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 12.1 An Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the abovementioned Notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.
- 12.2 Subject to:
- (i) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary; and
  - (ii) compliance with the Rules, the Act and the Constitution of the Company, the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within 10 Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares in respect of which such Option has been exercised by the Participant and within five Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.
- 12.3 The Company shall, if necessary, as soon as practicable after the exercise of an Option, apply for the listing and quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.
- 12.4 Shares which are allotted on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of CDP to the credit of the securities account of the Participant maintained with CDP, the Participant’s securities sub-account with a CDP Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 12.5 Shares allotted and issued upon the exercise of an Option shall be subject to all provisions of the Constitution of the Company and shall rank *pari passu* in all respects with the then existing issued Shares in the capital of the Company except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.
- 12.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.



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## **ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

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### **13. MODIFICATIONS TO THE ESOS**

13.1 Any or all the provisions of the ESOS may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (i) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which, in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) of the total number of Shares which would fall to be allotted upon exercise in full of all outstanding Options;
- (ii) any modification or alteration which would be to the advantage of Participants under the ESOS shall be subject to the prior approval of the Shareholders in general meeting; and
- (iii) no modification or alteration shall be made without the prior approval of the Sponsor or (if required) any other stock exchange on which the Shares are quoted and listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(i), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the Sponsor) amend or alter the ESOS in any way to the extent necessary to cause the ESOS to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body.

13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

### **14. DURATION OF THE ESOS**

14.1 The ESOS shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years, commencing on the date on which the ESOS is adopted by the Company in a general meeting. Subject to compliance with any applicable laws and regulations in Singapore, the ESOS may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.

14.2 The ESOS may be terminated at any time by the Committee or by ordinary resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the ESOS is so terminated, no further Options shall be offered by the Company hereunder.

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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14.3 The termination, discontinuance or expiry of the ESOS shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

### 15. TAKE-OVER AND WINDING UP OF THE COMPANY

15.1 In the event of a take-over offer being made for the Company, Participants holding Options as yet unexercised (including Participants holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) shall, notwithstanding Rules 11 and 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part during the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

- (i) the expiry of six months thereafter, unless prior to the expiry of such six month period, at the recommendation of the offeror and with the approvals of the Committee and the Sponsor, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or
- (ii) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void, provided always that;

- (a) if, during such period, the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void; and
  - (b) the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11.3, remain exercisable until the expiry of the Option Period.
- 15.2 If, under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another corporation or corporations, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rules 11.1 and 11.2) shall, notwithstanding Rules 11 and 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, provided always that the date of exercise of any Option shall be before the expiry of the relevant Option Period.

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## **ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

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- 15.3 If an order or an effective resolution is passed for the winding up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 15.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 15.4) and thereupon, each Participant (or his personal representative) shall be entitled to exercise all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Exercise Price for the shares in respect of which the notice is given whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.
- 15.5 If, in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.
- 15.6 If the events stipulated in this Rule 15 should occur, to the extent that an Option is not exercised within the respective periods referred to herein in this Rule 15, it shall lapse and become null and void.

### **16. ADMINISTRATION OF THE ESOS**

- 16.1 The ESOS shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred upon it by the Board.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the ESOS) as it may consider necessary, desirable or expedient for it to administer and give effect to the ESOS.
- 16.3 Any decision of the Committee, made pursuant to any Rule of the ESOS (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Rules of the ESOS or any rule, regulation or procedure thereunder or as to any rights under the ESOS).
- 16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.

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## **ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

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### **17. NOTICES**

- 17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.
- 17.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

### **18. TERMS OF EMPLOYMENT UNAFFECTED**

- 18.1 The ESOS or any Option shall not form part of any contract of employment between the Company or any Subsidiary (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the ESOS or any right which he may have to participate in it or any Option which he may hold and the ESOS or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.
- 18.2 The ESOS shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against the Company or any Subsidiary.

### **19. TAXES**

- 19.1 All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the ESOS shall be borne by that Participant.

### **20. COSTS AND EXPENSES OF THE ESOS**

- 20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.
- 20.2 Save for such costs and expenses expressly provided in the Rules to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the ESOS including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

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## ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME

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### 21. CONDITION OF OPTION

21.1 Every Option shall be subject to the condition that no Shares shall be issued pursuant to the exercise of an Option if such issue would be contrary to the constitutive documents of the Company or any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

### 22. DISCLAIMER OF LIABILITY

22.1 Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the ESOS, including but not limited to the Company's delay in allotting and issuing the Shares or in applying for or procuring the listing of the Shares on Catalist (or any other relevant stock exchange).

### 23. DISCLOSURE IN ANNUAL REPORT

23.1 The Company shall make the following disclosure in its annual report:

23.1.1 The names of the members of the Committee;

23.1.2 The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular financial year):

- (i) participants who are Directors of the Company;
- (ii) participants who are Controlling Shareholders of the Company and their Associates; and
- (iii) Participants, other than those in (i) and (ii) above, who receive 5% or more of the total number of Options available under the scheme.

Name of Participant	Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of the ESOS to end of financial year under review	Aggregate Options exercised since commencement of the ESOS to end of financial year under review	Aggregate Options outstanding as at end of financial year under review
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23.1.3 In respect of Options granted to directors and employees of the parent company and its subsidiaries:

- (i) the names of and number and terms of Options granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of Options available to all directors and employees of the parent company and its subsidiaries under the scheme, during the financial year under review; and

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## **ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

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- (ii) the aggregate number of Options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the scheme to the end of the financial year under review.

23.1.4 The number and proportion of Options granted at the following discounts to average market value of the Shares in the financial year under review:

- (i) Options granted at up to 10% discount; and
- (ii) Options granted at between 10% but not more than 20% discount.

Provided that if any of the above requirements is not applicable, an appropriate negative statement must be included.

### **24. ABSTENTION FROM VOTING**

Shareholders who are eligible to participate in the ESOS shall abstain from voting on any Shareholders' resolution relating to the ESOS.

### **25. DISPUTES**

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

### **26. GOVERNING LAW**

The ESOS shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the ESOS, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

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**ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE  
SHARE OPTION SCHEME**

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**SCHEDULE A**

**IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

**LETTER OF OFFER**

Serial No: \_\_\_\_\_

Date: \_\_\_\_\_

To: [Name]  
[Designation]  
[Address]

**Private and Confidential**

Dear Sir/Madam,

1. We have the pleasure of informing you that, pursuant to the IPS Securex Employee Share Option Scheme (the “**ESOS**”), you have been nominated to participate in the ESOS by the Committee (the “**Committee**”) appointed by the Board of Directors of IPS Securex Holdings Ltd. (the “**Company**”) to administer the ESOS. Terms as defined in the Rules of the ESOS shall have the same meaning when used in this letter.
2. Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “**Option**”), to subscribe for and be allotted \_\_\_\_\_ Shares at the price of S\$ \_\_\_\_\_ per Share.
3. The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part, except with the prior approval of the Committee.
4. The Option shall be subject to the terms of the ESOS, a copy of which is available for inspection at the business address of the Company.
5. If you wish to accept the offer of the Option on the terms of this letter, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on \_\_\_\_\_, failing which this offer will lapse.

Yours faithfully,  
For and on behalf of  
**IPS Securex Holdings Limited**

Name:  
Designation:

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**ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE  
SHARE OPTION SCHEME**

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**SCHEDULE B**

**IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

**ACCEPTANCE FORM**

Serial No: \_\_\_\_\_

Date: \_\_\_\_\_

To: The Committee,  
IPS Securex Holdings Limited  
213 Henderson Road  
#04-09 Henderson Industrial Park  
Singapore 159554

Closing Date for Acceptance of Offer	:	_____
Number of Shares Offered	:	_____
Exercise Price for each Share	:	S\$ _____
Total Amount Payable	:	S\$ _____

I have read your Letter of Offer dated \_\_\_\_\_ and agree to be bound by the terms of the Letter of Offer and ESOS referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for \_\_\_\_\_ Shares at S\$\_\_\_\_\_ per Share. I enclose cash for S\$1.00 in payment for the purchase of the Option/I authorise my employer to deduct the sum of S\$1.00 from my salary in payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of Shares in the Company or Options to subscribe for such Shares.

I further acknowledge and confirm that you have not made any representation to induce me to accept the offer in respect of the said Option and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.



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**ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE  
SHARE OPTION SCHEME**

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**Please print in block letters**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No. : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

**Note:**

\* Delete where inapplicable

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**ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE  
SHARE OPTION SCHEME**

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**SCHEDULE C**

**IPS SECUREX EMPLOYEE SHARE OPTION SCHEME**

**EXERCISE NOTICE**

Total number of ordinary shares (the “ <b>Shares</b> ”) offered at S\$_____ per Share (the “ <b>Exercise Price</b> ”) under the ESOS on _____ (Date of Grant)	:	_____
Number of Shares previously allotted thereunder	:	_____
Outstanding balance of Shares to be allotted thereunder	:	_____
Number of Shares now to be subscribed	:	_____

To: The Committee,  
IPS Securex Holdings Limited  
213 Henderson Road  
#04-09 Henderson Industrial Park  
Singapore 159554

1. Pursuant to your Letter of Offer dated and my acceptance thereof, I hereby exercise the Option to subscribe for Shares in IPS Securex Holdings Limited (the “**Company**”) at S\$. per Share.
2. I enclose a \*cheque/cashiers order/banker’s draft/postal order no. \_\_\_\_\_ for S\$\_\_\_\_\_ by way of subscription for the total number of the said Shares.
3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the IPS Securex Employee Share Option Scheme and the Constitution of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.
5. I request the Company to allot and issue the Shares in the name of The Central Depository (Pte) Limited (“**CDP**”) for credit of my \*securities account with CDP/Sub-Account with the Depository Agent/CPF investment account with my Agent Bank specified below and I hereby agree to bear such fees or other charges as may be imposed by CDP in respect thereof.

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**ANNEX B – RULES OF THE IPS SECUREX EMPLOYEE  
SHARE OPTION SCHEME**

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**Please print in block letters**

Name in full : \_\_\_\_\_

Designation : \_\_\_\_\_

Address : \_\_\_\_\_

Nationality : \_\_\_\_\_

\*NRIC/Passport No : \_\_\_\_\_

\*Direct Securities Account No. \_\_\_\_\_

: OR

\*Sub Account No. : \_\_\_\_\_

Name of Depository Agent \_\_\_\_\_

: OR

\*CPF Investment Account No. : \_\_\_\_\_

Name of Agent Bank : \_\_\_\_\_

Signature : \_\_\_\_\_

Date : \_\_\_\_\_

**Note:**

\* Delete where inapplicable