




**SECURA**  
GROUP LIMITED



**2020**  
Annual Report



Cyber Security • Homeland Security and Digital Forensic  
Security Guarding • Integrated Command Centre  
Security Consultancy • Systems Integration • Training  
Security Printing • Event Security • Executive Protection

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PROXY FORM



*This annual report has been prepared by Secura Group Limited (the "Company") and has 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 Catalyst.*

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

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# CORPORATE PROFILE

Secura Group Limited (“**Secura**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is a leading provider of an integrated suite of security products, services and solutions. The Group was formed through a merger of Secura Singapore Pte Ltd and its subsidiaries (the “**Secura group of companies**”) and Soverus Group Pte Ltd and its subsidiaries (the “**Soverus group of companies**”).

The Secura group of companies have been providing security printing services of value documents with anti-counterfeit features since 1976, and own one of the largest cheque printing businesses in Singapore. With operations in Singapore, Bangladesh and Taiwan, the group’s range of value documents include bank cheques and passbooks, cash vouchers, educational certificates, marriage certificates and machine-readable betting slips, amongst others.

The Soverus group of companies provide security services including security guarding, security systems integration, cybersecurity, homeland security and other security products and services. As a premium security agency in Singapore, the group provides unarmed manned security guarding services, as well as operate a state-of-the-art 24-hour command centre with remote CCTV surveillance and video analytics for round-the-clock monitoring of premises.

The Group moved into the skills training arena in 2017, when it incorporated a new business entity which was certified as a Public Approved Training Organisation to offer training modules for security and service tracks.

Secura holds 20% interest in Custodio Technologies Pte Ltd (“**Custodio Technologies**”), a subsidiary of Israel Aerospace Industries Ltd. The main business of Custodio Technologies is in research and development of new cybersecurity solutions and capabilities with a focus on cyber early warning technology.

The Group has a well-diversified clientele comprising more than 800 customers in various industries, including multinational corporations, financial institutions and government agencies.

On 28 January 2016, the Group was listed on the Catalist Board of the SGX-ST.



# MESSAGE TO SHAREHOLDERS

## Dear Shareholders,

The year 2020 will be remembered as an anomalous year for almost all companies with the COVID-19 pandemic and the disruptions it brought about to the economy and businesses. Business activities across numerous sectors have slowed down or been brought to a standstill due to safe-distancing measures. On the other hand, the pandemic has driven many companies to make a 'digital leap', bringing various segments of their business operations online. The Group has found favourable footing in certain segments of its business while it weathers the temporary slowdown in other segments. As the world is finding its way out of the pandemic, the Group will stay vigilant on the evolving industry trends and adaptability will be key to our survival.

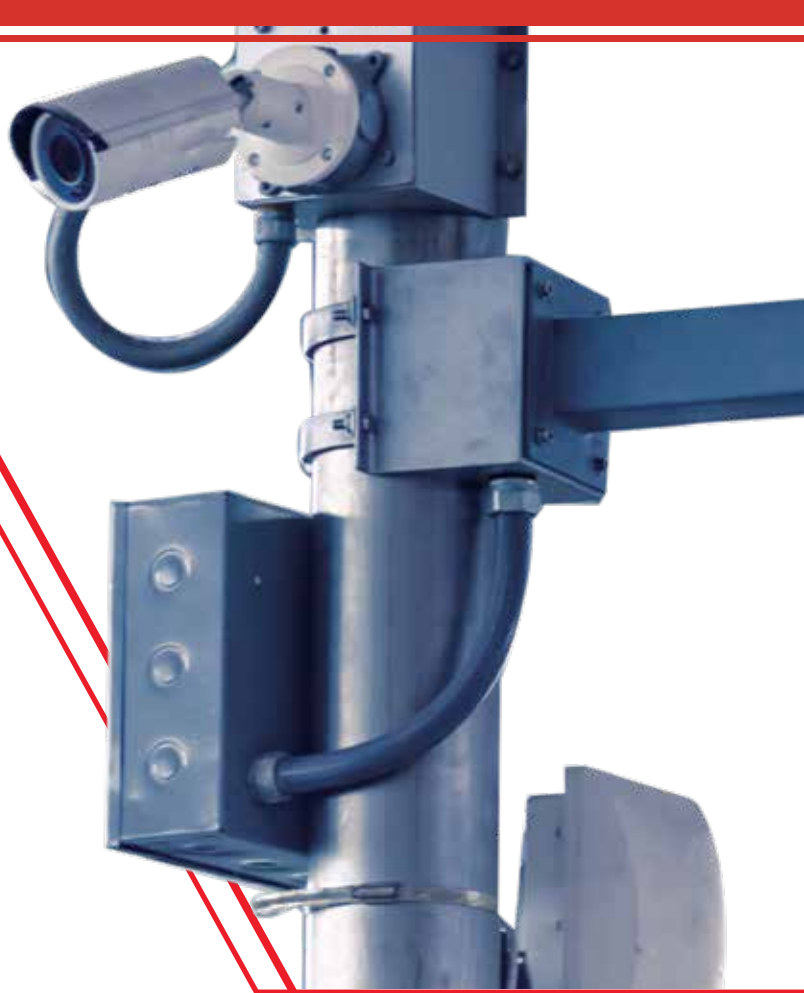
## Riding through the COVID-19 pandemic

Dealing with the pandemic and its effects was a test of the Group's resilience and it gave the Group an opportunity to reinforce its commitment and responsibilities as a business, organisation, employer and business partner. We were conscientious in implementing measures to contain the spread of the virus. Internally, precautionary measures such as Work-From-Home arrangements, temperature checks, restrictions on group activities were implemented to ensure the health and safety of our employees. Externally, the pandemic created additional needs placed on security services such as contact tracing, crowd control, health screening and quarantine-related procedures and surveillance. These needs, while many are ad-hoc, represented opportunities for the Group, and we responded swiftly to them, testifying to our value as an integrated security services provider.

One of the greatest challenges faced during the pandemic was the manpower shortage caused by border-control measures between Malaysia and Singapore. This greatly restricted supply of staff from Malaysia and there was also limited growth among the local pool of officers in Singapore. This pointed to a greater need for the Group to review its mix of product and service offerings and also reinforce the use of technology in rendering services.

## Financial Performance

The Group closed the financial year ended 31 December 2020 ("FY2020") with a net profit attributable to owners of the Company of S\$3.0 million compared to a loss of



S\$4.5 million in the preceding year ("FY2019"). While the COVID-19 pandemic has significantly impacted the Group's business, the Group's receipt of the Singapore government's Job Support Scheme ("JSS") grant which amounted to S\$3.8 million and a decrease in operating expenses, partially offset by impairment losses, contributed to the positive bottom line results.

The business slowdown caused by the pandemic has been felt across many segments, especially in the security guarding segment while the nation-wide digitisation initiatives continued to take place during the year, impacting the security printing business. As a result, the Group's revenue decreased 12.4% year-on-year ("y-o-y") to S\$33.9 million, partially offset by the increase in revenue from security surveillance, ad-hoc security guarding assignments, cyber security and digital forensics. While the lower revenue led to lower gross profit, profitability actually improved from ad-hoc guarding projects, and the delivery and installation of digital forensic products, both of which have higher margins, as well as foreign worker levy rebates and fee waivers.

Moving forward, while the government has announced an extension of the JSS in the 2021 Singapore Budget, the grant payout will taper off in June 2021 as the Group is within the Tier 2 sector of the JSS. The Group will remain vigilant in cost control as it has been facing cost pressures arising from manpower shortage, wage pressures from the Progressive Wage Model and other labour regulations. It will also explore other capability development grants for enterprises, which are expected to be enhanced under the Singapore Budget.

# MESSAGE TO SHAREHOLDERS



## Our Business Segments

The general economic slowdown and activity restrictions due to the pandemic made its impact felt in the security guarding industry. The Group's security guarding revenue dipped 19.5% y-o-y to S\$21.1 million as the number of contracts were reduced. However, as a testament to the quality of its services, the Group strengthened its footing in the business by securing two contracts with major customers, a S\$10.7 million contract in September 2020 and a S\$13.5 million contract in January 2021. As at 7 January 2021, the Group registered an order book of approximately S\$53.7 million in contracts from security guarding. Security guarding's segment profit also increased almost three-fold on the back of higher margin ad-hoc services, as well as foreign worker levy rebates and fee waivers.

The Group will focus its resources and energies on pursuing projects that place a premium on quality and have a longer tenure, as these projects offer a better payoff for the investment of time and resources as well as potential for further developments. With the border controls locking security guards from Malaysia out of the Singapore market, market dynamics have shifted as low-cost competitors are more cautious about price reductions because the manpower shortage is making this strategy unsustainable. Technology, as an enabler of security guarding work, has gained greater prominence and acceptance on the back of the manpower shortage and the digitalisation leap witnessed in 2020. The Group has been an early adopter of technology with the establishment of our Integrated Command Centre, the introduction of virtual

patrolling services as early as 2018, as well as the use of robotics and facial recognition. With this head start, we are focussing our growth on companies that are higher up in the technology adoption scale and also beefing up our team with people who have the right technological expertise.

At the same time, the Group will seek opportunities within the Meetings, Incentives, Conferences, Exhibitions industry in Singapore, which looks set for a recovery as Phase 3 of Singapore's post-Circuit Breaker reopening is progressing smoothly. Major events, such as the World Economic Forum in August 2021, will provide opportunities for security companies due to the scale of the event, the need for premium quality services and the possible requirement to engage multiple security agencies to spread the effort and risk.

The Group's security printing business continued to face declining demand from Singapore's paperless drive, supported by the accelerated digitalisation move in 2020. Revenue from security printing decreased 24.8% to S\$5.9 million in FY2020. The segment's overseas markets of Bangladesh and Taiwan remain the bright spots for the business. Taiwan, with its SME-dominated business landscape and its existing regulations on certain secured documents such as cheques, has a buoyant market for security printing and as such the Group's Taiwan operation is looking to acquire more machines to increase capacity. Our business in Bangladesh grew in FY2020 despite the pandemic, contributing S\$0.2 million or 16.5% more income y-o-y. The business is self-sustainable and looking to embark on further expansion with additional capital expenditure and new property purchases. In Singapore, the secured data handling business is steadily taking off with client acquisitions made within sectors outside the financial industry, such as insurance and property management. Beyond this, our fast-growing markets in Taiwan and Bangladesh offer significant growth potential for a similar application of the secured data handling technologies.

Our training business under Secura Training Academy is currently on a hiatus till August 2021 due to a temporary funding suspension by SkillsFuture Singapore Agency. The suspension measures were imposed because of certain breaches of conduct due to an inadvertent

# MESSAGE TO SHAREHOLDERS

administrative oversight. The Group takes a serious view to this and has implemented an independent review and enhanced internal controls to create a more robust administrative system so as to prevent similar breaches from recurring. Meanwhile, we are using the time to review our course offerings on their quality and coverage, assess their relevance against future industry trends and incubate new courses. We are confident of returning to the market in August 2021 with an enhanced set of courses that are more effective and able to address current industry needs.

For our digital forensics segment, we are currently reassessing new opportunities following the Group's decision not to renew the Cellebrite distribution agreement. The Group had made this decision due to less attractive terms in the agreement and consideration for risks of product obsolescence in a fast-changing market. We believe the demand for digital forensic equipment and other homeland security equipment and solutions will remain supported given the need to deal with security risks in many parts of the region. In the Group's cybersecurity business, we have shifted the focus from offering packaged services to tailored solutions for business needs. However, many companies held back on cybersecurity spending due to a shift in resources towards battling the pandemic and enabling Work-From-Home arrangements. Elsewhere in the Group's technology business category, the systems integration business was similarly affected by movement restrictions due to the pandemic. We believe this downturn is temporary and the longer-term margins are attractive. Therefore, we would like to continue investing resources and talents into growing both systems integration and remote surveillance, since both businesses are complementary.

## Stringent Cost Management

While the economic environment proved challenging for the Group's top line performance, we turned our resources towards improving our bottom line results through identifying avenues for streamlining our operations and cost reduction. The Group launched a new payroll system in October 2020 that offers a clearer overview of the costs of deployment, leading to better decision-making on manpower usage and team sizing, and ultimately cost efficiency. On the other hand, we managed pay adjustments carefully and avoided a company-wide pay reduction, allowing us to keep our team intact for supporting the Group's recovery growth lap. In view of the Work-From-Home arrangements which resulted in the under utilisation of our building at 38 Alexandra Terrace, we are also exploring ways to maximise the usage of the premises and generate additional income sources.

<sup>1</sup> 15 February 2021, MTI press release, MTI Maintains 2021 GDP Growth Forecast at "4.0 to 6.0 Per Cent"

Following a 5.4% contraction in the Singapore's gross domestic product in 2020, Singapore's Ministry of Trade and Industry ("MTI") forecasts growth to be between 4-6% in 2021<sup>1</sup>. Emerging from the pandemic as a more streamlined, cost-efficient and resilient business, the Group believes it is well-positioned to grasp the new opportunities as they start to emerge.

## Appreciation

Following the resignation of Executive Director, Mr Lim Joey Matthias in February 2020, we welcomed Mr Wilson Sam as Non-Executive and Non-Independent Director to the board of directors of the company ("Board" or "Directors") in July 2020. With Mr Sam's professional expertise and familiarity with the Group's business, we look forward to working together to help the Group achieve its near term goals and find new growth engines. For the rest of the Board, we thank you for your continued dedication to pushing the Group forward.

For helping the Group stay on course in its performance, we would like to thank all our staff and senior management for the hard work. We are equally grateful to our suppliers, business partners and customers for the lending their support during this challenging period. Last but not least, we want to thank our shareholders for continuing to put your faith in the Group's vision. Your support goes a long way in helping the Group emerge stronger and more resilient.

**Dr Ho Tat Kin**  
*Chairman and Independent Director*

**Mr Kan Kheong Ng**  
*Executive Director and Chief Executive Officer*



# OPERATIONS & FINANCIAL REVIEW

The Group achieved profit attributable to owners of the Company of S\$3.0 million in FY2020 compared to a loss of S\$4.5 million in FY2019. Revenue and gross profit for FY2020 dipped 12.4% and 2.9% to S\$33.9 million and S\$5.6 million, respectively. Net assets as at 31 December 2020 stood at S\$43.4 million, up from S\$40.4 million as at 31 December 2019, while cash and cash equivalents as at 31 December 2020 increased to S\$21.0 million from S\$14.5 million of the previous financial year.

Income statement (S\$'000)	FY2020	FY2019	% Change
<b>Revenue:</b> <ul style="list-style-type: none"> <li>Security guarding declined 19.5% to S\$21.1 million due to loss of contracts</li> <li>Security printing decreased 24.8% to S\$5.9 million due to lower demand for printed products in line with nationwide digitalisation initiatives</li> </ul> <b>Partially offset by:</b> <ul style="list-style-type: none"> <li>Digital forensic increased 96.6% to S\$2.7 million with the fulfillment of outstanding orders carried over from 2019 to 2020</li> <li>Security surveillance services and ad-hoc guarding assignments jumped 132.0% to S\$1.4 million</li> <li>Cybersecurity increased 32.6% to S\$0.9 million</li> </ul>	<b>33,916</b>	38,704	(12.4)
<b>Cost of sales</b>	<b>(28,304)</b>	(32,927)	(14.0)
<b>Gross profit:</b> Gross profit margin increased to 16.5% in FY2020 from 14.9% in FY2019 due mainly to: <ul style="list-style-type: none"> <li>Higher gross profit margin achieved for both the ad-hoc guarding assignments and the delivery and installation of digital forensic products</li> <li>Foreign worker levy rebates and fee waivers granted by the Singapore government during the COVID-19 period for the security guarding segment</li> </ul> <b>Partially offset by:</b> <ul style="list-style-type: none"> <li>Decline in gross profit margin for security printing and security guarding due to fixed overheads</li> <li>The adoption of Progressive Wage Model in security guarding that resulted in increases to security officer payroll cost</li> </ul>	<b>5,612</b>	5,777	(2.9)
<b>Other operating income:</b> <ul style="list-style-type: none"> <li>The receipt of the JSS grants from the Singapore government amounted to S\$3.8 million for FY2020</li> </ul>	<b>5,233</b>	1,727	NM
<b>Distribution and selling expenses:</b> <ul style="list-style-type: none"> <li>Decrease in staff headcount and travelling expenses</li> </ul>	<b>(1,289)</b>	(1,623)	(20.6)

# OPERATIONS & FINANCIAL REVIEW

<b>Administrative expenses:</b> <ul style="list-style-type: none"> <li>Decrease largely due to the Group's efforts on cost control measures including voluntary pay cut by senior management, lower depreciation charges with more fully depreciated assets and foreign exchange gains</li> </ul>	(4,493)	(5,127)	(12.4)
<b>Finance cost:</b> <ul style="list-style-type: none"> <li>Partial repayment of bank loan and refinancing of bank loan at lower interest rates</li> </ul>	(199)	(322)	(38.2)
<b>Share of results of joint ventures and associates:</b> <ul style="list-style-type: none"> <li>Attributable to share of losses and impairment of the investment in Custodio Technologies of S\$1.0 million, impairment loss on goodwill arising from the acquisition of Foremost Secura Corporation of S\$0.2 million, partially offset by the share of profits from the investment in Secura Bangladesh Ltd ("SBL") amounting to S\$0.2 million</li> </ul>	(903)	(4,896)	NM
<b>Impairment loss on financial assets</b>	(7)	(8)	(12.5)
<b>Impairment loss on goodwill</b>	(994)	–	NM
<b>Profit/(Loss) before tax</b>	<b>2,960</b>	(4,472)	NM
<b>Income tax credit</b>	<b>15</b>	15	–
<b>Profit/(Loss) for the year</b>	<b>2,975</b>	(4,457)	NM
<b>Profit/(Loss) attributable to owners of the Company</b> <ul style="list-style-type: none"> <li>Largely due to the JSS grants, decrease in operating expenses, partially offset by the share of losses and impairment of the investment in Custodio Technologies and impairment loss on goodwill arising from the acquisition of Secura Singapore Pte Ltd and its subsidiaries ("SSPL Group")</li> </ul>	<b>2,975</b>	(4,453)	NM



# OPERATIONS & FINANCIAL REVIEW

Balance sheet (S\$'000)	As at 31 December 2020	As at 31 December 2019
<b>Non-current assets:</b> <ul style="list-style-type: none"> <li>Decrease due to depreciation and amortisation charged to property, plant and equipment and right-of-use assets, amortisation of intangible assets in relation to customer relationships, share of losses and impairment of the investment in Custodio Technologies and impairment loss on goodwill arising from the acquisition of the SSPL Group</li> <li>Offset by the addition of property, plant and equipment and share of profits of the investment in SBL</li> </ul>	28,302	31,970
<b>Current assets:</b> <ul style="list-style-type: none"> <li>Increase in cash and cash equivalents of S\$6.5 million from the receipt of JSS and wage grants and improved operational cash flows</li> <li>Offset by the decline in inventories of S\$1.5 million due to the delivery of digital forensic products</li> </ul>	30,579	25,815
<b>Total assets</b>	<b>58,881</b>	<b>57,785</b>
<b>Current liabilities:</b> <ul style="list-style-type: none"> <li>Decrease in contract liabilities of S\$1.8 million, lower accrued operating expenses of S\$0.2 million and decrease in income tax payable of S\$0.3 million</li> <li>Offset by increase in trade and other payables of S\$1.0 million due to recognition of deferred grant income</li> </ul>	6,607	7,892
<b>Non-current liabilities:</b> <ul style="list-style-type: none"> <li>Repayment of bank loan and leases of S\$0.8 million</li> <li>Offset by an increase in deferred tax liabilities of S\$0.1 million</li> </ul>	8,870	9,523
<b>Total liabilities</b>	<b>15,477</b>	<b>17,415</b>
<b>Net assets</b>	<b>43,404</b>	<b>40,370</b>
<b>Share capital</b>	<b>61,644</b>	<b>61,644</b>
<b>Reserves</b>	<b>(15,973)</b>	<b>(16,022)</b>
<b>Accumulated losses</b>	<b>(2,316)</b>	<b>(5,301)</b>
<b>Non-controlling interests</b>	<b>49</b>	<b>49</b>
<b>Total equity</b>	<b>43,404</b>	<b>40,370</b>

# OPERATIONS & FINANCIAL REVIEW

Cash flow (S\$'000)	FY2020	FY2019
<b>Net cash from operating activities:</b> <ul style="list-style-type: none"> <li>Generated operating cash flows before working capital changes of S\$6.9 million</li> <li>Net cash generated from working capital amounted to S\$0.9 million due to lower inventories of S\$1.6 million, decrease in trade and other receivables and contract assets of S\$0.2 million and decline in prepaid operating expenses of S\$0.1 million</li> <li>Partially offset by the decline in trade and other payables and contract liabilities of S\$0.7 million and decrease in accrued operating expenses of S\$0.2 million</li> </ul>	7,620	4,588
<b>Net cash used in investing activities:</b> <ul style="list-style-type: none"> <li>Due to addition of property, plant and equipment</li> </ul>	(242)	(284)
<b>Net cash used in financing activities:</b> <ul style="list-style-type: none"> <li>Repayment of bank loan and leases of S\$0.7 million and S\$0.1 million, respectively</li> </ul>	(829)	(3,673)
<b>Net increase in cash and cash equivalents</b>	<b>6,549</b>	<b>631</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>14,479</b>	<b>13,853</b>
<b>Cash and cash equivalents at end of year</b>	<b>21,028</b>	<b>14,479</b>

# BOARD OF DIRECTORS

## **Dr Ho Tat Kin**

*Chairman and Independent Director*



Dr Ho Tat Kin was appointed to our Board on 16 October 2015 and was last re-elected on 25 April 2019.

Dr Ho is a management consultant, concentrating on mergers and acquisitions, business ventures in the private education sector, digital information technology and green technology. He brings with him more than 30 years of senior experience in risk management, operations and corporate governance. Over the years, Dr Ho has served as director of various companies listed on the main boards of Hong Kong and Singapore. His last appointment was the Executive Chairman of Rowsley Ltd (now known as Thomson Medical Group Limited), a company listed on the SGX-ST from August 2010 to December 2013.

Prior to joining the private sector, Dr Ho had a successful career in the public sector, having served in the Ministry of Education, Singapore Economic Development Board and was Deputy Director of the Japan-Singapore Institute of Software Technology (a Government-to-Government Technology Transfer Project) from 1982 to 1990 and then as Director till 1997.

Dr Ho was an elected Member of Parliament, from December 1984 to October 2001, serving 4 terms in the Parliament of Singapore. He was concurrently a Town Council Chairman from 1988 to 1999.

Dr Ho graduated with a Bachelor of Science (Honours) from the University of Singapore in 1966, and received a Japan International Co-operation Agency (Post-graduate) Certificate (Teacher on Computer Science) completed at the Yamanashi University and Tokyo University in 1975. Dr Ho completed his M.Sc. in Technological Economics in 1980 and Ph. D. in 1982 at the University of Stirling, Scotland, UK.

Dr Ho Tat Kin is a life member of the Institute of Physics of Singapore and received a Distinguished Science Alumni Award from the University of Singapore in 2011.

## **Mr Kan Kheong Ng**

*Executive Director and Chief Executive Officer*



Mr Kan Kheong Ng was appointed to our Board on 1 February 2019 and was last re-elected on 25 April 2019. As the Executive Director and Chief Executive Officer (“CEO”), he oversees the overall business operations, and provides leadership to drive the growth of the Group’s business in the region.

Mr Kan has almost 30 years of regional management and business development experience in the automotive industry, having managed various illustrious global brands

with renowned regional dealership, Wearnes Automotive, headquartered in Singapore. From 2001 to 2009, he was General Manager at Malayan Motors, a division of Wearnes Automotive, where he managed the Rolls-Royce, Bentley, Jaguar and Volvo Trucks franchises in Singapore, and successfully introduced some of the brands into new territories such as Brunei, Indonesia, Taiwan and Thailand. From 2009 to 2012, he was promoted to Managing Director of the Prestige Division of Wearnes Automotive, where he led the acquisition of new brands such as Bugatti, Land Rover and McLaren.

In 2012, Mr Kan joined Fastrack Autosports (Iskandar) Pte Ltd to conceptualise and develop an integrated automotive hub in Nusajaya, Iskandar Malaysia, in partnership with UEM Sunrise Berhad. He led the project’s joint venture company, Fastrack Iskandar Sdn Bhd, as its CEO.

Mr Kan currently holds directorships in the Fastrack group of companies and is also an Executive Director of TMC Life Sciences Berhad, a company listed on Bursa Malaysia.

Mr Kan graduated from the Royal Melbourne Institute Technology with a degree in Business Administration in 1995.

## **Ms Lim Siok Leng**

*Executive Director and Chief Financial Officer*



Ms Lim Siok Leng was appointed to our Board on 16 October 2015 and was last re-elected on 25 April 2019. Ms Lim has been serving with our Group for over 20 years. She is responsible for overseeing the overall operations of the security printing business as well as the finance and accounting functions of our Group.

Ms Lim began her career in Hofer Communications (Pte) Ltd as a Finance Manager in 1986. In 1995, she joined the Secura group of companies as a Finance and Administrative Manager, progressing to the position of Financial Controller in 2002. Between 2002 and 2015, Ms Lim was responsible for the overall finance functions and accounting matters of the Secura group of companies, including the implementation of internal controls and compliance with regulatory requirements.

Ms Lim was later appointed as Managing Director of the Secura group of companies in 2015, and her role expanded to include overseeing our Group’s performance, implementation of company policies and development of strategic plans.

Ms Lim graduated from the National University of Singapore in 1986 with a Bachelor of Accountancy. She has been an associate of the Institute of Singapore Chartered Accountants since 1995.

# BOARD OF DIRECTORS

## Mr Gary Ho Kuat Foong

*Independent Director*

Mr Gary Ho Kuat Foong was appointed to our Board on 16 October 2015 and was last re-elected on 12 June 2020.

Mr Ho has over 35 years of experience in corporate management and finance having been a Director of both publicly-listed and private companies in Singapore, Malaysia and Australia. He currently serves on the board of directors of Avara Limited, a company listed on the SGX-ST and TMC Life Sciences Berhad, a company listed on Bursa Malaysia.

Mr Ho graduated with a Bachelor of Science and a Bachelor of Commerce from the University of Western Australia in 1975 and 1977, respectively. He is also a member of the Institute of Singapore Chartered Accountants and CPA Australia.

## Mr Ong Pang Liang

*Independent Director*

Mr Ong Pang Liang was appointed to our Board on 16 October 2015 and was last re-elected on 12 June 2020.

He is currently an Independent Director of Thomson Medical Group Limited, a company listed on the SGX-ST. Mr Ong has over 25 years of experience in banking and finance. His career in various international banks covered management responsibilities in capital markets, treasury operations and corporate banking. He spent 15 years in Bank of America where he was a Managing Director and held positions such as; Head of Foreign Exchange in Singapore and General Manager of Shanghai Branch, People's Republic of China.

Subsequent to his banking career, Mr Ong spent a number of years in the corporate business sector. He was Chief Financial Officer and Finance Director of companies listed on the Mainboard of the SGX-ST.

Mr Ong graduated from the National University of Singapore in 1983 with a Bachelor of Business Administration.

## Ms Christina Teo Tze Wei (Zhao Ziwei)

*Independent Director*

Ms Christina Teo was appointed to our Board on 1 February 2019 and was last re-elected on 25 April 2019.

Ms Teo has over 20 years of experience in private equity, leveraged buyouts, and mergers and acquisitions, having led numerous investments globally with notable deals including Jaya Holdings, Crystal Jade, 2XU, Seafolly, RM Williams, Guiseppe Zanotti and Cristiano Ronaldo's global image rights.

She is the co-founder and currently, the CEO of Singapore-based start-up UCARE.AI, an artificial intelligence ("AI")-powered technology enabler for health data and solutions. She brought UCARE.AI to its Series A financing phase, and launched its AI-powered predictive hospital bill estimation system throughout Parkway Pantai's Singapore hospitals. She is also appointed to the Data Protection Advisory Committee to advise the Personal Data Protection Commission on matters relating to the review and administration of the personal data protection framework.

Prior to co-founding UCARE.AI in 2016, she was the CEO of Catpital, Director of Mint Media, Managing Director at L Capital Asia (LVMH), and held other senior investment positions at Affinity Equity Partners and Deutsche Bank's Strategic Investments Group.

Ms Teo graduated with a Master of Business Administration from Harvard Business School in 2002 and a Bachelor of Business Administration (Finance), Honours, from the National University of Singapore in 1995.

## Mr Wilson Sam

*Non-Executive and Non-Independent Director*

Mr Wilson Sam was appointed to our Board on 1 July 2020.

Mr Sam has 20 years of experience in finance, investments and advisory. He is currently the Executive Director and Group Chief Financial Officer of Thomson Medical Group Limited, a company listed on the SGX-ST. Mr Sam is responsible for providing leadership to its financial and management reporting, corporate finance, treasury, investor relations and corporate and regulatory compliance functions. Prior to this, Mr. Sam held various positions with regional and international banks, specialising in corporate finance and merger and acquisitions and was involved in numerous initial public offerings, financial advisory and merger and acquisition transactions.

Mr Sam obtained a Bachelor of Business Studies (Honours) degree with a major in financial analysis and a minor in accountancy from the Nanyang Technological University. He is also a CFA® charterholder, a CAIA® charterholder and holds FRM® certification.

# EXECUTIVE OFFICER

## **Mr Goh Ching Hua Kelvin**

*Managing Director (Security Guarding)*



Mr Goh Ching Hua Kelvin joined our Group in 2013 as a Business Development Manager and was promoted to General Manager of Soverus Pte Ltd in 2014 and to Managing Director (Security Guarding) in 2018. Mr Goh is responsible for managing the overall operations, and sales and marketing strategies of our security guarding business and integrated command centre for remote surveillance. He is also involved in planning the recruitment strategies for our security officers.

Prior to joining our Group, Mr Goh began his career as an Engineer at Panasonic Factory Solutions Asia Pacific Pte Ltd in 2003. In 2006, he moved to Logicom Instruments Pte Ltd, where he worked as a Senior Engineer till 2007. From 2007 to 2009, Mr Goh was a Sales Manager at Certis CISCO Security Pte Ltd, where he was responsible for generating new sales for security systems, such as CCTVs intrusion detections systems, electronics access control systems and car park barrier systems.

Subsequently, he joined Security Distribution and Consultancy Pte Ltd from 2009 to 2010 as a Sales Manager before taking on the role of Business Development and Strategic Planning Manager at Pico Guards Pte Ltd from 2010 to 2011. From 2011 to 2013, Mr Goh served as the General Manager of Jasa Investigation & Security Services Pte Ltd, where he was responsible for developing and implementing strategic marketing plans and forecasts for security systems and security guarding services. In 2016, Mr Goh was elected as the Vice President (Systems) for the Security Association Singapore, the largest association representing security professionals and companies in Singapore.

Mr Goh graduated from the National University of Singapore in 2002 with a Bachelor of Engineering (Electrical).



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Kan Kheong Ng, Ms Lim Siok Leng and Mr Wilson Sam are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 20 April 2021 (collectively, the “Retiring Directors”).

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the SGX -ST (the “Catalist Rules”), the information relating to the Retiring Directors as set out in Appendix 7F of the Catalist Rules, is as set out below:

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
Date of Appointment	1 February 2019	16 October 2015	1 July 2020
Date of last re-appointment (if applicable)	25 April 2019	25 April 2019	Not applicable
Age	65	56	45
Country of principal residence	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Kan as Executive Director and CEO was recommended by the Nominating Committee and approved by the Board, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.	The re-election of Ms Lim as Executive Director and Chief Financial Officer (“CFO”) was recommended by the Nominating Committee and approved by the Board, after taking into consideration her qualifications, expertise, past experiences and overall contribution since she was appointed as a Director.	The re-election of Mr Sam as a Non-Executive and Non-Independent Director was recommended by the Nominating Committee and approved by the Board, after taking into consideration his qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.
Whether appointment is executive, and if so, the area of responsibility	Executive  Mr Kan is appointed as Executive Director and CEO and he is responsible for overseeing the overall business operations and provides leadership to drive the growth of the Group’s business in the region.	Executive  Ms Lim is appointed as Executive Director and CFO and she is responsible for overseeing the overall operations of the security printing business as well as the finance and accounting functions of the Group.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Director and CEO	Executive Director and CFO	<ul style="list-style-type: none"> <li>• Non-Executive and Non-Independent Director</li> <li>• Member of the Audit Committee</li> </ul>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
Professional qualifications	Degree in Business Administration, Royal Melbourne Institute Technology	Bachelor of Accountancy, National University of Singapore	<ul style="list-style-type: none"> <li>Bachelor Studies (Honours) with major in Financial Analysis and a minor in Accountancy, Nanyang Technological University</li> <li>CFA® and CAIA® charterholder</li> <li>FRM® certification</li> </ul>
Working experience and occupation(s) during the past 10 years	<p>February 2019 – Present: Secura Group Limited, Executive Director and CEO</p> <p>2012 – January 2019: Fastrack Autosports (Iskandar) Pte. Ltd., Executive Director</p> <p>2009 – 2012: Wearnes Automotive Pte Ltd, Managing Director, Prestige Division</p>	<p>2015 - Present: Secura Group Limited, Executive Director and CFO</p> <p>2002 – 2015: Secura group of companies, Financial Controller</p>	<p>March 2019 – Present: Executive Director and Group CFO, Thomson Medical Group Limited</p> <p>2014 – February 2019: Senior Vice President, Investments, Kestrel Capital Pte Ltd</p> <p>2010 – 2013: Vice President, Investments, Rowsley Limited</p>
Shareholding interest in the listed issuer and its subsidiaries	Please refer to the “Directors’ Statement” section on page 43 to 46 of the annual report.		
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	Mr Wilson Sam is currently employed by Thomson Medical Group Limited as Executive Director and Group CFO. The controlling shareholder of the Company is also the controlling shareholder of Thomson Medical Group Limited.
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rules 720(1) has been submitted to the listed issuer	Yes	Yes	Yes



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
<p>Other Principal Commitments* Including Directorships#</p> <p><i>* "Principal Commitments" has the same meaning as defined in the Code – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments</i></p> <p><i># These fields are not applicable for announcement of appointments pursuant to Rule 704(8)</i></p>	<p><b>Past (for the last 5 years)</b> None</p> <p><b>Present</b> Directorships</p> <ul style="list-style-type: none"> <li>• Red Sentry Pte Ltd</li> <li>• Secura Documation Pte. Ltd.</li> <li>• Secura Forms Pte Ltd</li> <li>• Secura Foremost eMage Pte. Ltd.</li> <li>• Secura Singapore Pte. Ltd.</li> <li>• Soverus Pte. Ltd.</li> <li>• Secura Training Academy Pte. Ltd.</li> <li>• Soverus Group Pte. Ltd.</li> <li>• Soverus Kingdom Systems Pte. Ltd.</li> <li>• Soverus Technology Pte. Ltd.</li> <li>• Soverus Consultancy &amp; Services Pte. Ltd.</li> <li>• Secura Security Printing Sdn Bhd</li> <li>• Secura Malaysia Sdn Bhd</li> <li>• Foremost Secura Corporation</li> <li>• Fastrack Autosports (Iskandar) Pte. Ltd.</li> <li>• Fastrack Management Pte. Ltd.</li> </ul>	<p><b>Past (for the last 5 years)</b> Directorships</p> <ul style="list-style-type: none"> <li>• Custodio Technologies Pte. Ltd.</li> </ul> <p><b>Present</b> Directorships</p> <ul style="list-style-type: none"> <li>• Red Sentry Pte Ltd</li> <li>• Secura Documation Pte. Ltd.</li> <li>• Secura Forms Pte Ltd</li> <li>• Secura Foremost eMage Pte. Ltd.</li> <li>• Secura Singapore Pte. Ltd.</li> <li>• Secura Training Academy Pte. Ltd.</li> <li>• Soverus Group Pte. Ltd.</li> <li>• Soverus Kingdom Systems Pte. Ltd.</li> <li>• Soverus Technology Pte. Ltd.</li> <li>• Secura Security Printing Sdn Bhd</li> <li>• Secura (Bangladesh) Limited</li> <li>• Secura Malaysia Sdn Bhd</li> <li>• Foremost Secura Corporation</li> </ul>	<p><b>Past (for the last 5 years)</b> Directorships</p> <ul style="list-style-type: none"> <li>• Catpital Private Limited</li> <li>• TI Health Pte. Ltd.</li> </ul> <p><b>Present</b> Directorships</p> <ul style="list-style-type: none"> <li>• Thomson Medical Group Limited</li> <li>• Thomson Women's Clinic Holdings Pte Ltd</li> <li>• Sasteria Pte. Ltd.</li> <li>• Smartparents Pte. Ltd.</li> <li>• Renewable Metal Resources Pte. Ltd.</li> <li>• Thomson Medical Pte. Ltd.</li> <li>• Thomson Women Cancer Centre Pte. Ltd.</li> <li>• Thomson Paediatric Centre Pte. Ltd.</li> <li>• PCC Products Pte. Ltd.</li> <li>• Thomson Wellth Company Pte. Ltd.</li> <li>• Sasteria (M) Pte. Ltd.</li> <li>• Thomson Kids Pte. Ltd.</li> <li>• Thomson X Pte. Ltd.</li> <li>• TMC Life Sciences Berhad</li> <li>• Vantage Bay JB Sdn Bhd</li> <li>• Skies VB Sdn Bhd</li> <li>• VB2 Property Sdn Bhd</li> <li>• Adifore Finance Ltd</li> <li>• Arnel Services S.A.</li> <li>• Mint Media Sports Limited</li> <li>• PT Thomson Medical</li> </ul>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
	<ul style="list-style-type: none"> <li>• TMC Life Sciences Berhad</li> <li>• Fastrack Iskandar Sdn Bhd</li> <li>• Fastrack JV (Iskandar) Limited</li> <li>• Best Blend Sdn Bhd</li> <li>• BB Waterfront Sdn Bhd</li> <li>• Thomson Hospital Sdn Bhd</li> <li>• IVF Technologies Sdn Bhd</li> <li>• TMC Biotech Sdn Bhd</li> <li>• TMC Lifestyle Sdn Bhd</li> <li>• TMC Properties Sdn Bhd</li> <li>• Thomson TCM Sdn Bhd</li> <li>• TMC Care Sdn Bhd</li> <li>• TMC Women's Specialist Holdings Sdn Bhd</li> </ul>		Principal Commitments <ul style="list-style-type: none"> <li>• Executive Director and Group CFO of Thomson Medical Group Limited</li> </ul>
<b>Information required</b>			
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
<p>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?</p>	No	No	No
<p>(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?</p>	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KAN KHEONG NG	LIM SIOK LENG	WILSON SAM
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No



# CORPORATE GOVERNANCE REPORT

The Company is committed to achieving and maintaining high standards of corporate governance in order to safeguard the interests of shareholders of the Company (“**Shareholders**”).

This report outlines the Company’s corporate governance practices which are in line with the principles and provisions set out in the Code of Corporate Governance 2018 (the “**Code**”) issued by the Monetary Authority of Singapore on 6 August 2018 and Rule 710 of the Catalist Rules. The Group has complied substantially with the principles and provisions of the Code. Where there are deviations from the recommendations of the Code, reasons and explanations in relation to the Company’s practices are provided, where appropriate.

In FY2020, Singapore Exchange Regulation Pte. Ltd. (“**SGX RegCo**”) notified the Company that it will remain on the SGX Fast Track programme until the next review cycle in 2021. SGX Fast Track programme recognises the efforts and achievements of listed issuers which have upheld high standards of corporate governance, and maintained a good compliance track record. Under this programme, the Company can expect to receive prioritised clearance for all submissions of corporate actions to SGX RegCo.

## BOARD MATTERS

### The Board’s Conduct of Affairs

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

The Board oversees the business affairs of the Group and provides entrepreneurial leadership to the Company. This includes evaluation of the performance of the Company’s management (“**Management**”), establishment of a prudent and effective controls framework and setting the strategic direction for the Company. It is responsible for the overall policies and integrity of the Group to ensure success and long-term interests of Shareholders are served.

The principal functions of the Board are to:

- supervise the management of the business and affairs of the Group;
- approve the Group’s strategic plans, key operational initiatives, major investments, disposals and funding decisions;
- identify the Group’s business risks and ensure the implementation of appropriate systems to manage these risks;
- monitor and review the Group’s financial performance;
- review Management’s performance;
- approve the nominations and re-election of Directors to the Board and the appointment of key management personnel; and
- assume responsibility for corporate governance.

The Board has adopted a set of internal guidelines specifying matters requiring the Board’s approval. These include, among others, approval of the Group’s strategic plans, major investment and funding proposals, review of annual budget and financial performance of the Group and appointment of Directors and key management personnel.

Functions of the Board are carried out directly by the Board or through Board committees (“**Board Committees**”), which have been set up to support its work, with written terms of reference that have been approved by the Board. In this regard, Board Committees, namely the Nominating Committee (“**NC**”), the Remuneration Committee (“**RC**”) and the Audit Committee (“**AC**”) have been constituted to assist the Board in the discharge of specific responsibilities. Further information on the roles and responsibilities of the NC, the RC and the AC are provided below.

## CORPORATE GOVERNANCE REPORT

Formal appointment letters setting out the Directors' duties and obligations are issued to each newly appointed Director. Newly appointed Directors will attend relevant trainings and are briefed on their duties and obligations as Directors. Meeting with the Chairman, CEO and CFO is part of an orientation programme for newly appointed Directors to familiarise themselves with the affairs of the business. The Company also conducts visits to the Group's key operating premises. Directors can also request further briefings or information on any aspect of the Group's business or operations from Management. All first-time Directors who have no prior experience as a director of a company listed on the SGX-ST are required to attend the mandatory training as prescribed in the Catalist Rules.

The Directors are encouraged to attend seminars, workshops and receive training in areas such as directors' duties and responsibilities, changes in regulations and regulatory framework (including financial reporting standards and listing rules) which are relevant to the Company's business and operations, so as to enable them to perform effectively as Directors. The Company arranges and funds the training of Directors. The Directors are also briefed on developments in accounting standards by the CFO and the external auditor, on developments in corporate governance practices by the Company Secretary, and on developments in business and strategy by the CEO.

During FY2020, the Board was provided with information on accounting and regulatory updates, including the Singapore Financial Reporting Standards (International), Catalist Rules, Companies Act as well as other updates issued by the SGX-ST and the Monetary Authority of Singapore, where applicable.

Mr Wilson Sam, who was appointed to the Board on 1 July 2020, is also an Executive Director and Group CFO of Thomson Medical Group Limited which is listed on the SGX-ST. As such, he is not required to attend the mandatory training as prescribed in the Catalist Rules.

The number of general meeting, Board and Board Committee meetings held during FY2020 as well as the attendance of each Director at these meetings is set out below:

Name	Annual General Meeting	Board Meeting	AC Meeting	NC Meeting	RC Meeting
<b>No. of meetings held</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>
<b>Name of Directors</b>					
Dr Ho Tat Kin	1	3	3	1	1
Mr Kan Kheong Ng	1	3	N.A.	N.A.	N.A.
Ms Lim Siok Leng	1	3	N.A.	N.A.	N.A.
Mr Lim Joey Matthias <sup>(1)</sup>	N.A.	1	1	N.A.	N.A.
Mr Ong Pang Liang	1	3	3	1	1
Mr Gary Ho Kuat Foong	1	3	3	1	1
Ms Christina Teo Tze Wei (Zhao Ziwei)	1	3	N.A.	1	N.A.
Mr Wilson Sam <sup>(2)</sup>	N.A.	2	2	N.A.	N.A.

**Notes:**

- (1) Mr Lim Joey Matthias resigned as a Director with effect from 31 March 2020.
- (2) Mr Wilson Sam was appointed as a Director and a member of the AC with effect from 1 July 2020.

## CORPORATE GOVERNANCE REPORT

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Following the amendments to the Catalist Rules on 7 February 2020, the Group will not be required to announce its financial statements on a quarterly basis. As such, on 2 March 2020, the Company announced that it will ceased quarterly results reporting.

Notwithstanding this, the Board continues to conduct regularly scheduled meetings for the first and third quarter of the financial year to receive updates on significant business activities and the overall business environment, in addition to the half-yearly meetings which coincide with the announcement of the Group's half-year and full-year results, respectively. Ad-hoc meetings will be held to address any significant issues that may arise.

The constitution of the Company ("**Constitution**") has provided for telephonic and video-conference meetings. The Directors, despite some having multiple board representations, have attended all Board and Board Committee meetings for FY2020 and have given sufficient time and attention to the affairs of the Group.

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Directors with periodic updates of the latest developments in the Group, accounts, reports and other financial information. Detailed Board papers are provided to the Directors before the scheduled meetings so as to enable them to make informed decisions. In respect of budgets, any material variance between the projections and actual results is reviewed by the Board, with Management providing explanations and further details as required.

At each quarterly Board meeting, the Executive Directors and Management brief the Non-Executive Directors on the state of the Group's business, finance and risks. The Non-Executive Directors are also briefed on the key developments in the security printing and security services industry. Members of Management and the external auditor, who are able to provide additional insight on the matters for discussion, are also invited from time to time to attend such meetings.

If a Director is not able to attend a Board or Board Committee meeting, he would still receive all the papers and materials for discussion at that meeting. He would review them and advise the Chairman or Board Committee Chairman of his views and comments (if any) on the matters to be discussed so that they may be conveyed to other members at the meeting.

The Directors are informed and are aware that they may seek independent professional advice at the Company's expense, where necessary, in furtherance of their duties.

All Directors have unrestricted access to the Company's records and information. They also have separate and independent access to the Company's senior Management and the Company Secretary at all times. The Company Secretary also attends all Board and Board Committee meetings. Her duties include minute taking, assisting the Chairman in the dissemination of information to the Board, as well as ensuring timeliness of information flows within the Board and the Board Committees and between Management and the Non-Executive Directors. The Company Secretary's responsibilities also include assisting the Chairman in ensuring that Board procedures are followed and communicating changes in the Catalist Rules or other regulations affecting corporate governance and compliance, where appropriate, facilitating orientation and assisting with professional development as required.

The appointment and removal of the Company Secretary is a matter for the Board as a whole to approve.

## CORPORATE GOVERNANCE REPORT

### Board Composition and Guidance

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

As at 31 December 2020, the Board comprised 7 Directors, namely 2 Executive Directors, 4 Independent Directors and 1 Non-Executive and Non-Independent Director. Memberships of the Board Committees are as follows:

Name	Date of appointment	Board membership	AC	NC	RC
Dr Ho Tat Kin	16 October 2015	Chairman and Independent Director	Member	Chairman	Member
Mr Kan Kheong Ng	1 February 2019	Executive Director, and CEO	–	–	–
Ms Lim Siok Leng	16 October 2015	Executive Director, and CFO	–	–	–
Mr Ong Pang Liang	16 October 2015	Independent Director	Chairman	Member	Member
Mr Gary Ho Kuat Foong	16 October 2015	Independent Director	Member	Member	Chairman
Ms Christina Teo Tze Wei (Zhao Ziwei)	1 February 2019	Independent Director	–	Member	–
Mr Wilson Sam	1 July 2020	Non-Executive and Non-Independent Director	Member	–	–

On 12 February 2020, the Company announced the resignation of Mr Lim Joey Matthias as Executive Director with effect from 31 March 2020. On 29 June 2020, the Company announced the appointment of Mr Wilson Sam as Non-Executive and Non-Independent Director with effect from 1 July 2020.

As a majority of the members of the Board are Non-Executive Directors, there is a strong and independent element on the Board. The Chairman of the Board is our Independent Director, Dr Ho Tat Kin. As such, the composition of the Board complies with the requirements of the Code.

The independence of each Independent Director is assessed at least annually by the NC, adopting the Code's and the Catalist Rules' definitions. Annually, each Independent Director is required to complete a Director's Independence Checklist ("Checklist") to confirm his independence. The Checklist is drawn up based on the provisions provided in the Code and the Catalist Rules. Thereafter, the NC reviews the Checklist completed by each of the Independent Directors, assesses the independence of each of the Independent Directors and recommends its assessment to the Board. The Board, after taking into account the views of the NC, determined that all the Independent Directors are independent, with each individual Director concerned abstaining from the review of his own independence. The Independent Directors have no relationships with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company. No individual or small group of individuals dominates the Board's decision-making.

## CORPORATE GOVERNANCE REPORT

The Non-Executive Directors constructively challenge and participate in setting strategies and goals for the Company and review, as well as monitor, the performance of Management in the implementation of the agreed strategies and goals. Where necessary, the Non-Executive Directors will have meetings amongst themselves without the presence of Management. The chairman of such meetings provides feedback to the Board and/or the Chairman as appropriate.

Each year, the Board reviews its size, taking into account, *inter alia*, the scope and nature of the Group's businesses and operations and the benefits of all aspects of diversity, including but not limited to gender, age, educational background and professional experience in order to provide the Board access to an appropriate range and balance of skills, experience and backgrounds.

All Directors are professionals in their own fields. Together they bring to the Board multiple skill sets, relevant competencies, and attributes to discharge the functions of the Board and Board Committees, and respond to challenges faced by the Group.

The current board size of 7 members is considered appropriate for the Company, after taking into account the nature and scope of the Group's operations. In addition, the Board believes that the current composition provides an appropriate balance of skills, experience, gender and knowledge which facilitates effective decision making. The Directors hold core competencies such as accounting and finance, business and management as well as industry knowledge. At present, the Board has 2 female Directors, namely, Ms Lim Siok Leng and Ms Christina Teo Tze Wei (Zhao Ziwei).

The Board believes that a well-balanced Board with appropriate diversity will contribute positively in overseeing the operations of the Group and will continue to move towards implementing a board diversity policy.

### Chairman and Chief Executive Officer

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

The Chairman of the Board is our Independent Director, Dr Ho Tat Kin and the CEO is Mr Kan Kheong Ng.

The Chairman and CEO are not immediate family members.

This ensures a clear division of responsibilities between the leadership of the Board and executives responsible for managing the Group's businesses. Hence, a lead independent director is not separately appointed.

The Chairman sets the tone of the Board meetings to encourage participation and constructive discussions on the agenda topics. He leads the Board in its discussions and deliberations, facilitates effective contribution by the Directors and ensures the timeliness of information flow between the Board and Management. The CEO is responsible for overseeing the overall business operations and implementation of the Group's strategies and policies.

# CORPORATE GOVERNANCE REPORT

## Board Membership

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

The NC comprises 4 Non-Executive Directors, all of whom, are Independent Directors:

Dr Ho Tat Kin (Chairman)  
Mr Ong Pang Liang  
Mr Gary Ho Kuat Foong  
Ms Christina Teo Tze Wei (Zhao Ziwei)

The NC holds at least 1 NC meeting each financial year.

Based on the written terms of reference, the principal functions of the NC are to:

- make recommendations to the Board on appointment of new Directors and key management personnel, including nominations of Directors for re-election in accordance with the Constitution;
- review and approve any new employment of persons related to the Directors and substantial Shareholders and proposed terms of their employment;
- determine the independence of Directors;
- review and decide whether a Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- review the training and professional development programs for the Board;
- review succession plans for Directors, in particular the CEO, Chairman and key management personnel;
- review the Directors' mix of skills, experience, core competencies and knowledge of the Group that the Board requires to function competently and efficiently;
- develop a process for evaluation of the performance of the Board, the Board Committees and the Directors and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term Shareholders' value.

In recommending new appointments to the Board, the NC takes into consideration the balance and diversity of skills required to support the Group's business activities and strategies as well as the qualifications, experience and attributes of prospective candidates.

The Company has adopted a comprehensive and detailed process in the selection of new Directors. Candidates will be sourced through an extensive network of contacts and selected based on, *inter alia*, the needs of the Group and the relevant expertise required. When necessary, the NC may seek the help of external consultants in the search process. In selecting suitable candidates, the Board, in consultation with the NC, will consider the Group's strategic goals, business direction and needs. The Board will also consider gender diversity requirements in seeking any new appointment to the Board. The NC will conduct interviews with the candidates and nominate the candidate deemed most suitable for appointment to the Board.

## CORPORATE GOVERNANCE REPORT

In recommending a Director for re-election to the Board, the NC considers, *inter alia*, his/her performance and contributions to the Board (including attendance and participation at meetings, and time and effort accorded to the Group's business and affairs). The Constitution requires newly appointed Directors to retire at the next annual general meeting ("AGM") following their appointment and one-third of the Board is to retire from office at every AGM.

The Directors standing for re-election at the forthcoming AGM are Mr Kan Kheong Ng, Ms Lim Siok Leng and Mr Wilson Sam, who will retire pursuant to the Constitution. Upon assessing these Directors' performance and contributions to the Board, the NC recommended them for re-appointment to the Board for consideration and the Board has accepted the NC's recommendations to put forth these Directors for re-election at the forthcoming AGM. These Directors have also offered themselves for re-election. Please refer to pages 13 to 22 of the annual report for further information on Mr Kan Kheong Ng, Ms Lim Siok Leng and Mr Wilson Sam.

No member of the NC participated in deliberations or decisions on recommendations for his own re-nomination to the Board.

The NC has assessed the independence of each Independent Director and considered that they are independent under the Code as well as the Catalist Rules. Each member of the NC has abstained from deliberations in respect of the assessment of his own independence. Each Independent Director has also provided written confirmation to the NC that he/she has no relationship (business or otherwise) with the Company, its related corporations, its substantial Shareholders or its officers which may affect their independence.

The Board is of the view that setting a maximum number of listed company board representations which a Director may concurrently hold would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they are in full-time employment and their other principal commitments or responsibilities.

The NC determines annually whether a Director with other listed company representations and/or other principal commitments is able to and has been adequately carrying out his duties as a director of the Company. The NC takes into account the conduct of the Director on the Board in making this determination. In respect of FY2020, the NC had reviewed the multiple board representations held by the Directors and their confirmations that they are able to devote sufficient time and attention to the matters of the Group. The NC was of the view that each Director had given sufficient time and attention to the affairs of the Company and had been able to discharge his duties as director effectively. The NC noted that based on the attendance of the Board and Board Committee meetings during FY2020, all the Directors were able to participate in at least a substantial number of such meetings in order to carry out their duties.

Key information (including the listed company directorships and principal commitments) on the Directors can be found on pages 9 to 10 of the annual report.

Additional information on Mr Kan Kheong Ng, Ms Lim Siok Leng and Mr Wilson Sam, being the Directors who have been nominated for re-election, as required under Appendix 7F of the Catalist Rules are set out on pages 13 to 22 of the annual report.

None of the Directors has appointed an alternate Director. As a Director is expected to be able to commit time to the affairs of the Company, the NC will generally not support the appointment of an alternate Director.

# CORPORATE GOVERNANCE REPORT

## Board Performance

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

The NC has formulated an evaluation process for assessing the effectiveness of the Board as a whole and the Board Committees.

The assessment parameters include, among others, Board and Board Committees size and composition, board independence, board processes, board information and accountability, attendance at meetings of the Board and the Board Committees, contributions and participation at meetings and ability to make informed decisions.

The primary objective of the assessment is to create a platform for the members of the Board and Board Committees to provide constructive feedback on the board procedures and processes and the changes which should be made to enhance the effectiveness of the Board and Board Committees.

Each Director will evaluate the performance of the Board taking into account a set of performance criteria which includes, *inter alia*, Board composition and size, Shareholders' access to information, Board processes, Board effectiveness, Board standards of conduct and financial performance indicators.

The performance evaluation process is performed annually. Each Director is required to complete assessment forms to evaluate the Board, individual Directors and Board Committees. The Company Secretary collates the completed forms and prepares a consolidated report for the Chairman of the NC. The NC discusses the report and concludes the performance results during the NC meeting before tabling the same to the Board. In consultation with the NC, the Chairman of the Board will act on the results of the performance evaluation.

The performance of individual Directors is observed through their contributions and participation at meetings, and time and attention devoted to the affairs of the Company. The NC will also consider other contributions by a Director such as providing objective perspectives on issues, facilitating business opportunities and strategic relationships and the Director's accessibility to management outside of formal Board and/or Board Committee meetings.

For FY2020, based on the completed assessment forms submitted by all Directors, with the consultation of the NC, the Board is of the view that the Board and the Board Committees have fared well against the performance criteria and satisfied with the performance of the Board and the Board Committees and each Director is contributing to the overall effective of the Board.

No external facilitator was engaged for the evaluation process for FY2020.



# CORPORATE GOVERNANCE REPORT

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

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

### Level and Mix of Remuneration

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

### Disclosure on Remuneration

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

The RC comprises 3 Non-Executive Directors, all of whom, are Independent Directors:

Mr Gary Ho Kwat Foong (Chairman)  
Dr Ho Tat Kin  
Mr Ong Pang Liang

The RC holds at least 1 meeting each financial year.

Based on the written terms of reference, the principal functions of the RC are to:

- review and recommend to the Board, a framework for determining executive remuneration including the remuneration of the Executive Directors, CEO and key management personnel;
- review the remuneration of key management personnel and employees related to the Directors, the CEO or substantial Shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines;
- administer the Secura Employee Share Option Scheme and the Secura Performance Share Plan (collectively, the “**Share-Based Incentive Plans**”);
- review and approve each award/ option as well as the total awards/options under each of the Share-Based Incentive Plans in accordance with the rules governing them, including awards/ options granted to the Directors and key management personnel; and
- review and recommend to the Board, a framework of remuneration (including Directors’ fees) for Non-Executive Directors.

The RC considers all aspects of remuneration, including termination terms, to ensure that they are fair. The Group’s remuneration policy is to provide competitive remuneration packages to reward, retain and motivate Directors to provide good stewardship of the Group and key management personnel to successfully manage the Group for the long term. In setting remuneration packages, the Group takes into consideration the remuneration and employment conditions within the same industry and in comparable companies, as well as the Group’s relative performance and the performance of the individual.

## CORPORATE GOVERNANCE REPORT

The Company had entered into a service agreement with each of our Executive Director and CEO, Mr Kan Kheong Ng and Executive Director and CFO, Ms Lim Siok Leng (the “**Executive Directors**”) on 1 February 2019 and 20 January 2016, respectively, for an initial period of 3 years. Both the service agreements are renewable thereafter on a yearly basis and may be terminated by either party giving not less than 90 days’ written notice.

Each of our Executive Directors and key management personnel is entitled to, *inter alia*, a base salary and performance-related incentives linked to the financial performance of the Group and the individual’s performance, which is assessed based on their respective performance indicators.

In structuring and reviewing the remuneration packages, the RC seeks to align the interests of Directors and key management personnel with those of Shareholders by linking rewards to corporate and individual performance, and ensures that the remuneration commensurate with the roles and responsibilities of each Director and key management personnel. The RC reviews the remuneration received by the Executive Directors based on the financial performance of the Group. The Executive Directors review the remuneration of key management personnel based on the staff remuneration guidelines to ensure that their remuneration packages commensurate with their respective job scope and responsibilities. The RC is satisfied that the performance conditions for the Executive Directors and key management personnel for FY2020 were met. Due to confidentiality and sensitivity attached to the remuneration matters, it would not be in the best interest of the Company to disclose information on performance conditions of the Executive Directors and key management personnel.

Non-Executive Directors receive Directors’ fees for their services. Each Non-Executive Director receives a basic fee and additional fees for serving as Chairperson of a Board Committee. In determining the quantum of such fees, factors such as frequency of meetings, time spent, responsibilities of Non-Executive Directors, and the need to be competitive in order to attract, motivate and retain these Directors are taken into account. Comparisons are made periodically against directors’ fees of other listed companies with similar market capitalisation as the Company to ensure that the Directors’ fees are within market norms and commensurate with responsibilities of the Non-Executive Directors.

No Director is involved in deciding his or her own remuneration package.

All revisions to the remuneration packages of the Directors and key management personnel are subject to the review by and recommendation of the RC and the approval of the Board. Directors’ fees are further subject to the approval of Shareholders at the AGM. Where necessary, the RC could seek external professional advice on remuneration matters of Directors and key management personnel. The RC did not seek any external professional advice to assist in the review of compensation and remuneration in FY2020.

In reviewing the service contracts of the Executive Directors and key management personnel, the RC will take into consideration the Company’s obligations in the event of termination of these service contracts, to ensure that such service contracts contain fair and reasonable termination clauses which are in line with industry norms and practices.

The Company had adopted the Share-Based Incentive Plans on 14 January 2016. The primary objective of establishing the Share-Based Incentive Plans is to recognise and reward Directors and employees for their valuable contributions to the growth and success of the Group as well as to retain employees whose services are vital to the success of the Group. Details of the Share-Based Incentive Plans can be found in the Company’s offer document dated 20 January 2016 (the “**Offer Document**”).

All Directors were granted options pursuant to the Secura Employee Share Option Scheme during FY2016, details of which can be found on pages 44 to 45 of this annual report. No further options have been granted since FY2016.

## CORPORATE GOVERNANCE REPORT

The breakdown of remuneration paid to or accrued to the Directors for FY2020 is as follows:

Directors	Fees	Salary <sup>(1)</sup>	Bonus	Benefits-in-kind	Variable or performance-related incentive/bonus	Total
<i>Between S\$250,000 to S\$500,000</i>						
Lim Siok Leng	–	100.0%	–	–	–	100.0%
<i>Below S\$250,000</i>						
Kan Kheong Ng	–	100.0%	–	–	–	100.0%
Lim Joey Matthias <sup>(2)</sup>	–	90.5%	–	9.5%	–	100.0%
Dr Ho Tat Kin	100.0%	–	–	–	–	100.0%
Ong Pang Liang	100.0%	–	–	–	–	100.0%
Gary Ho Kuat Foong	100.0%	–	–	–	–	100.0%
Christina Teo Tze Wei (Zhao Ziwei)	100.0%	–	–	–	–	100.0%
Wilson Sam	100.0%	–	–	–	–	100.0%

**Notes:**

- (1) Includes CPF contribution by employer.  
 (2) Mr Lim Joey Matthias resigned as a Director with effect from 31 March 2020.

The Company has disclosed the remuneration of each Director and the CEO as a breakdown (in percentage terms) into salary, bonus, directors' fees, variable or performance-related incentive/bonus and benefits-in-kind. No other long-term incentives and no termination, retirement or post-employment benefits have been granted to the Directors. The Company has disclosed each Director's and the CEO's remuneration in bands of S\$250,000.

While the Code recommends that the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis, after careful consideration, the Board is of the view that such disclosure would not be in the best interests of the Company or its Shareholders, and that the details disclosed in the table provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board took into consideration the competitive business environment in which the Group operates, and the negative impact such disclosure may have on the Group.

The various components of the remuneration of the Group's key management personnel (who are not Directors or the CEO) in percentage terms are as follows:

Key management personnel	Salary	Variable bonus	Allowances and other benefits	Total
<i>Below S\$250,000</i>				
Goh Ching Hua Kelvin	65.0%	13.7%	21.3%	100%

There are no other long-term incentives or termination, retirement or post-employment benefits for the key management personnel. As the Group only has 1 key management personnel who is not a Director or the CEO, it is not in the best interests of the Company to disclose the aggregate remuneration paid to the Group's top 5 key management personnel.

## CORPORATE GOVERNANCE REPORT

The remuneration of employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these employees will also be subject to the review of the RC. In addition, any new employment of employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder and the proposed terms of their employment will be subject to the review and approval of the NC. In the event that a member of the RC or the NC is related to the employee under review, he will abstain from the review.

The Company does not have any employee who is a substantial Shareholder, or is an immediate family member of a Director or the CEO or a substantial Shareholder, and whose remuneration exceeds S\$100,000 in FY2020. An annual remuneration report is not included in the annual report as the matters required to be disclosed therein have been disclosed in the Directors' Statements and in the notes to the financial statements. The Board responds to queries from Shareholders at AGMs on matters pertaining to remuneration policies and directors' remuneration.

### ACCOUNTABILITY AND AUDIT

#### Risk Management and Internal Controls

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

The Board is responsible for the governance of risks and the overall internal controls framework. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets and determines the nature and extent of the significant risks which the Board is willing to take in achieving the Company's strategic objectives.

As the Group does not have a risk management committee, the Board and the Management assume the responsibility of the risk management function. The Management is responsible for the design, implementation and monitoring of the Company's internal controls and risk management systems and providing the Board with a basis to determine the Company's level of risk exposure, risk tolerance and risk policies.

At the Board meeting held on 19 February 2021, the Board had received assurance from the CEO and the CFO that:

- the financial records of the Group have been properly maintained and the financial statements for FY2020 give a true and fair view of the Group's operations and finances; and
- the internal controls systems (including financial, operational, compliance and information technology controls) and risk management systems in place within the Group are adequate and effective.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the external and internal auditors, and reviews performed by the Management as well as assurance from the CEO and the CFO, the Board with the concurrence of the AC, confirms that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective as at 31 December 2020.

## CORPORATE GOVERNANCE REPORT

For FY2020, both the Board and the AC had not identified any material weaknesses in the internal controls and risk management systems of the Group.

The internal controls and risk management systems established by the Group provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

The Board has been working closely with Management in monitoring challenges posed by the COVID-19 pandemic. Detailed disclosures on the issues reviewed by the Board in the face of the COVID-19 pandemic (including changes to business fundamentals, the significant risks facing the Group as a result of the pandemic and the acceleration of digitisation efforts within the Group) can be found in the Company's Sustainability Report.

During the onset of the COVID-19 pandemic, the Board was promptly informed of the Company's COVID-19 business continuity plan which was implemented to ensure appropriate systems and procedures within the Group to specifically address the impact of the pandemic on business operational risks. Management closely monitored developments on the COVID-19 situation within the Group and coordinated the escalation of information regarding any impact and mitigation measures to the Board. The Board was also regularly updated on relevant legal and regulatory requirements in light of the rapidly evolving COVID-19 situation.

### **Audit Committee**

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

The AC comprises 4 Non-Executive Directors, and the majority of whom, including the AC Chairman, are Independent:

Mr Ong Pang Liang (Chairman)  
Dr Ho Tat Kin  
Mr Gary Ho Kuat Foong  
Mr Wilson Sam

All the members of the AC have relevant accounting and financial management experience and expertise and are hence able to discharge their responsibilities competently. The AC Chairman, Mr Ong Pang Liang, was CFO and Finance Director of companies listed on the Mainboard of the SGX-ST and Mr Gary Ho Kuat Foong is a member of the Institute of Singapore Chartered Accountants and CPA Australia. The AC has reasonable resources to enable it to discharge its functions effectively.

None of the AC members was a former partner or director of the Company's existing external auditor, Ernst & Young LLP ("EY"), within the previous two years or has any financial interest in the auditing firm.

The AC met 3 times in FY2020.

Based on the written terms of reference, the principal functions of the AC include:

- assisting the Board in the discharge of its responsibilities on financial reporting matters;
- reviewing with the internal and external auditors their plans and reports;
- reviewing the financial statements announcements and annual budget before submission to the Board for approval;

## CORPORATE GOVERNANCE REPORT

- reviewing and reporting to the Board, at least annually, the effectiveness and adequacy of the internal controls (including financial, operational, compliance and information technology controls) and risk management systems;
- reviewing the independence and objectivity of the internal and external auditors and recommending to the Board their appointment or re-appointment as well as their remuneration and terms of engagement;
- meeting with internal and external auditors without presence of the Management at least annually;
- reviewing and discussing with the internal and external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- reviewing the financial risk areas, with a view to providing an independent oversight of the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;
- reviewing the cooperation given by the Management to the internal and external auditors;
- reviewing interested person transactions;
- reviewing any potential conflicts of interest and setting out a framework to resolve or mitigate any potential conflict of interest; and
- reviewing and administering the Whistle Blowing Policy.

The AC shall also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

A breakdown of the audit and non-audit fees that are charged to the Group by the external auditor for FY2020 is set out below.

<b>Service Category</b>	<b>Fees Paid/Payable (S\$'000)</b>
Audit Services	179
Non-Audit Services	57
<b>Total Fees</b>	<b>236</b>

Having undertaken a review of the non-audit services provided during the year, the AC is satisfied and remains confident that the objectivity and independence of the external auditor are not in any way impaired by the provision of such non-audit services to the Group as these services were provided solely in connection with corporate tax services.

EY confirmed that the firm has remained as an independent public accountants within the meaning of Rule 12 of the Companies Act, Chapter 50 of Singapore and the Accountants (Public Accountants) Rules for the audit of the Group for FY2020.

## CORPORATE GOVERNANCE REPORT

The AC has considered the adequacy of the resources, experience and competence of EY, and has taken into account the Audit Quality Indicators relating to EY at the firm level and on the audit engagement level. Consideration is also given to the experience of the engagement partner and key team members in handling the audit team's ability to work in a co-operative manner with Management whilst maintaining integrity and objectivity and to deliver their services professionally and within agreed timelines.

On the basis above, the AC is of the opinion that EY is independent for the purpose of the Group's statutory audit and satisfied with the standard and quality of work performed by EY. The AC has recommended to the Board the nomination of EY for re-appointment as the Company's external auditor at the forthcoming AGM.

The Group has complied with Rules 712 and 715 of the Catalist Rules on the appointment of auditing firms for the Company and the entities in the Group.

The AC also meets with the internal auditor and the external auditor without the Management, at least annually and whenever necessary to review the adequacy of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the internal and external auditors. The AC had met with the internal and external auditors without the present of Management once in FY2020.

The external auditor provides regular updates and briefings to the AC on changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and their impact on the financial statements.

The Company has put in place a whistle blowing framework ("**Whistle Blowing Policy**") endorsed by the AC where the employees of the Group or any other person may, in confidence, raise concerns about possible corporate improprieties on matters of financial reporting or other matters. A dedicated secured email address has been set up to allow whistle blowers to contact the AC directly.

Details of the Whistle Blowing Policy and arrangements have been made available to all employees of the Group. The AC will ensure that independent investigations and any appropriate follow-up actions are carried out.

There were no reported incidents pertaining to whistle blowing during FY2020.

The Board recognises that it is responsible for maintaining a sound system of internal controls to safeguard Shareholders' investments and the Group's business and assets. The Company's internal audit function has been outsourced to the internal auditor, RSM Risk Advisory Pte Ltd ("**RSM**"). The internal auditor has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. The internal auditor reports to the AC.

The AC approves the hiring, removal, evaluation and compensation of the internal auditor. Procedures are in place for the internal auditor to report, independently on its findings and recommendations to the AC for review. Management will update the AC on the status of the remedial action plans. The AC also reviews and approves the annual internal audit plans and resources to ensure that the internal auditor has the adequate resources to perform its functions.

The AC reviews the adequacy and effectiveness of the internal auditor at least annually to, *inter alia*, ensure (i) that the majority of the identified risks are audited by cycle, (ii) that the recommendations of the internal auditor are properly implemented, and (iii) the effectiveness and independence of the internal auditor.

The internal auditor had conducted a review of the effectiveness of the Group's internal controls in FY2020 and no material weaknesses were found.

## CORPORATE GOVERNANCE REPORT

For FY2020, the AC is satisfied that the internal auditor is independent, effective and adequately staffed with persons with the relevant experience and qualifications. The internal auditor is led by a RSM partner who has more than 20 years of audit experience and the team is staffed by suitably qualified and experienced professionals with the relevance qualifications and experience.

The AC is also satisfied that the internal auditor has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

### SHAREHOLDER RIGHTS AND ENGAGEMENT

#### Shareholder Rights and Conduct of General Meetings

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

#### Engagement with Shareholders

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

### MANAGING STAKEHOLDERS RELATIONSHIPS

#### Engagement with Stakeholders

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

The Group's corporate governance practices promote fair and equitable treatment of all Shareholders. To facilitate Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET, in particular, information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable Shareholders to make informed decisions in respect of their investments in the Company.

The Company does not practise selective disclosure. Financial statements and annual reports are announced or issued within the mandatory period. In addition, information deemed to be price-sensitive, including press releases, presentations to analysts as well as major acquisitions or disposals, is disseminated without delay via announcements on SGXNET.

The Company also maintains a corporate website at [www.securagroup.com.sg](http://www.securagroup.com.sg) where the public can access investor-related information of the Group. All announcements made including financial statements, are published via SGXNET as well as on the Company's website. Shareholders, analysts and the press can contact the Company directly via online submission form on the Company's corporate website or office telephone number.



## CORPORATE GOVERNANCE REPORT

The Company has appointed an investor relations firm, August Consulting Pte Ltd, to manage communications with its stakeholders and to ensure that their queries and concerns are promptly addressed by the designated members of Management. The contact details of the investor relations firm can be found in the corporate information page of the annual report. The investor relations firm has procedures in place for responding to investors' queries as soon as possible.

The Company's main dialogue with its Shareholders, which includes institutional and retail investors, takes place at its AGMs. Shareholders are encouraged to attend AGMs. The Board and Management, as well as the external auditor, are in attendance at AGMs to address Shareholders' questions on issues relevant to the Company and resolutions proposed at the AGMs. The Chairpersons of the AC, RC, and NC would be present at the AGM to answer those questions relating to the work of these Board Committees.

Shareholders are informed of general meetings through notices published in the newspaper and the Company's announcements and press releases via SGXNET as well as through reports/circulars sent to all Shareholders. Separate resolutions are proposed for substantially separate issues at Shareholders' meetings for approval unless they are linked, and the reasons and material implications are explained. "Bundling" of resolutions are done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications involved. All resolutions are voted by electronic polling. An independent scrutineer is also appointed to count and validate the votes cast at the general meetings. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET after the conclusion of the general meetings.

Provision 11.4 of the Code provides that a company's constitution should allow for absentia voting at general meetings of shareholders (such as via mail, email or fax). As the authentication of Shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. Shareholders can vote in person or appoint not more than 2 proxies to attend, speak and vote on their behalf at general meetings of Shareholders, with the exception that Shareholders such as nominee companies which provide custodial services for securities are able to appoint more than 2 proxies to attend, speak and vote at general meetings notwithstanding the Constitution does not differentiate between the number of proxies which may be appointed by individual Shareholders and by nominee companies.

In view of the safe distancing regulations to hold physical meetings and to minimise physical interactions and COVID-19 transmission risk, the forthcoming AGM for FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the forthcoming AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of AGM, addressing of substantial and relevant questions at or prior to the forthcoming AGM and voting by appointing the Chairman of the AGM as proxy, will be put in place for the forthcoming AGM.

The Company Secretary prepares minutes of general meetings which include relevant and substantial questions and comments from Shareholders and responses from the Board and Management. Minutes of general meetings of shareholders are published on SGXNET and the Company's website as soon as practicable after such meetings.

## CORPORATE GOVERNANCE REPORT

The Company holds briefings to present its financial statements for the media and analysts, when requested. Outside of the financial announcement periods, when necessary and appropriate, Management will meet investors and analysts who would like to seek a better understanding of the Group's business and operations. This also enables the Group to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company on investors' views. When opportunities arise, the Company conducts media interviews to give Shareholders and the public a better perspective of the Group's business, operations and prospects.

### Dividend Policy

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to, *inter alia*, the Group's level of earnings, general business and financial condition, results of operations, capital requirements, cash flow, plans for expansion and other factors which the Directors may deem appropriate. In addition, the Company is a holding company and depends upon the receipt of dividends and other distributions from the subsidiaries to pay the dividends.

The Board has recommended a first and final one-tier tax exempt dividend of 0.4 Singapore cents per ordinary share for FY2020 for approval by Shareholders at the forthcoming AGM.

### Sustainability Reporting

The Company recognises the importance of sustainability and will be implementing the appropriate policies and programs. The Company will publish its sustainability report for FY2020 by the end of May 2021, in accordance with Practice Note 7F of the Catalist Rules.

## INTERESTED PERSON TRANSACTIONS

### Rule 907 of the Catalist Rules

The Company does not have a general mandate from Shareholders for interested person transactions.

Interested person transactions carried out during FY2020 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S\$100,000)
Mr Lim Eng Hock	Controlling Shareholder	S\$268,000	–

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and the transactions will not be prejudicial to the interests of the Group and its minority Shareholders. To ensure compliance with Chapter 9 of the Catalist Rules, the Board and the AC, at their meetings, review interested person transactions entered into by the Group (if any).

# CORPORATE GOVERNANCE REPORT

## MATERIAL CONTRACTS

### Rule 1204(8) of the Catalyst Rules

Save for the service agreements between the Company and the Executive Directors, disclosures under the sections “Interested Person Transactions” and the “Directors’ Statement” of the annual report and the financial statements of the Group, there were no other material contracts entered into by the Company or its subsidiaries involving the interests of any Director, the CEO or controlling Shareholder which is either subsisting at the end of FY2020 or, if not then subsisting, entered into since the end of FY2019.

## DEALINGS IN SECURITIES

### Rule 1204(19) of the Catalyst Rules

The Company has adopted a Code of Best Practices to provide guidance to all Directors and employees of the Group. The internal compliance code sets out a code of conduct to provide guidance for the Directors and employees of the Group on their dealings in the Company’s securities, as well as the implications of insider trading.

The Company has advised the Directors and employees of the Group not to deal in the Company’s securities during the period commencing 1 month before the announcement of the Company’s half year and full year financial statements.

All Directors and employees of the Group are expected to observe insider trading laws at all times. In particular, they are aware that dealing in the Company’s securities, when they are in possession of unpublished material price sensitive information in relation to those securities, is an offence. The Company has also reminded the Directors and employees of the Group not to deal in the Company’s securities on short-term considerations.

## NON-SPONSOR FEES

### Rule 1204(21) of the Catalyst Rules

There were no non-sponsor fees paid to the Company’s Sponsor, United Overseas Bank Limited, in FY2020.

## CORPORATE GOVERNANCE REPORT

### USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (“IPO”)

#### Rule 1204(22) of the Catalist Rules

The net proceeds (“**Net Proceeds**”) from the IPO was approximately S\$26.1 million.

The following table sets out the breakdown of the use of net proceeds from the IPO as at the date of this annual report:

<b>Purpose</b>	<b>Allocation of Net Proceeds (as announced on 25 July 2019) (S\$’000)</b>	<b>Net Proceeds utilised as at the date of the annual report (S\$’000)</b>	<b>Balance of Net Proceeds as at the date of the annual report (S\$’000)</b>
Expand cyber security, technology and systems integration business	13,300	(9,498)	3,802
Enhance and upgrade security printing equipment	1,000	(1,000)	–
Corporate infrastructure improvements	5,500	(5,500)	–
General working capital purposes	6,300	(6,005)*	295
	<b>26,100</b>	<b>(22,003)</b>	<b>4,097</b>

\* Mainly relates to repayment of shareholders’ loan and bank loan which were taken up for working capital purposes.

The use of the IPO proceeds was in accordance with the purposes and the proportional allocation as stated in the Company’s announcement dated 25 July 2019.

The Company will continue to make announcements on the utilisation of the balance of the IPO proceeds as and when such net proceeds are materially disbursed.

## DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Secura Group Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2020.

### Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

### Directors

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

Dr Ho Tat Kin  
Kan Kheong Ng  
Lim Siok Leng  
Ong Pang Liang  
Gary Ho Kuat Foong  
Christina Teo Tze Wei (Zhao Ziwei)  
Wilson Sam (appointed on 1 July 2020)

### Arrangements to enable directors to acquire shares and debentures

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

## DIRECTORS' STATEMENT

### Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and shares option of the Company and related corporations as stated below:

Name of director	Direct interest	
	At beginning of the financial year	At end of the financial year
<b>Ordinary shares of the Company</b>		
Kan Kheong Ng	50,000	50,000

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

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

### Share options

The Company has adopted a share option scheme known as the Secura Employee Share Option Scheme ("Secura ESOS"), which was approved by a shareholders' resolution passed on 14 January 2016. The Secura ESOS provides an opportunity for the Group's employees and Directors to participate in the equity of the Company.

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the Secura ESOS as at 31 December 2020 are as follows:

Name of directors	Exercise price (\$)	Number of options
Lim Siok Leng	0.25	5,600,000
Dr Ho Tat Kin	0.25	1,200,000
Ong Pang Liang	0.25	800,000
Gary Ho Kuat Foong	0.25	800,000
Total		<u>8,400,000</u>

## DIRECTORS' STATEMENT

### Share options (continued)

Details of the share options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Secura ESOS are as follows:

Name of directors	Options granted during financial year	Aggregate options granted since commencement of plan to end of financial year	Options cancelled or lapsed since commencement of plan to end of financial year	Aggregate options outstanding as at end of financial year
Lim Siok Leng	–	5,600,000	–	5,600,000
Dr Ho Tat Kin	–	1,200,000	–	1,200,000
Ong Pang Liang	–	800,000	–	800,000
Gary Ho Kuat Foong	–	800,000	–	800,000
<b>Total</b>	<b>–</b>	<b>8,400,000</b>	<b>–</b>	<b>8,400,000</b>

These options are exercisable between the periods from 9 May 2017 to 8 May 2026 at the exercise price of \$0.25 if the vesting conditions are met.

Since the commencement of the Secura ESOS plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates
- No participant other than the directors mentioned above has received 5% or more of the total options available under the plans
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted
- No options have been granted at a discount

### Share plan

The Company has adopted a performance share plan known as the Secura Performance Share Plan ("Secura PSP"), which was approved by a shareholders' resolution passed on 14 January 2016. The Secura PSP aims to motivate, recognise and reward contributions made by employees.

No performance shares have been granted or awarded pursuant to the Secura PSP since its inception.

Rules of the Secura ESOS and the Secura PSP are set out in the Company's offer document dated 20 January 2016 and are administered by the Remuneration Committee as follows:-

Gary Ho Kuat Foong  
Dr Ho Tat Kin  
Ong Pang Liang

## DIRECTORS' STATEMENT

### Audit committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

### Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Kan Kheong Ng  
Director

Lim Siok Leng  
Director

Singapore  
1 April 2021



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECURA GROUP LIMITED

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of Secura Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

### Basis for opinion

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

### Key audit matters

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

We have fulfilled our responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECURA GROUP LIMITED

### Key audit matters (continued)

#### **Impairment assessment of the Group's intangible assets and investment in a joint venture, the Group's and Company's investment in an associate, and the Company's investment in a subsidiary**

During the current financial year, the Group have impaired its intangible assets and investment in a joint venture, the Group's and the Company's investment in an associate, and the Company's investment in a subsidiary by \$1.0 million, \$0.2 million, \$1.0 million and \$0.2 million respectively. The recoverable amounts of these assets are calculated based on the value-in-use method using discounted cash flows which are determined based on a number of significant operational and predictive assumptions such as forecasted revenue, growth rate, profit margin and discount rate, taking into consideration the potential impact of the COVID-19 pandemic. These estimates require management to apply significant judgement and involve estimation uncertainty. As such, we consider the impairment assessment of these assets to be a key audit matter for our audit.

Our audit procedures included, amongst others, obtained an understanding of management's process and methodology in arriving at the recoverable amounts of the cash generating unit ("CGU"), subsidiary, associate and joint venture. We assessed the appropriateness of management's assumptions applied in the discounted cash flow models based on our knowledge of the operations and performances of these assets. This included obtaining an understanding of management's planned strategies and evaluating management's forecasting process by comparing previous forecasts to actual results. We also discussed with management on how they have considered the impact of the COVID-19 pandemic in determining the recoverable amounts. We engaged our internal valuation specialists to assist us in reviewing the reasonableness of the discount rates. In addition, we reviewed management's analysis of the sensitivity of the recoverable amounts to reasonably possible changes in the respective assumptions and assessed the reasonableness of the terminal growth rates. We have also assessed the adequacy of the disclosures in the financial statements in Note 3 *Significant accounting judgements and estimates*, Note 7 *Intangible assets*, Note 8 *Investment in subsidiaries*, Note 9 *Investment in joint ventures* and Note 10 *Investment in associates* of the financial statements.

### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of management and directors for the financial statements

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECURA GROUP LIMITED

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECURA GROUP LIMITED

## Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Soon Seng.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants

Singapore  
1 April 2021

## BALANCE SHEETS

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	24,677	26,070	14,578	14,871
Right-of-use assets	5	1,277	1,446	–	–
Investment property	6	519	537	2,595	2,685
Intangible assets	7	–	1,214	–	–
Investment in subsidiaries	8	–	–	23,334	21,034
Investment in joint ventures	9	643	789	–	–
Investment in associates	10	1,186	1,912	–	952
Deferred tax assets	28	–	–	67	220
Trade and other receivables	12	–	2	–	–
		28,302	31,970	40,574	39,762
<b>Current assets</b>					
Inventories	11	758	2,288	–	–
Trade and other receivables	12	8,229	8,263	20	58
Contract assets	24	198	350	–	–
Prepaid operating expenses		274	348	27	18
Amounts due from subsidiaries	13	–	–	585	1,593
Amounts due from joint ventures	14	92	87	–	–
Cash and cash equivalents	16	21,028	14,479	9,239	7,820
		30,579	25,815	9,871	9,489
<b>Total assets</b>		<b>58,881</b>	<b>57,785</b>	<b>50,445</b>	<b>49,251</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	17	4,060	3,024	241	268
Contract liabilities	24	492	2,272	–	–
Accrued operating expenses		983	1,224	130	173
Lease liabilities	18	132	148	–	–
Bank loan	18	833	833	833	833
Amounts due to subsidiaries	13	–	–	4,178	4,650
Income tax payable		107	391	–	–
		6,607	7,892	5,382	5,924
<b>Net current assets</b>		<b>23,972</b>	<b>17,923</b>	<b>4,489</b>	<b>3,565</b>

## BALANCE SHEETS

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current liabilities</b>					
Lease liabilities	18	943	1,030	–	–
Bank loan	18	7,062	7,742	7,062	7,742
Provision for reinstatement cost	19	122	122	–	–
Deferred tax liabilities	28	743	629	–	–
		8,870	9,523	7,062	7,742
<b>Total liabilities</b>		<b>15,477</b>	<b>17,415</b>	<b>12,444</b>	<b>13,666</b>
<b>Net assets</b>		<b>43,404</b>	<b>40,370</b>	<b>38,001</b>	<b>35,585</b>
<b>Equity</b>					
Share capital	20	61,644	61,644	61,644	61,644
Merger reserve	21	(16,291)	(16,291)	–	–
Foreign currency translation reserve	22	(71)	(102)	–	–
Employee share option reserve	23	389	371	389	361
Accumulated losses		(2,316)	(5,301)	(24,032)	(26,420)
		43,355	40,321	38,001	35,585
Non-controlling interests		49	49	–	–
<b>Total equity</b>		<b>43,404</b>	<b>40,370</b>	<b>38,001</b>	<b>35,585</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Revenue	24	33,916	38,704
Cost of sales		(28,304)	(32,927)
<b>Gross profit</b>		5,612	5,777
Other operating income	25	5,233	1,727
Distribution and selling expenses		(1,289)	(1,623)
Administrative expenses		(4,493)	(5,127)
Finance costs	26	(199)	(322)
Share of results of joint ventures and associates		(903)	(4,896)
Impairment loss on financial assets	12	(7)	(8)
Impairment loss on goodwill	7	(994)	–
<b>Profit/(loss) before tax</b>	26	2,960	(4,472)
Income tax credit	28	15	15
<b>Profit/(loss) for the year</b>		2,975	(4,457)
<b>Other comprehensive income:</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Share of foreign currency translation of joint ventures and associates		31	(15)
<b>Total comprehensive income for the year</b>		3,006	(4,472)
<b>Profit/(loss) for the year attributable to:</b>			
Owners of the Company		2,975	(4,453)
Non-controlling interests		–	(4)
<b>Profit/(loss) for the year</b>		2,975	(4,457)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		3,006	(4,468)
Non-controlling interests		–	(4)
<b>Total comprehensive income for the year</b>		3,006	(4,472)
<b>Earnings/(loss) per share (cents per share):</b>			
Basic and diluted earnings/(loss) per share	29	0.74	(1.11)

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to owners of the Company							Total equity \$'000
	Share capital \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Employee share option reserve \$'000	Accumulated losses \$'000	Non-controlling interests \$'000		
<b>At 1 January 2020</b>	61,644	(16,291)	(102)	371	(5,301)	49		40,370
Profit for the year	–	–	–	–	2,975	–		2,975
<u>Other comprehensive income</u>								
Share of foreign currency translation of joint ventures and associates	–	–	31	–	–	–		31
Other comprehensive income for the year, net of tax	–	–	31	–	–	–		31
<b>Total comprehensive income for the year</b>	–	–	31	–	2,975	–		3,006
<u>Contributions by and distributions to owners</u>								
Grant of equity-settled share options to employees (Note 27)	–	–	–	28	–	–		28
<u>Others</u>								
Expiry of employee share options	–	–	–	(10)	10	–		–
<b>At 31 December 2020</b>	61,644	(16,291)	(71)	389	(2,316)	49		43,404



## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to owners of the Company						Total equity \$'000
	Share capital \$'000	Merger reserve \$'000	Foreign currency translation reserve \$'000	Employee share option reserve \$'000	(Accumulated losses)/ Retained earnings \$'000	Non-controlling interests \$'000	
<b>At 1 January 2019</b>	61,644	(16,291)	(87)	347	352	115	46,080
Loss for the year	–	–	–	–	(4,453)	(4)	(4,457)
<u>Other comprehensive income</u>							
Share of foreign currency translation of joint ventures and associates	–	–	(15)	–	–	–	(15)
Other comprehensive income for the year, net of tax	–	–	(15)	–	–	–	(15)
<b>Total comprehensive income for the year</b>	–	–	(15)	–	(4,453)	(4)	(4,472)
<u>Contributions by and distributions to owners</u>							
Grant of equity-settled share options to employees (Note 27)	–	–	–	24	–	–	24
Dividends on ordinary shares (Note 30)	–	–	–	–	(1,200)	–	(1,200)
<b>Total contributions by and distributions to owners</b>	–	–	–	24	(1,200)	–	(1,176)
<u>Change in ownership interests in a subsidiary</u>							
Acquisition of non-controlling interests without a change in control	–	–	–	–	–	(62)	(62)
<b>Total transaction with owners in their capacity as owners</b>	–	–	–	–	–	(62)	(62)
<b>At 31 December 2019</b>	61,644	(16,291)	(102)	371	(5,301)	49	40,370

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company			
	Share capital \$'000	Employee share option reserve \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Company</b>				
<b>At 1 January 2020</b>	61,644	361	(26,420)	35,585
Profit for the year, representing total comprehensive income for the year	–	–	2,388	2,388
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees (Note 27)	–	28	–	28
<b>At 31 December 2020</b>	<b>61,644</b>	<b>389</b>	<b>(24,032)</b>	<b>38,001</b>
<b>At 1 January 2019</b>	61,644	337	(15,918)	46,063
Loss for the year, representing total comprehensive income for the year	–	–	(9,302)	(9,302)
<u>Contributions by and distributions to owners</u>				
Grant of equity-settled share options to employees (Note 27)	–	24	–	24
Dividends on ordinary shares (Note 30)	–	–	(1,200)	(1,200)
<b>At 31 December 2019</b>	<b>61,644</b>	<b>361</b>	<b>(26,420)</b>	<b>35,585</b>

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
<b>Operating activities:</b>			
Profit/(loss) before tax		2,960	(4,472)
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment and investment property	4,6	1,711	1,842
Amortisation of intangible assets	7	220	218
Amortisation of right-of-use assets	5	157	232
Gain on disposal of property, plant and equipment	26	–	(3)
Interest income	25	(169)	(218)
Write back of stock obsolescence	11	(91)	(9)
Impairment loss on financial assets	12	7	8
Impairment loss on goodwill	7	994	–
Share of results of joint ventures and associates		903	4,896
Unrealised exchange losses, net		–	5
Finance costs	26	199	322
Grant of equity-settled share options to employees	27	28	24
<b>Operating cash flows before working capital changes</b>		6,919	2,845
Decrease in inventories		1,621	1,033
Decrease in trade and other receivables and contract assets		179	600
Decrease/(increase) in prepaid operating expenses		74	(83)
Increase in amount due from a joint venture		(5)	(42)
(Decrease)/increase in trade and other payables and contract liabilities		(744)	638
Decrease in accrued operating expenses		(241)	(176)
<b>Cash flows generated from operations</b>		7,803	4,815
Interest received		169	166
Interest paid		(199)	(322)
Tax paid		(153)	(71)
<b>Net cash flows generated from operating activities</b>		7,620	4,588
<b>Investing activities:</b>			
Proceeds from disposal of property, plant and equipment		–*	14
Additions to property, plant and equipment		(242)	(347)
Dividend from a joint venture	9	–	49
<b>Net cash flows used in investing activities</b>		(242)	(284)

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
<b>Financing activities:</b>			
Acquisition of non-controlling interests		–	(62)
Proceed from issuance of shares	20	–	–*
Dividends on ordinary shares	30	–	(1,200)
Payment of principal portion of leases liabilities	5	(149)	(233)
Repayment of bank loan	18	(680)	(2,178)
<b>Net cash flows used in financing activities</b>		<u>(829)</u>	<u>(3,673)</u>
<b>Net increase in cash and cash equivalents</b>		6,549	631
Effect of exchange rate changes on cash and cash equivalents		–*	(5)
Cash and cash equivalents at 1 January		14,479	13,853
<b>Cash and cash equivalents at 31 December</b>	16	<u>21,028</u>	<u>14,479</u>

\* Denotes less than \$1,000

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 1. Corporate information

Secura Group Limited (the “Company”) is a limited company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 38 Alexandra Terrace, Singapore 119932.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 8 to 10 to the financial statements.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (SGD or \$) and all values are rounded to the nearest thousand (\$’000), except where otherwise indicated.

### 2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to SFRS(I) 16 Leases: Covid-19-Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9 <i>Financial Instruments</i> , SFRS(I) 1-39 <i>Financial Instruments: Recognition and Measurement</i> , SFRS(I) 7 <i>Financial Instruments: Disclosures</i> , SFRS(I) 16 <i>Leases: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.4 Basis of consolidation and business combinations

##### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

##### (b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method unless the business combination involves entities under common control. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 2. Summary of significant accounting policies (continued)

### 2.4 Basis of consolidation and business combinations (continued)

#### (b) Business combinations and goodwill (continued)

##### Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

### 2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.6 Foreign currency (continued)

##### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### 2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

#### 2.8 Joint ventures and associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.8 Joint ventures and associates (continued)

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates or joint ventures are prepared as of the same reporting date as the Company unless it is impracticable to do so. When the financial statements of an associate or joint venture used in applying the equity method are prepared as of a different reporting date from that of the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the reporting date of the Company.

#### 2.9 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

#### 2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	–	5 - 50 years
Plant and machinery	–	3 - 15 years
Furniture and fittings	–	4 - 15 years
Office equipment	–	1 - 10 years
Motor vehicles	–	1 - 10 years

Freehold land has an unlimited useful life and therefore is not depreciated.

Assets under construction are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.11 Investment property

Investment property is owned by the Company to earn rentals, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

#### 2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

##### Customer relationships

Customer relationships acquired in business combinations are amortised on a straight line basis over estimated finite useful life of three to five years.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.13 Impairment of non-financial asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

#### 2.14 Financial instruments

##### (a) Financial assets

###### Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

###### Subsequent measurement

###### *Amortised cost*

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

###### De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.14 Financial instruments (continued)

##### (b) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

###### Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

###### De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

#### 2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and fixed deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### 2.16 Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.16 Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are 150 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### 2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods manufactured and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.
- Finished goods purchased: costs are recognised based on weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

#### 2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.19 Employee benefits

##### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to the scheme are recognised as an expense in the period in which the related service is performed.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.19 Employee benefits (continued)

##### (b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

The employee share option reserve is transferred to retained earnings upon expiry of the share option.

##### (c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

#### 2.20 Leases – As lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (i) *Rights-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.20 Leases – As lessee (*continued*)

##### (i) *Rights-of-use assets (continued)*

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.13.

##### (ii) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### (iii) *Short-term leases*

Group applies the short-term lease recognition exemption to its short-term leases of motor vehicle (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good to the customer, which is when the customer obtains control of the good and service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

##### (a) Security printing

The Group provides customised security printing services through fixed-price contracts. Revenue is recognised when the control over the goods has been transferred to the customer. At contract inception, the Group assesses whether the Group transfers control of the goods over time or at point in time by determining if (a) its performance does not create an asset with alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

As the security printing products are customised for each customer, it has no alternative use for the Group, and for certain contracts with customers, the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the security printing services.

For certain contracts where the Group does not have enforceable right to payment, revenue is recognised only when the security printing services are completed and delivered to the customers and the customers have accepted it in accordance with the sales contracts.

##### (b) Security guarding

The Group provides security guarding services to customers over a specified contract period. The performance obligation is satisfied over time as the customers simultaneously receives and consume the benefits of the Group's performance in providing the security service. As the Group's efforts or inputs are expended throughout the performance period, revenue from security guarding services is recognised on a straight-line basis over the specified contract period.

Certain contracts with customers allow the customers to claim liquidated damages if certain conditions are met. The Group will estimate the transaction price and apply the constraint to the estimated transaction price. The Group will not recognise the portion of the revenue that is subject to the constraints until the amount is no longer constrained. The Group will recognise the amount received or receivable that is expected to be returned as a refund liability, representing its obligation to return the customers' consideration.

##### (c) Security training

The Group provides security training courses to security officers. The performance obligation is satisfied over time as the security officers simultaneously receive and consume the benefits of the Group's performance in providing the security training courses. As the Group's efforts or inputs are expended throughout the performance period, revenue from security training services is recognised on a straight-line basis over the period of the training courses.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.21 Revenue (continued)

##### (d) Sale and installation of technology-related security products

The Group sells and installs technology-related security products for its cyber security, homeland security and digital forensic, system integration and security consultancy businesses. The sale of security products and rendering of installation services are either sold separately or in bundled packages with a standalone selling price for each of the performance obligations.

For the sale of the security products, revenue is recognised upon delivery of the products to the customer and accepted by the customer. For the installation services, revenue is recognised over time, based on the actual costs incurred relative to the total expected costs.

##### (e) Interest income

Interest income is recognised using the effective interest method.

##### (f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of dividend can be reliably measured.

##### (g) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### 2.22 Taxes

##### (a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.22 Taxes (continued)

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.22 Taxes (continued)

##### (c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

#### 2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

#### 2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Group who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### 2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 2. Summary of significant accounting policies (continued)

#### 2.26 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants related to an asset is presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset. Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss under "Other operating income".

#### 2.27 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

#### 2.28 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key assumptions concerning the future and other key sources of estimation uncertainty and accounting judgements made at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 3. Significant accounting judgements and estimates (continued)

#### (a) Impairment of intangible assets and investment in subsidiaries

As at 31 December 2020, the Group's carrying amount of intangible assets which includes goodwill and customer relationships amounted to \$Nil (2019: \$1,214,000) and the Company's carrying amount of the investment in subsidiaries amounted to \$23,334,000 (2019: \$21,034,000). As part of the requirement under SFRS(I) 1-36 *Impairment of Assets* to perform impairment testing for non-financial assets, management prepared a discounted cash flow model to determine the recoverable value of the cash generating units ("CGUs") which goodwill and customer relationships have been allocated to and the recoverable amount of the subsidiaries with indicators of impairment using the value in use model. The recoverable amounts are determined based on a number of significant operational and predictive assumptions such as forecasted revenue, profit margin and discount rate which involve significant estimates.

The assumptions applied by management in the determination of value in use and sensitivity analysis for the impairment of intangible assets are described in more detail in Note 7.

In respect of investment in subsidiaries, based on the discounted cash flow model prepared by management, an impairment loss of \$200,000 (2019: \$4,400,000) was recognised to write down the carrying value of Red Sentry Pte. Ltd. (2019: Soverus Group Pte. Ltd.). The estimated recoverable amount of the aforementioned subsidiary approximates its carrying amount and, consequently, any adverse/favourable change in any key assumptions would result in a further impairment loss/write-back.

#### (b) Impairment of investment in associate and joint venture

The Group's investment in associates and joint ventures is accounted for using the equity method. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associates and joint ventures. Investment in associates and joint ventures is tested for impairment whenever there is objective evidence or indication that it may be impaired. Judgment is required to determine if any such evidence exists. As Custodio Technologies Pte. Ltd. ("CTPL") has been making losses for the past financial years and Foremost Secura Corporation ("FSC")'s revenue and profit has been declining over the years; management is of the view that there is indicator of impairment in these investments. Management has calculated the amount of impairment as the difference between the recoverable amounts of CTPL and FSC and their respective carrying values and recognised the amount in profit or loss. Accordingly, management has fully impaired the carrying amount of the investment in CTPL and goodwill arose from the acquisition of FSC which amounted to \$952,000 and \$178,000 respectively (Note 9 and Note 10).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 4. Property, plant and equipment

<i>Group</i>	<b>Freehold land</b> \$'000	<b>Buildings and improvements</b> \$'000	<b>Plant and machinery</b> \$'000	<b>Furniture and fittings</b> \$'000	<b>Office equipment</b> \$'000	<b>Motor vehicles</b> \$'000	<b>Total</b> \$'000
<b>Cost</b>							
At 1.1.2019	12,500	15,502	10,858	261	1,519	406	41,046
Additions	-	328	71	-	70	-	469
Disposals	-	-	(154)	-	(27)	-	(181)
At 31.12.2019 and 1.1.2020	12,500	15,830	10,775	261	1,562	406	41,334
Transfer of right-of-use assets on expiry of lease	-	-	167	-	-	-	167
Reclassification	-	-	3	-	(3)	-	-
Additions	-	3	73	-	166	-	242
Disposals	-	-	(1,052)	-	(3)	-	(1,055)
At 31.12.2020	12,500	15,833	9,966	261	1,722	406	40,688
<b>Accumulated depreciation</b>							
At 1.1.2019	-	4,285	8,243	125	818	140	13,611
Depreciation charge for the year	-	709	620	58	403	34	1,824
Disposals	-	-	(154)	-	(17)	-	(171)
At 31.12.2019 and 1.1.2020	-	4,994	8,709	183	1,204	174	15,264
Transfer of right-of-use assets on expiry of lease	-	-	109	-	-	-	109
Reclassification	-	-	-	2	(4)	2	-
Depreciation charge for the year	-	752	648	38	221	34	1,693
Disposals	-	-	(1,052)	-	(3)	-	(1,055)
At 31.12.2020	-	5,746	8,414	223	1,418	210	16,011
<b>Net carrying amount</b>							
At 31.12.2019	12,500	10,836	2,066	78	358	232	26,070
At 31.12.2020	12,500	10,087	1,552	38	304	196	24,677

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 4. Property, plant and equipment (continued)

<i>Company</i>	Freehold land \$'000	Buildings and improvements \$'000	Furniture and fittings \$'000	Office equipment \$'000	Total \$'000
<b>Cost</b>					
At 1.1.2019	12,500	2,448	106	780	15,834
Additions	–	203	–	3	206
Disposals	–	–	–	(61)	(61)
At 31.12.2019 and 1.1.2020	12,500	2,651	106	722	15,979
Disposals	–	–	–	(3)	(3)
At 31.12.2020	12,500	2,651	106	719	15,976
<b>Accumulated depreciation</b>					
At 1.1.2019	–	307	50	357	714
Depreciation charge for the year	–	173	27	201	401
Disposals	–	–	–	(7)	(7)
At 31.12.2019 and 1.1.2020	–	480	77	551	1,108
Depreciation charge for the year	–	171	15	107	293
Disposals	–	–	–	(3)	(3)
At 31.12.2020	–	651	92	655	1,398
<b>Net carrying amount</b>					
At 31.12.2019	12,500	2,171	29	171	14,871
At 31.12.2020	12,500	2,000	14	64	14,578

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 4. Property, plant and equipment (continued)

#### Assets pledged as security

The Group's freehold land and building with a carrying amount of \$16,392,000 (2019: \$16,527,000) are mortgaged to secure the Group's bank loan (Note 18).

#### Provision for reinstatement cost

Included in additions is an amount of \$Nil (2019: \$122,000) which relates to a provision for reinstatement cost (Note 19).

### 5. Leases

#### Group as a lessee

The Group has lease contracts for leasehold lands, office premise, motor vehicles and machineries used in its operations. Leases of leasehold lands have lease term between 22 years to 30 years, while the lease for office premise has lease term of 3 years. Leases of plant and machinery and motor vehicles generally have lease term between 2 years to 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group is restricted from assigning and subleasing the leased assets.

#### (a) Carrying amounts of right-of-use assets

	Leasehold lands \$'000	Office Premise \$'000	Plant and machinery \$'000	Motor Vehicles \$'000	Total \$'000
At 1 January 2019	1,197	51	172	271	1,691
Amortisation	(78)	(41)	(55)	(58)	(232)
Written-off	–	–	–	(13)	(13)
At 31 December 2019 and 1 January 2020	1,119	10	117	200	1,446
Transfer to property, plant and equipment (Note 4)	–	–	(58)	–	(58)
Additions (Note 18)	–	–	–	46	46
Amortisation	(78)	(10)	(28)	(41)	(157)
At 31 December 2020	1,041	–	31	205	1,277

The Group's carrying amount of motor vehicles and machineries held under finance leases at the end of the reporting period is \$190,000 (2019: \$302,000). Leased assets are pledged as security for these lease liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 5. Leases (continued)

#### (a) Carrying amounts of right-of-use assets (continued)

The carrying amount of lease liabilities (included under loans and borrowings) and the movements during the year are disclosed in Note 18.

During the financial year, ownership of assets with net book value of \$58,000 was transferred to the Group upon lease expiry. Accordingly, the assets recognised previously as the right-of-use assets were reclassified to plant and equipment.

In the previous financial year, the Group has early terminated one of its finance leases and has accordingly fully written down the carrying amount of the right-of-use asset which amounted to \$13,000 and de-recognised the carrying amount of the lease liability which amounted to \$12,000. Accordingly, the Group recorded a loss on disposal of right-of-use assets of \$1,000.

#### (b) Lease liabilities

The maturity analysis of lease liabilities is disclosed in Note 34.

#### (c) Amounts recognised in profit or loss

	2020	2019
	\$'000	\$'000
Amortisation expense of right-of-use assets	157	232
Loss on disposal of right-of-use assets	–	1
Interest expense on leases liabilities (Note 26)	38	34
Total amount recognised in profit or loss	195	267

#### (d) Total cash outflow

The Group had total cash outflows for leases of \$195,000 (2019: \$267,000), which included principal repayments of \$149,000 (2019: \$233,000).

#### Group as a lessor

The Group leased out a portion of its investment property and office premise to external parties. The lease is negotiated for a term of two years.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	2020	2019
	\$'000	\$'000
Not later than one year	85	87
Later than one year but not later than five years	36	121
	121	208

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 6. Investment property

	<b>Group</b>	<b>Company</b>
	\$'000	\$'000
<b>Cost</b>		
At 1.1.2019, 31.12.2019, 1.1.2020 and 31.12.2020	599	2,993
<b>Accumulated depreciation</b>		
At 1.1.2019	44	219
Depreciation charge for the year	18	89
At 31.12.2019 and 1.1.2020	62	308
Depreciation charge for the year	18	90
At 31.12.2020	80	398
<b>Net carrying amount</b>		
At 31.12.2019	537	2,685
At 31.12.2020	519	2,595

The investment property is leased to certain subsidiaries within the Group. Accordingly, the leased property is classified as "investment property" in the Company's separate financial statements but classified as "property, plant and equipment" in the Group's consolidated financial statements as the property is owner-occupied from the Group's perspective.

The Group has leased out a portion of its freehold property to external parties. The investment properties are leased to third parties under operating leases (Note 5).

The Group's investment property with carrying amount of \$519,000 (2019: \$537,000) is mortgaged to secure the Group's bank loan (Note 18). The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

As at 31 December 2020, the fair value of the investment property is estimated to be approximately \$3,255,000 (2019: \$3,603,000) for the Company and approximately \$701,000 (2019: \$836,000) for the Group based on the income approach.

The investment property held by the Group and Company as at 31 December 2020 is as follows:

Description and Location	Existing	Tenure
6-storey office tower, 38 Alexandra Terrace, Singapore 119932	Offices	Freehold

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 7. Intangible assets

Group	Goodwill	Customer relationships	Total
<i>Cost:</i>	\$'000	\$'000	\$'000
At 1.1.2019, 31.12.2019, 1.1.2020 and 31.12.2020	2,382	1,354	3,736
<b><i>Accumulated amortisation and impairment:</i></b>			
At 1.1.2019	1,388	916	2,304
Amortisation	–	218	218
At 31.12.2019 and 1.1.2020	1,388	1,134	2,522
Amortisation	–	220	220
Impairment loss	994	–	994
At 31.12.2020	2,382	1,354	3,736
<b><i>Net carrying amount</i></b>			
At 31.12.2019	994	220	1,214
At 31.12.2020	–	–	–

#### Amortisation expense

The amortisation of customer relationships is included in the “distribution and selling expenses” line item in profit or loss.

#### Impairment testing of goodwill and customer relationships

Goodwill and customer relationships acquired through business combinations have been allocated to cash-generating unit (“CGU”), which is also the reportable operating segment, for impairment testing as follows:

- Security printing segment

The carrying amounts of goodwill and customer relationships allocated to CGU are as follows:

	Goodwill		Customer relationships		Total	
	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Security printing	–	994	–	220	–	1,214

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 7. Intangible assets (continued)

The recoverable amount of the CGU has been determined based on value in use calculation using cash flow projection from financial budget approved by management covering a five-year period. The revenue growth rate and pre-tax discount rate applied to the cash flow projection are as follows:

	Security printing	
	2020	2019
Revenue growth rate	— <sup>(1)</sup>	— <sup>(1)</sup>
Pre-tax discount rate	12.2%	13.3%

(1) Negative growth rate of 5%

#### Key assumptions used in the value in use calculations

The calculation of value in use for the CGU is most sensitive to the following assumptions:

**Forecasted revenue and profit margin** – The forecasted revenue and profit margin are based on management's expectation of market developments and demands.

**Pre-tax discount rates** – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

#### Impairment loss recognised

During the current financial year, an impairment loss of \$994,000 was recognised to write down the carrying amount of goodwill attributable to the security printing CGU as revenue has been declining over the past few years and the business outlook and projection has resulted in its estimated recoverable amount being less than the carrying value of the assets.

### 8. Investment in subsidiaries

	Company	
	2020	2019
	\$'000	\$'000
Unquoted equity shares at cost	7,051	4,551
Issuance of shares for acquisition of subsidiaries	34,583	34,583
Impairment losses	(18,300)	(18,100)
	<u>23,334</u>	<u>21,034</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 8. Investment in subsidiaries (continued)

#### (a) Composition of the Group

The Group has the following investment in subsidiaries.

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest %	
			2020	2019
<b><i>Held by the Company</i></b>				
Secura Singapore Pte. Ltd. <sup>(1)</sup>	Security printing of value documents	Singapore	100	100
Soverus Group Pte. Ltd. ("SGPL") <sup>(1)</sup>	Investment holding	Singapore	100	100
Secura Malaysia Sdn. Bhd. <sup>(2)</sup>	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Malaysia	50	50
Soverus Technology Pte. Ltd. <sup>(1)</sup>	Provision of cyber security products, services and solutions, integration and installation of security systems, and distribution of homeland security products	Singapore	100	100
Secura Training Academy Pte. Ltd. <sup>(1)</sup>	Provision of training services	Singapore	100	100
Soverus Pte. Ltd. <sup>(1)</sup>	Provision of unarmed security guarding services	Singapore	100	100
Soverus Consultancy and Services Pte. Ltd. <sup>(1)</sup>	Provision of security consultancy services and private investigations	Singapore	100	100
Red Sentry Pte. Ltd. <sup>(1),(4)</sup>	Provision of cyber security products, services and solutions	Singapore	100	100

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 8. Investment in subsidiaries (continued)

#### (a) Composition of the Group (continued)

Name of subsidiaries	Principal activities	Country of incorporation	Effective interest %	
			2020	2019
<b><i>Held through Secura Singapore Pte. Ltd.</i></b>				
Secura Forms Pte. Ltd. <sup>(1)</sup>	Printing of computer forms and stationery	Singapore	100	100
Secura Security Printing Sdn. Bhd. <sup>(3)</sup>	Dormant	Malaysia	100	100
Secura Documation Pte. Ltd. <sup>(1)</sup>	Provision of secured data solutions, eStatement, eArchiving, security data processing, printing and stationery	Singapore	100	100
<b><i>Held through Soverus Consultancy and Services Pte Ltd.</i></b>				
Soverus Kingdom Systems Pte. Ltd. <sup>(1)</sup>	Provision of security system integration services	Singapore	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Baker Tilly Monteiro Heng.

(3) Audited by Y.C.Chong & Co, Malaysia.

(4) 66.67% held by the Company and 33.33% held by STPL as at 31 December 2020 and was 100% held by STPL as at 31 December 2019.

#### Secura Malaysia Sdn. Bhd. ("Secura Malaysia")

On 14 September 2016, the Company entered into an agreement with Willowglen MSC Berhad ("Willowglen") to establish Secura Malaysia. The Company subscribed for a 50% interest in Secura Malaysia for a cash consideration of MYR 150,000 (equivalent to \$50,000).

Secura Malaysia has not commenced operations as at 31 December 2020. The Board of Directors is made up of four directors equally appointed by the Company and Willowglen. The Chairman has the casting vote and the Chairman is appointed on a two years rotational basis between the directors appointed by the Company and Willowglen. The first appointment of Chairman is from a director appointed by the Company. The appointment of Chairman from the Company was extended for another two years till 13 September 2022. Accordingly, Secura Malaysia is consolidated as a subsidiary as the Company by virtue of its casting vote at board meetings, has control over Secura Malaysia. The Company is exposed, or has rights, to variable returns from its involvement and has the ability to affect the returns through its power over the investee.

#### Impairment in investment in subsidiaries

During the financial year, management performed an impairment test for the investment in subsidiaries and an impairment loss of \$200,000 was recognised to write down the carrying value of the investment in Red Sentry Pte. Ltd. to its recoverable amount (2019: impairment loss of \$4,400,000 was recognised to write down the carrying value of the investment in Soverus Group Pte. Ltd.).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 9. Investment in joint ventures

	Group	
	2020	2019
	\$'000	\$'000
Secura Foremost eMage Pte. Ltd.	156	158
Foremost Secura Corporation	487	631
	643	789

Name of joint ventures	Principal activities	Country of incorporation	Effective interest %	
			2020	2019
<b>Held through Secura Singapore Pte. Ltd.</b>				
Secura Foremost eMage Pte. Ltd. <sup>(1)</sup>	Printing of pressure seal mailers and sale of pressure seal mailer equipment	Singapore	50	50
Foremost Secura Corporation <sup>(2)</sup>	Printing of cheques and vouchers	Taiwan	50	50

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by Deloitte & Touche (Taiwan).

Summarised financial information of the joint ventures and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Secura Foremost eMage Pte. Ltd.		Foremost Secura Corporation	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Summarised balance sheet</b>				
<b>Assets:</b>				
Current assets	419	418	610	887
Non-current assets	–	–	405	81
Total assets	419	418	1,015	968
<b>Liabilities:</b>				
Current liabilities	107	103	41	62
Total liabilities	107	103	41	62
<b>Net assets</b>	312	315	974	906
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	156	158	487	453
Goodwill on acquisition of SSPL	–	–	–	178
Carrying amount	156	158	487	631

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 9. Investment in joint ventures (continued)

	Secura Foremost eMage Pte. Ltd.		Foremost Secura Corporation	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Summarised statement of comprehensive income</b>				
Revenue	188	196	476	866
Other income	3	4	28	23
Expenses	(194)	(202)	(486)	(799)
(Loss)/profit for the year	(3)	(2)	18	90
Other comprehensive income	–	–	50	–
Total comprehensive income	(3)	(2)	68	90

Dividend income of \$Nil (2019: \$49,000) was received from Foremost Secura Corporation.

Goodwill on acquisition of SSPL in relation to investment in Secura Foremost eMage Pte. Ltd. and Foremost Secura Corporation was impaired amounting to \$Nil and \$178,000 (2019: \$115,000 and \$Nil). The impairment loss is included in the “share of results of joint ventures and associates” line item in profit or loss.

### 10. Investment in associates

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Secura Bangladesh Ltd.	1,186	960	–	–
Custodio Technologies Pte. Ltd.	–	952	–	952
	1,186	1,912	–	952

#### *Impairment in Custodio Technologies Pte. Ltd. (“CTPL”)*

As CTPL has been making losses for the past financial years, management has performed impairment assessment on the investment in CTPL. Based on management’s assessment, the recoverable amount is negligible and accordingly, management has fully impaired the carrying amount of investment, which amounted to \$952,000 (2019: \$4,779,000)



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 10. Investment in associates (continued)

Name of associates	Principal activities	Country of incorporation	Effective interest %	
			2020	2019
<b><i>Held by the Company</i></b>				
Custodio Technologies Pte. Ltd. <sup>(1)</sup>	Researcher and developer on information technology and trading in sales of solutions developed	Singapore	20	20
<b><i>Held through Secura Singapore Pte. Ltd.</i></b>				
Secura Bangladesh Ltd. <sup>(2)</sup>	Printing of cheques	Bangladesh	30	30

(1) Audited by BDO LLP, Singapore.

(2) Audited by Anisur Rahman & Co. Chartered Accountants.

Aggregate information about the Group's investments in associates that are not individually material are as follows:

	2020	2019
	\$'000	\$'000
Loss for the year	(2,956)	(1,141)
Other comprehensive income	110	(76)
Total comprehensive income	<u>(2,846)</u>	<u>(1,217)</u>

Summarised financial information in respect of Secura Bangladesh Ltd and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	<b>Secura Bangladesh Ltd.</b>	
	2020	2019
	\$'000	\$'000
<b>Summarised balance sheet</b>		
<b>Assets:</b>		
Current assets	3,700	2,685
Non-current assets	1,552	1,625
Total assets	<u>5,252</u>	<u>4,310</u>
<b>Liabilities:</b>		
Current liabilities	1,239	1,050
Total liabilities	<u>1,239</u>	<u>1,050</u>
Net assets	4,013	3,260
Proportion of the Group's ownership	30%	30%
Group's share of net assets	1,204	978
Other adjustments	(18)	(18)
Carrying amount	<u>1,186</u>	<u>960</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 10. Investment in associates (continued)

	<b>Secura Bangladesh Ltd.</b>	
	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
<b>Summarised statement of comprehensive income</b>		
Revenue	4,957	4,528
Other income	102	57
Expenses	(4,252)	(3,977)
Profit for the year	807	608
Other comprehensive income	(54)	–
Total comprehensive income	<u>753</u>	<u>608</u>

### 11. Inventories

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
<b>Balance sheet:</b>		
Raw materials	324	304
Work-in-progress	164	216
Finished goods	337	1,924
Machinery spares and consumables	15	26
Goods in transit	92	83
	<u>932</u>	<u>2,553</u>
Less: Allowance for stock obsolescence	(174)	(265)
Total inventories at lower of cost and net realisable value	<u>758</u>	<u>2,288</u>

Movements in allowance for stock obsolescence during the financial year:

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
At 1 January	265	359
Charge for the year	31	3
Written back	(122)	(12)
Written off	–	(85)
At 31 December	<u>174</u>	<u>265</u>

#### Statement of comprehensive income:

Inventories recognised as an expense in cost of sales	<u>4,712</u>	<u>4,321</u>
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Inventories were written back as the related inventories were sold to customers during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b><u>Non-current</u></b>				
Deposits	–	2	–	–
	–	2	–	–
<b><u>Current</u></b>				
Trade receivables	6,680	7,428	–	–
Less: Allowance for expected credit loss	(21)	(14)	–	–
Total trade receivables	6,659	7,414	–	–
Other receivables	1,512	799	13	51
Deposits	58	50	7	7
	8,229	8,263	20	58
Total trade and other receivables	8,229	8,265	20	58
Add:				
Amounts due from subsidiaries (Note 13)	–	–	585	1,593
Amounts due from joint ventures (Note 14)	92	87	–	–
Cash and cash equivalents (Note 16)	21,028	14,479	9,239	7,820
Total financial assets carried at amortised cost	29,349	22,831	9,844	9,471

Trade receivables are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Movement in allowance accounts:		
At 1 January	14	6
Charge for the year	11	13
Written back	(4)	(5)
At 31 December	21	14

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 12. Trade and other receivables (continued)

Trade receivables denominated in foreign currencies at each reporting date are as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
United States Dollar	658	1,389	–	–

### 13. Amounts due from/(to) subsidiaries

	Company	
	2020 \$'000	2019 \$'000
Loans to subsidiaries – nominal amounts	100	1,448
Amounts due from subsidiaries – nominal amounts	1,783	3,146
Less: Allowance for impairment	(1,298)	(3,001)
	<u>585</u>	<u>1,593</u>
Movement in allowance accounts:		
At 1 January	3,001	3,248
Charge for the year	852	640
Written back	(2,555)	(887)
At 31 December	<u>1,298</u>	<u>3,001</u>
Amounts due to subsidiaries	<u>4,178</u>	<u>4,650</u>

#### Loans to subsidiaries

Loans to subsidiaries are unsecured, bear interest at three month SIBOR + 1.5% per annum, repayable upon demand and are to be settled in cash. The amounts are denominated in Singapore Dollar.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 13. Amounts due from/(to) subsidiaries (continued)

#### Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries are non-trade related, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash. Amounts due from subsidiaries are denominated in Singapore Dollar.

Amounts due to subsidiaries denominated in foreign currency at each reporting date is as follows:

	<b>Company</b>	
	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Malaysian Ringgit	50	50

The Company has assessed that there is a significant increase in credit risk since origination of the loan and amounts due from four (2019: two) of its subsidiaries. Accordingly, the Company has recognised a loss allowance amounting to \$852,000 (2019: \$640,000), representing credit losses expected over the remaining life of the exposure, irrespective of the timing of default (i.e. lifetime ECL).

### 14. Amounts due from joint ventures

Amounts due from joint ventures are unsecured, non-interest bearing and are repayable on demand. The amounts are denominated in Singapore Dollar.

### 15. Amounts due from associates

The amounts due from associates have been fully written off in previous years.

During the current financial year, the Group recovered \$40,000 (2019: \$30,000) of amounts due from associates.

### 16. Cash and cash equivalents

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	\$'000	\$'000	\$'000	\$'000
Fixed deposits	14,501	10,071	8,750	7,304
Cash and bank balances	6,527	4,408	489	516
	21,028	14,479	9,239	7,820

Interest on fixed deposits with financial institutions are at rates ranging from 0.15% to 4.08% (2019: 1.30% to 4.08%) per annum. These fixed deposits mature in varying periods.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 16. Cash and cash equivalents (continued)

Cash and cash equivalents denominated in foreign currencies at each reporting date are as follows:

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Malaysian Ringgit	5	5	–	–
United States Dollar	274	517	13	457

### 17. Trade and other payables

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Trade payables	1,271	1,329	–	–
Other payables	2,789	1,695	241	268
Trade and other payables	4,060	3,024	241	268
Add:				
Accrued operating expenses	983	1,224	130	173
Lease liabilities (Note 18)	1,075	1,178	–	–
Bank loan (Note 18)	7,895	8,575	7,895	8,575
Amounts due to subsidiaries (Note 13)	–	–	4,178	4,650
Less:				
Goods and services tax	(500)	(572)	(24)	(32)
Deferred grant income	(848)	–	(16)	–
Total financial liabilities carried at amortised costs	12,665	13,429	12,404	13,634

Deferred grant income relates to government grants for Jobs Support Scheme (“JSS”). The JSS was recognised as a grant income, on a systematic basis, over the estimated seventeen months period of economic uncertainty from April 2020 to August 2021 in which the Company recognises the related salary costs.

#### Trade and other payables

These amounts are non-interest bearing. Trade and other payables are normally settled on 30 to 90 days’ terms.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 17. Trade and other payables (continued)

Trade payables denominated in foreign currencies at each reporting date are as follows:

	Group	
	2020	2019
	\$'000	\$'000
Euro	67	–
United States Dollar	247	350
Malaysian Ringgit	38	14
	38	14

### 18. Loans and borrowings

	Group		Company	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<b>Current:</b>				
Lease liabilities	132	148	–	–
Bank loan	833	833	833	833
	965	981	833	833
<b>Non-current:</b>				
Lease liabilities	943	1,030	–	–
Bank loan	7,062	7,742	7,062	7,742
	8,005	8,772	7,062	7,742
<b>Total loans and borrowings</b>	8,970	9,753	7,895	8,575

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 18. Loans and borrowings (continued)

A reconciliation of liabilities arising from financing activities is as follows:

	1.1.2020	Non-cash changes			31.12.2020	
		Cash flows	Accretion of interests	Addition of lease (Note 5)		Other
	\$'000	\$'000	\$'000	\$'000	\$'000	
Lease liabilities						
- current	148	(187)	38	16	132	
- non-current	1,030	–	–	30	(117)	943
Bank loan						
- current	833	(680)	–	–	680	833
- non-current	7,742	–	–	–	(680)	7,062
	<b>9,753</b>	<b>(867)</b>	<b>38</b>	<b>46</b>	<b>–</b>	<b>8,970</b>
	1.1.2019	Non-cash changes			31.12.2019	
		Cash flows	Accretion of interests	Termination of lease (Note 5)	Other	
	\$'000	\$'000	\$'000	\$'000	\$'000	
Lease liabilities						
- current	245	(267)	34	(12)	148	148
- non-current	1,178	–	–	–	(148)	1,030
Bank loan						
- current	833	(678)	–	–	678	833
- non-current	9,920	(1,500)	–	–	(678)	7,742
	<b>12,176</b>	<b>(2,445)</b>	<b>34</b>	<b>(12)</b>	<b>–</b>	<b>9,753</b>

The 'other' column includes the reclassification of non-current portion of loans and borrowings due to passage of time.

#### Bank loan

In the previous financial year, the Company refinanced the bank loan with a new facility agreement with interest at 0.75% per annum over the bank's prevailing 3-month SOR for the first and second year and 6.25% per annum for subsequent years.

The Group has also entered into an interest rate swap agreement with a notional amount of \$4,000,000 whereby the Group receives a variable rate equal to the 0.75% per annum over the bank's prevailing 3-month SOR and pays a fixed rate of interest of 1.8% on the notional amount. The swap is being used to manage the exposure in interest rate risk for the 0.75% per annum over the bank's prevailing 3-month SOR. Management did not recognise the fair value of the interest rate swap as it is not material.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 18. Loans and borrowings (continued)

The bank borrowing is secured by a mortgage over the Company's freehold land and building (Note 4 and Note 6) which is repayable over 180 monthly principal instalments ending 13 July 2031.

Under the interest rate reform, the transition of SOR to the Singapore Overnight Rate Average ("SORA") will be triggered by the cessation of LIBOR expected in December 2021. The Group's floating rate loan extends beyond the anticipated cessation date of SORA. The group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

### 19. Provision for reinstatement cost

In the previous financial year, the Group recognised a provision for reinstatement cost which amounted to \$122,000. The provision is estimated based on the best estimate of the expenditure required to dismantle and restore a leasehold land back to its original condition.

### 20. Share capital

	Group and Company			
	2020		2019	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully paid ordinary shares</b>				
At 1 January	400,002,000	61,644	400,000,000	61,644
Issuance of shares	–	–	2,000	–*
At 31 December	400,002,000	61,644	400,002,000	61,644

\* Denotes less than \$1,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

On 31 December 2018, the Company has 224,000,000 outstanding warrants, each with an exercise price of \$0.35. On 17 January 2019, the Company issued 2,000 new ordinary shares pursuant to the exercise of 2,000 warrants at the exercise price of S\$0.35 for each warrant. The remaining 223,998,000 outstanding warrants had expired on 25 January 2019 and there were no outstanding warrants as at the end of the reporting period.

### 21. Merger reserve

Merger reserve represents the difference between the consideration transferred and the share capital of the subsidiary under common control accounted for by applying the pooling of interest method.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 22. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### 23. Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees.

### 24. Revenue

#### (a) Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions. Revenue is attributed to countries by location of customers.

	At a point in time \$'000	Over time \$'000	Total \$'000
<b>2020</b>			
Security printing			
- Singapore	4,311	1,587	5,898
Security guarding			
- Singapore	–	21,079	21,079
Cyber security			
- Singapore	709	165	874
Homeland security and digital forensic			
- Singapore	2,576	33	2,609
- Philippines	53	2	55
	2,629	35	2,664
System integration, security consultancy and security training			
- Singapore	39	3,362	3,401
<b>Total</b>	<b>7,688</b>	<b>26,228</b>	<b>33,916</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 24. Revenue (continued)

(a) Disaggregation of revenue from contracts with customers (continued)

	At a point in time \$'000	Over time \$'000	Total \$'000
<b>2019</b>			
Security printing			
- Singapore	5,217	2,626	7,843
Security guarding			
- Singapore	–	26,171	26,171
Cyber security			
- Singapore	482	177	659
Homeland security and digital forensic			
- Singapore	1,184	52	1,236
- Philippines	110	–	110
- Others	4	5	9
	1,298	57	1,355
System integration, security consultancy and security training			
- Singapore	6	2,670	2,676
<b>Total</b>	<b>7,003</b>	<b>31,701</b>	<b>38,704</b>

(b) Contract balances

Information about receivables and contract liabilities from contracts with customers is disclosed as follows:

	Group		
	31 December 2020	2019	1 January 2019
	\$'000	\$'000	\$'000
Receivables from contracts with customers (Note 12)	6,659	7,414	7,755
Contract assets	198	350	313
Contract liabilities	492	2,272	356

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 24. Revenue (continued)

(b) Contract balances (continued)

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for security printing services rendered and sales of technology-related security products. Contract assets are transferred to receivables when the rights become unconditional. The contract assets balance increased at the end of the current financial year as the Group provided more services and transferred more goods ahead of the agreed payment schedules.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances from customers for rendering of security printing services and sale of technology-related security products. Contract liabilities are recognised as revenue as the Group performs under the contract.

(i) Significant changes in contract assets are explained as follows:

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Contract assets reclassified to receivables	341	296

(ii) Significant changes in contract liabilities are explained as follows:

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	2,148	229

### 25. Other operating income

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Interest income from debt instruments at amortised cost	169	218
Handling fee	117	226
Government grant income	4,668	852
Scrap sales	11	25
Rental income from investment properties	74	95
Income from short-term lease	22	24
Management fee from a joint venture	12	12
Bad debts recovered from an associate (Note 15)	40	30
Others	120	245
	<b>5,233</b>	<b>1,727</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 25. Other operating income (continued)

Government grant income comprises the JSS, wage credit scheme and special employment credit grants.

Grant income of \$3,800,000 (2019:\$Nil) was recognised during the financial year under the JSS. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees. Management has determined that the period of economic uncertainty commenced in April 2020 with the implementation of circuit breaker and accordingly, the JSS is recognised on a systematic basis over the seventeen months period from April 2020 to August 2021.

### 26. Profit/(loss) before tax

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

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Employee benefits (Note 27)	24,390	28,879
Depreciation of property, plant and equipment and investment property (Note 4, 6)	1,711	1,842
Amortisation of intangible assets (Note 7)	220	218
Amortisation of right-of-use assets (Note 5)	157	232
Write back of stock obsolescence (Note 11)	(91)	(9)
Directors' fees	227	224
Gain on disposal of property, plant and equipment	–	(3)
Finance costs		
- Interest expense on bank loan	161	288
- Interest expense on leases	38	34
	24,390	28,879

### 27. Employee benefits (including directors)

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Wages, salaries and bonuses	21,147	24,480
Central Provident Fund contributions	2,071	2,238
Share-based payments expense	28	24
Other short-term benefits	1,144	2,137
	24,390	28,879

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 27. Employee benefits (including directors) (continued)

#### Employee share option plan

##### Secura Employee Share Option Scheme

Under the Secura Employee Share Option Scheme (“ESOS”), 18,400,000 share options were granted to the Group’s Directors during the financial year ended 31 December 2016. The exercise price of the options is \$0.25. The options are vested over five years in the following proportions

Year 1	15%
Year 2	15%
Year 3	20%
Year 4	20%
Year 5	30%

The contractual life of each option granted is 10 years and will expire on 8 May 2026. There are no cash settlement alternatives.

There has been no cancellation or modification to the ESOS during 2020.

##### Movement of share options during the financial year

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2020		2019	
	No.	WAEP	No.	WAEP
Outstanding at 1 January	8,400,000	0.25	9,600,000	0.25
- Forfeited	–	–	(1,200,000)	0.25
Outstanding at 31 December	8,400,000	0.25	8,400,000	0.25
Exercisable at 31 December	8,400,000	0.25	8,400,000	0.25

##### Fair value of share options granted

The fair value of the share options granted under the ESOS is estimated at the grant date using a Black Scholes pricing model, taking into account the terms and conditions upon which the share options were granted. The weighted average fair value of options granted in 2016 was \$0.042. It takes into account historical dividends, share price covariance of the Company to predict the distribution of relative share performance.

First year of vesting commenced 1 year from the date of grant.

The expected life of the share options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The weighted average remaining life of the options is 5.36 years (2019: 6.36 years).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28. Income tax credit

#### Major components of income tax credit

The major components of income tax credit for the years ended 31 December 2020 and 2019 are:

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Current income tax		
- current year	107	215
- over provision in respect of previous years	(84)	(6)
	23	209
Withholding tax	–	10
Deferred income tax		
- origination and reversal of temporary differences	(229)	(325)
- under provision in respect of previous years	191	91
	(38)	(234)
Income tax credit recognised in profit or loss	(15)	(15)

#### Relationship between tax credit and profit/(loss) before tax

A reconciliation between tax credit and the product of profit/(loss) before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 is as follows:

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Profit/(loss) before tax	2,960	(4,472)
Tax at statutory rate of 17% (2019: 17%)	503	(760)
Adjustments:		
Income not subject to taxation	(666)	(58)
Non-deductible expenses	225	171
(Over)/under provision in respect of previous years:		
- current income tax	(84)	(6)
- deferred income tax	191	91
Effect of partial tax exemption and tax relief	(75)	(63)
Benefits from previously unrecognised tax losses	(295)	(204)
Deferred tax assets not recognised	44	6
Withholding tax	–	10
Tax effect of different tax rate in other countries	5	6
Share of results of joint ventures and associates	154	832
Others	(17)	(40)
Income tax credit recognised in profit or loss	(15)	(15)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28. Income tax credit (continued)

#### Deferred tax

Deferred income tax as at 31 December relates to the following:

	Group			
	Balance sheet		Income statement	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
<u>Deferred tax liabilities</u>				
Acquisition of subsidiaries	(476)	(544)	(68)	(74)
Differences in depreciation	(337)	(379)	(42)	89
Grant receivables	(82)	(103)	(21)	(2)
<u>Deferred tax assets</u>				
Provisions and other temporary differences	125	245	120	(247)
Unutilised tax losses	27	152	(27)	–
<b>Net deferred tax liabilities</b>	<b>(743)</b>	<b>(629)</b>	<b>(38)</b>	<b>(234)</b>
<b>Company</b>				
<b>Balance sheet</b>				
<b>2020</b>				
<b>2019</b>				
	\$'000		\$'000	
<u>Deferred tax assets</u>				
Provisions and other temporary differences			67	220
			<u>67</u>	<u>220</u>

#### Unrecognised capital allowances, donations, unutilised tax losses and other temporary differences

At the end of the financial year ended 31 December 2020, the Group has unutilised capital allowances, unutilised donations, unutilised tax losses and other temporary differences of approximately \$1,299,000 (2019: \$2,777,000) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation.

#### Unrecognised temporary differences relating to investment in associates

At the end of the reporting period, no deferred tax liability (2019: \$Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's associates as the Group has determined that undistributed earnings of its associates will not be distributed in the foreseeable future.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 28. Income tax credit (continued)

#### Unrecognised temporary differences relating to investment in associates (continued)

Such temporary differences for which no deferred tax liability has been recognised aggregate to \$440,000 (2019: \$373,000). The deferred tax liability is estimated to be \$89,000 (2019: \$75,000).

#### Tax consequences of proposed dividends

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements as at 31 December 2020 (Note 30).

### 29. Earnings/(loss) per share

Basic earnings/(loss) per share are calculated by dividing profit/(loss) net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings/(loss) per share are calculated by dividing profit/(loss) net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the profit/(loss) and share data used in the computation of basic and diluted earnings/(loss) per share for the years ended 31 December:

	<b>2020</b>	<b>2019</b>
Earnings/(loss) per ordinary share ("EPS"):		
Profit/(loss) for the year attributable to owners of the Company ('000)	2,975	(4,453)
Weighted average number of ordinary shares for basic and diluted earnings per share computation ('000)	400,002	400,002
Earnings/(loss) per ordinary share – Basic and diluted (cents)	0.74	(1.11)

8,400,000 (2019: 8,400,000) share options granted to directors under the Secura Employee Share Option Scheme have not been included in the calculation of diluted earnings/(loss) per share because they are anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 30. Dividends

	2020 \$'000	2019 \$'000
<b>Declared and paid during the financial year:</b>		
Dividends on ordinary shares:		
First and final one-tier tax exempt dividend for 2019: \$0.3 cents per share	–	1,200
	<hr/>	<hr/>
<b>Proposed but not recognised as a liability as at 31 December:</b>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
First and final one-tier tax exempt dividend for 2020: \$0.4 cents per share (2019: \$Nil)	1,600	–
	<hr/>	<hr/>

### 31. Related party disclosures

#### (a) *Sale and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2020 \$'000	2019 \$'000
<b>Income</b>		
Management fee from a joint venture	12	12
Income from short-term leases to a joint venture	22	24
Sale to a joint venture	651	673
Sale to director-related companies	268	401
<b>Expenses</b>		
Purchases from a joint venture	641	647
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 31. Related party disclosures (continued)

#### (b) *Compensation of key management personnel*

Key management personnel are the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly, or indirectly.

	2020	2019
	\$'000	\$'000
Short-term employee benefits	920	1,042
Central Provident Fund contributions	31	41
Share-based payment expense	–	24
Total compensation paid to key management personnel	951	1,107
Comprise amounts paid to:		
Directors of the Company	771	898
Other key management personnel	180	209
	951	1,107

#### Directors' interest in employee share option plan

None of the directors exercised their options for ordinary shares of the Company during the financial year.

### 32. Segment information

#### *Business segments*

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into five reportable segments, namely:

- (a) Corporate
- (b) Security Printing
- (c) Security Guarding
- (d) Cyber Security
- (e) Homeland Security and Digital Forensic
- (f) System Integration, Security Consultancy and Security Training

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 32. Segment information (continued)

	Corporate \$'000	Security Printing \$'000	Security Guarding \$'000	Cyber Security \$'000	Homeland Security and Digital Forensic \$'000	System Integration, Security Consultancy and Security Training \$'000	Elimination \$'000 (Note A)	Total \$'000
<b>Year ended 31 December 2020</b>								
<b>Revenue:</b>								
External customers	–	5,898	21,079	874	2,664	3,401	–	33,916
Inter-segment	1,368	5	59	11	7	1,769	(3,219)	–
<b>Results:</b>								
Interest income	66	117	–	–	–	–	(14)	169
Depreciation of property, plant and equipment and investment property	383	1,124	115	2	7	80	–	1,711
Amortisation of right-of-use assets	–	113	–	–	–	44	–	157
Amortisation of intangible assets	–	220	–	–	–	–	–	220
Share of results of joint ventures and associates	(952)	49	–	–	–	–	–	(903)
Impairment loss on goodwill	–	(994)	–	–	–	–	–	(994)
Segment (loss)/profit	(1,343)	(959)	3,560	(188)	1,026	879	–	2,975
<b>Assets:</b>								
Segment assets, representing total assets	30,356	19,879	9,651	493	1,159	2,420	(5,077)	58,881
<b>Liabilities:</b>								
Segment liabilities, representing total liabilities	12,381	2,976	3,479	397	734	1,885	(6,375)	15,477

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 32. Segment information (continued)

	Year ended 31 December 2019							
	Corporate \$'000	Security Printing \$'000	Security Guarding \$'000	Cyber Security \$'000	Homeland Security and Digital Forensic \$'000	System Integration, and Security Consultancy and Security Training \$'000	Elimination \$'000 (Note A)	Total \$'000
<b>Revenue:</b>								
External customers	–	7,843	26,171	659	1,355	2,676	–	38,704
Inter-segment	1,500	4	100	6	7	1,095	(2,712)	–
<b>Results:</b>								
Interest income	142	132	–	–	–	–	(56)	218
Depreciation of property, plant and equipment and investment property	490	1,054	130	4	10	154	–	1,842
Amortisation of right-of-use assets	–	141	–	–	17	74	–	232
Amortisation of intangible assets	–	218	–	–	–	–	–	218
Share of results of joint ventures and associates	(5,007)	111	–	–	–	–	–	(4,896)
Segment (loss)/profit	(5,608)	703	950	(22)	(189)	(291)	–	(4,457)
<b>Assets:</b>								
Segment assets, representing total assets	30,841	21,166	7,774	432	3,132	2,483	(8,043)	57,785
<b>Liabilities:</b>								
Segment liabilities, representing total liabilities	13,457	3,331	5,263	348	3,734	2,326	(11,044)	17,415

Note A: Inter-segment sales, interest income, assets and liabilities are eliminated on consolidation.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 32. Segment information (continued)

#### Geographical information

Revenue and non-current assets information based on the geographical location of the Group's customers and operations respectively are as follows:

<b>Revenue</b>	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Singapore	33,861	38,585
Philippines	55	110
Others	–	9
	<u>33,916</u>	<u>38,704</u>
<b>Non-current assets</b>		
Singapore	26,629	30,377
Taiwan	487	631
Bangladesh	1,186	960
	<u>28,302</u>	<u>31,968</u>

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment property, intangible assets, investments in joint ventures and associates.

### 33. Contingent liabilities

The Company has undertaken to provide continuing financial support to its subsidiaries, Soverus Kingdom Systems Pte. Ltd. and Soverus Consultancy and Services Pte. Ltd., to enable the subsidiaries, which are in net current liabilities and/or net liability positions, to operate as a going concern for a period of at least twelve months from the date of the financial statements of the subsidiaries.

The Group has provided a corporate guarantee to a bank for a \$36,744 (2019: \$56,808) lease taken by a subsidiary.

### 34. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, liquidity risk and interest rate risk. The board of directors reviews and agrees on policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. It is, and has been throughout the financial years, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 34. Financial risk management objectives and policies (continued)

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 150 days when they fall due, which is derived based on the Group's historical information. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Company and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter into bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 34. Financial risk management objectives and policies (continued)

#### (a) Credit risk (continued)

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments for more than 365 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

#### Trade Receivables

The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. In analysing the expected credit losses, the Group also incorporates forward looking information based on the forecasted gross domestic product and economic conditions.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using provision matrix:

	Current	1-30 days past due	31-60 days past due	61-90 days past due	91-120 days past due	121-150 days past due	More than 150 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>								
Gross carrying amount	3,383	1,729	717	314	67	425	45	6,680
Loss allowance provision	–	–	–	–	3	–	18	21
<b>2019</b>								
Gross carrying amount	2,642	3,149	707	550	287	88	5	7,428
Loss allowance provision	–	–	–	–	2	–	12	14

Information regarding loss allowance movement of trade receivables are disclosed in Note 12 (Trade and other receivables).

#### Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 34. Financial risk management objectives and policies (continued)

#### (a) Credit risk (continued)

##### Credit risk concentration profile

There are no significant concentrations of credit risk within the Group.

##### Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

#### (b) Foreign currency risk

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currency in which these transactions are denominated is mainly United States Dollar (USD). The Group does not use any financial instrument to hedge the foreign currency rate risk as the risk exposure is not considered to be significant.

##### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) before tax to a reasonably possible change in the following exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

	2020	2019
	\$'000	\$'000
	Increase/(decrease)	
	Profit before tax	Loss before tax
USD/SGD		
- strengthened 3% (2019: 3%)	21	(47)
- weakened 3% (2019: 3%)	(21)	47
	(21)	47

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 34. Financial risk management objectives and policies (continued)

#### (c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Group's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

#### As at 31 December 2020

Group	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>Financial assets:</b>				
Trade and other receivables	8,229	–	–	8,229
Amounts due from joint ventures	92	–	–	92
Cash and cash equivalents	21,028	–	–	21,028
Total undiscounted financial assets	29,349	–	–	29,349
<b>Financial liabilities:</b>				
Trade and other payables	2,712	–	–	2,712
Accrued operating expenses	983	–	–	983
Lease liabilities	168	424	696	1,288
Bank loan	837	4,491	5,028	10,356
Financial guarantee contract	37	–	–	37
Total undiscounted financial liabilities	4,737	4,915	5,724	15,376
Total net undiscounted financial assets/(liabilities)	24,612	(4,915)	(5,724)	13,973

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 34. Financial risk management objectives and policies (continued)

#### (c) Liquidity risk (continued)

##### As at 31 December 2019

Group	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>Financial assets:</b>				
Trade and other receivables	8,263	2	–	8,265
Amounts due from joint ventures	87	–	–	87
Cash and cash equivalents	14,479	–	–	14,479
<b>Total undiscounted financial assets</b>	<b>22,829</b>	<b>2</b>	<b>–</b>	<b>22,831</b>
<b>Financial liabilities:</b>				
Trade and other payables	2,452	–	–	2,452
Accrued operating expenses	1,224	–	–	1,224
Lease liabilities	186	455	785	1,426
Bank loan	871	4,320	6,080	11,271
Financial guarantee contract	57	–	–	57
<b>Total undiscounted financial liabilities</b>	<b>4,790</b>	<b>4,775</b>	<b>6,865</b>	<b>16,430</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>18,039</b>	<b>(4,773)</b>	<b>(6,865)</b>	<b>6,401</b>

##### As at 31 December 2020

Company	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>Financial assets:</b>				
Trade and other receivables	20	–	–	20
Amounts due from subsidiaries	585	–	–	585
Cash and cash equivalents	9,239	–	–	9,239
<b>Total undiscounted financial assets</b>	<b>9,844</b>	<b>–</b>	<b>–</b>	<b>9,844</b>
<b>Financial liabilities:</b>				
Trade and other payables	201	–	–	201
Accrued operating expenses	130	–	–	130
Bank loan	837	4,491	5,028	10,356
Amounts due to subsidiaries	4,178	–	–	4,178
<b>Total undiscounted financial liabilities</b>	<b>5,346</b>	<b>4,491</b>	<b>5,028</b>	<b>14,865</b>
<b>Total net undiscounted financial assets/(liabilities)</b>	<b>4,498</b>	<b>(4,491)</b>	<b>(5,028)</b>	<b>(5,021)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 34. Financial risk management objectives and policies (continued)

#### (c) Liquidity risk (continued)

As at 31 December 2019

Company	One year or less \$'000	One to five years \$'000	More than five years \$'000	Total \$'000
<b>Financial assets:</b>				
Trade and other receivables	58	–	–	58
Amounts due from subsidiaries	1,593	–	–	1,593
Cash and cash equivalents	7,820	–	–	7,820
Total undiscounted financial assets	9,471	–	–	9,471
<b>Financial liabilities:</b>				
Trade and other payables	236	–	–	236
Accrued operating expenses	173	–	–	173
Bank loan	871	4,320	6,080	11,271
Amounts due to subsidiaries	4,650	–	–	4,650
Total undiscounted financial liabilities	5,930	4,320	6,080	16,330
Total net undiscounted financial assets/(liabilities)	3,541	(4,320)	(6,080)	(6,859)

#### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate loans and borrowings, depending on the liquidity needs of the Group, with the objective of ensuring that there is sufficient net cash for the Group's operations at reasonable interest rates. To manage this mix in a cost-efficient manner, the Group entered into an interest rate swap (Note 18) for its floating rate loan. The swap contract requires settlement of net interest receivable or payable every quarter. The settlement coincides with the dates on which interest is payable on the underlying loan.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 34. Financial risk management objectives and policies (continued)

#### (d) Interest rate risk (continued)

##### Sensitivity analysis for interest rate risk

The sensitivity analysis below was determined based on the exposure to interest rate risks for bank borrowings at the end of the financial year. The sensitivity analysis assumes an instantaneous 0.50% change in the interest rate from the end of the financial year, with all variables held constant.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
	Increase/(decrease)	
	Profit before tax	Loss before tax
Bank borrowings		
- increase in interest rate (2019: 0.5%)	(19)	23
- decrease in interest rate (2019: 0.5%)	19	(23)
	<hr/>	<hr/>

### 35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, accrued operating expenses, lease liabilities, bank loan, amount due to a joint venture less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

### 35. Capital management (continued)

	Note	Group	
		2020 \$'000	2019 \$'000
Trade and other payables	17	4,060	3,024
Accrued operating expenses		983	1,224
Lease liabilities	18	1,075	1,178
Bank loan	18	7,895	8,575
Less: Cash and cash equivalents	16	(21,028)	(14,479)
Net cash		<u>(7,015)</u>	<u>(478)</u>
Total equity		<u>43,404</u>	<u>40,370</u>
Total capital		<u>36,389</u>	<u>39,892</u>
<b>Gearing ratio</b>		<u>-*</u>	<u>-*</u>

\* Not applicable as the Group is in a net cash position at the end of the reporting period

### 36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on Date 1 April 2021.

## STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2021

Number of ordinary shares in issue	:	400,002,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company did not hold any treasury shares and subsidiary holdings.

### Distribution of Shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 99	2	0.12	100	0.00
100 - 1,000	538	33.11	523,700	0.13
1,001 - 10,000	375	23.08	2,295,100	0.58
10,001 - 1,000,000	676	41.60	78,966,300	19.74
1,000,001 AND ABOVE	34	2.09	318,216,800	79.55
<b>TOTAL</b>	<b>1,625</b>	<b>100.00</b>	<b>400,002,000</b>	<b>100.00</b>

### Twenty Largest Shareholders

No.	Name	No. of shares	%
1	KESTREL INVESTMENTS PTE LTD	165,928,900	41.48
2	CITY DEVELOPMENTS LIMITED	27,294,900	6.82
3	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	15,734,500	3.93
4	DBS NOMINEES (PRIVATE) LIMITED	13,591,900	3.40
5	TAN KAH HENG (CHEN JIAXING)	9,731,000	2.43
6	CHIEW POH CHENG	8,870,500	2.22
7	PHILLIP SECURITIES PTE LTD	8,032,100	2.01
8	UOB KAY HIAN PRIVATE LIMITED	6,568,000	1.64
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	4,889,900	1.22
10	LIM & TAN SECURITIES PTE LTD	4,628,500	1.16
11	RAFFLES NOMINEES (PTE.) LIMITED	4,464,000	1.12
12	TAN INSURANCE BROKERS PTE LTD	4,420,100	1.11
13	OCBC SECURITIES PRIVATE LIMITED	4,146,700	1.04
14	TAN CHOR KHER TERRY	3,890,000	0.97
15	LIM TIEN LOCK CHRISTOPHER	3,445,900	0.86
16	RICHARD TEH LIP HEONG	3,275,400	0.82
17	TAN WEE HAN	3,168,000	0.79
18	MORPH INVESTMENTS LTD	2,300,000	0.57
19	LOCK WAI HAN	2,032,000	0.51
20	LIM CHEOK PENG	1,872,300	0.47
	<b>TOTAL</b>	<b>298,284,600</b>	<b>74.57</b>

## STATISTICS OF SHAREHOLDINGS

AS AT 8 MARCH 2021

### Directors' Shareholdings

(Based on the Register of Directors' Shareholdings)

Name	Direct interest	%	Deemed interest	%
Kan Kheong Ng	50,000	0.01	–	–

### Substantial Shareholders

(Based on the Register of Substantial Shareholders)

Name	Direct interest	%	Deemed interest	%
Kestrel Investments Pte. Ltd.	165,928,900	41.48	–	–
Lim Eng Hock <sup>(1)</sup>	–	–	165,928,900	41.48
City Developments Limited	27,294,900	6.82	–	–
Hong Leong Investment Holdings Pte. Ltd. <sup>(2)</sup>	–	–	27,294,900	6.82

#### Notes:

- (1) Lim Eng Hock has a direct interest in the entire issued share capital of Kestrel Investments Pte. Ltd. and is deemed interested in the 165,928,900 shares held by Kestrel Investments Pte. Ltd. by virtue of Section 4 of the Securities and Futures Act ("SFA").
- (2) Hong Leong Investment Holdings Pte. Ltd. is deemed interested in the 27,294,900 shares held by City Developments Limited by virtue of Section 4 of the SFA.

### PUBLIC FLOAT

As at 8 March 2021, approximately 50.89% of the Company's shares are held by the public as defined in the Catalist Rules. Accordingly, the Company has complied with Rule 723 of the Catalist Rules.



## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (“**AGM**”) of Secura Group Limited (the “**Company**”) will be held way of electronic means on Tuesday, 20 April 2021 at 10.30 am for the following purposes:

### AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 (“**FY2020**”) together with the Auditors’ Report thereon. **(Resolution 1)**

2. To declare a first and final one-tier tax exempt dividend of 0.4 Singapore cents per share for FY2020. **(Resolution 2)**

3. To re-elect the following directors of the Company (“**Directors**”) retiring pursuant to Article 93 of the constitution of the Company (“**Constitution**”):

(a) Mr Kan Kheong Ng

**(Resolution 3(a))**

(b) Ms Lim Siok Leng

**(Resolution 3(b))**

[See Explanatory Note (i)]

*Mr Kan Kheong Ng will, upon re-election as a Director, remain as the Executive Director and Chief Executive Officer.*

*Ms Lim Siok Leng will, upon re-election as a Director, remain as the Executive Director and Chief Financial Officer.*

4. To re-elect Mr Wilson Sam, who is retiring pursuant to Article 99 of the Constitution.

[See Explanatory Note (ii)]

**(Resolution 4)**

*Mr Wilson Sam will, upon re-election as a Director, remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**Catalist Rules**”).*

5. To approve the payment of Directors’ fees of S\$249,000 for the financial year ending 31 December 2021, payable quarterly in arrears. (FY2020: S\$234,000) **(Resolution 5)**

6. To re-appoint Ernst & Young LLP as the auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may properly be transacted at an AGM.

## NOTICE OF ANNUAL GENERAL MEETING

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without any modifications as ordinary resolutions:

#### 8. Authority to allot and issue shares in the capital of the Company

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (“**Act**”) and Rule 806 of the Catalist Rules, the Directors be authorised and empowered to:

- (a) (i) issue shares (“**Shares**”) in the Company whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this resolution was in force,

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (“**Shareholders**”) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of any convertible securities;
  - (b) new Shares arising from exercise of share options or vesting of share awards; and
  - (c) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with sub-paragraph (2)(a) or (2)(b) are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution;

## NOTICE OF ANNUAL GENERAL MEETING

- (3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)]

**(Resolution 7)**

### 9. **Authority to grant options and/or awards and to allot and issue Shares under the Secura Employee Share Option Scheme and/or the Secura Performance Share Plan (collectively, the “Share-Based Incentive Plans”)**

That pursuant to Section 161 of the Act, the Directors be authorised and empowered to grant options and/or awards and to allot and issue, from time to time, such number of Shares as may be required to be issued upon the exercise of options granted by the Company and/or upon release of awards granted by the Company under the Share-Based Incentive Plans, whether granted and/or awarded during the subsistence of this authority or otherwise, provided always that the aggregate number of Shares to be issued pursuant to the Share-Based Incentive Plans shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

**(Resolution 8)**

### 10. **Renewal of the Share Buyback Mandate**

That:

- (a) for the purposes of Section 76C and 76E of the Act, the exercise by the Directors of all of the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
  - (i) on-market purchase(s) (each an “**Market Purchase**”) on the SGX-ST; and/or
  - (ii) off-market purchase(s) (each an “**Off-Market Purchase**”) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

## NOTICE OF ANNUAL GENERAL MEETING

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this resolution and expiring on the earlier of:
- (i) the date on which the next AGM is held or required by law to be held; or
  - (ii) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or
  - (iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked,

in this resolution:

**“Maximum Limit”** means that number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of issued Shares shall be taken to be the number of the issued Shares as altered (excluding any treasury shares and subsidiary holdings that may be held by the Company from time to time);

**“Relevant Period”** means the period commencing from the date of the passing of this resolution and expiring on the date the next AGM is held or is required by law to be held, whichever is earlier, after the date of this resolution; and

**“Maximum Price”**, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (hereinafter defined); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

- (1) **“Average Closing Market Price”** means the average of the closing market prices of the Shares traded on the SGX-ST over the last 5 Market Days (a **“Market Day”** being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant 5 Market Days; and
- (2) **“day of the making of the offer”** means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

## NOTICE OF ANNUAL GENERAL MEETING

- (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution.

[See Explanatory Note (v)]

**(Resolution 9)**

By Order of the Board

Ngiam May Ling  
Secretary

Singapore, 5 April 2021

### Explanatory Notes:

- (i) Resolutions 3(a) and 3(b) are for the re-election of Mr Kan Kheong Ng and Ms Lim Siok Leng, Directors who retire by rotation at the AGM. Additional information on Mr Kan Kheong Ng and Ms Lim Siok Leng, which is required under Rule 720(5) of the Catalist Rules, is set out on pages 13 to 22 in the Company's FY2020 annual report ("**Annual Report 2020**").

Mr Kan Kheong Ng holds approximately 0.01% of the issued share capital of the Company.

Save as disclosed, Mr Kan Kheong Ng and Ms Lim Siok Leng have no relationships with the Company, its related corporations, its substantial Shareholders or its officers.

- (ii) Resolution 4 is for the re-election of Mr Wilson Sam, Director who joined on 1 July 2020, after the last AGM. Additional information on Mr Wilson Sam, which is required under Rule 720(5) of the Catalist Rules, is set out on pages 13 to 22 in the Annual Report 2020.

Mr Wilson Sam is currently employed by Thomson Medical Group Limited as Executive Director and Group Chief Financial Officer. The controlling Shareholder of the Company is also the controlling shareholder of Thomson Medical Group Limited.

Save as disclosed, Mr Wilson Sam has no relationship with the Company, its related corporations, its substantial Shareholders or its officers.

- (iii) Resolution 7, if passed, will empower the Directors, effective until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to Shareholders.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or shares options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of Shares. These adjustments are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution. As at 5 April 2021, the Company does not have any treasury shares or subsidiary holdings.

- (iv) Resolution 8, if passed, will empower the Directors, effective until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares pursuant to the exercise of options granted and/or shares to be awarded under the Share-Based Incentive Plans up to a number not exceeding in aggregate 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) from time to time.

## NOTICE OF ANNUAL GENERAL MEETING

- (v) Resolution 9, if passed, will empower the Directors from the date of the passing of the resolution until the earlier of the date of the next AGM, or the date by which the next AGM is required by law to be held, to purchase or otherwise acquire, by way of Market Purchases or Off-Market Purchases, up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of the resolution on the terms of the Share Buyback Mandate as set out in the Letter to Shareholders dated 5 April 2021 (“Letter”), unless such authority is earlier revoked or varied by Shareholders at a general meeting.

The Company may use internal sources of funds or external borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Buyback Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this notice of AGM as these will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares. Illustrative financial effects of the Share Buyback Mandate based on the audited financial statements of the Group for FY2020 and certain assumptions, are set out in paragraph 2.8 of the Letter.

### Notes:

- (1) Shareholders may access a copy of the Annual Report 2020 and the Letter at the Company's website at the URL <https://www.securagroup.com.sg/> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- (2) In view of the safe distancing regulations to hold physical meetings and to minimise physical interactions and COVID-19 transmission risk, the Company will be conducting its AGM by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This notice of AGM will be published on the Company's website at the URL <https://www.securagroup.com.sg/> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- (3) Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 5 April 2021. The announcement may be accessed at the Company's website at the URL <https://www.securagroup.com.sg/> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
- (4) **A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The proxy form will be published on the Company's website at the URL <https://www.securagroup.com.sg/> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS operators to submit their votes by **10.30 am on 9 April 2021**.

- (5) The Chairman of the AGM, as proxy, need not be a member of the Company.
- (6) The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged with the Company's registered office at 38 Alexandra Terrace, Singapore 119932; or
- (b) if submitted electronically, be submitted via email to [agm@securagroup.sg](mailto:agm@securagroup.sg),

in either case, at least 48 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

**In view of the current Covid-19 situation, members are strongly encouraged to submit completed and signed proxy forms electronically via email.**

- (7) A member may withdraw an instrument appointing the Chairman of the AGM by sending an email to [agm@securagroup.sg](mailto:agm@securagroup.sg) notify the Company of the withdrawal, at least 48 hours before the time for holding the AGM.

## NOTICE OF ANNUAL GENERAL MEETING

**Personal data privacy:**

By submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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**SECURA GROUP LIMITED**  
**Company Registration No. 201531866K**  
(Incorporated in the Republic of Singapore)

**PROXY FORM**

(Please see notes overleaf before completing this form)

**IMPORTANT:**

1. In view of the safe distancing regulations to hold physical meetings and to minimise physical interactions and COVID-19 transmission risk, the AGM (as defined below) will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this proxy form will not be sent to shareholder. Instead, this proxy form will be published on the Company's website at the URL <https://www.securagroup.com.sg/> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 5 April 2021. The announcement may be accessed at the Company's website at the URL <https://www.securagroup.com.sg/> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM.
4. This proxy form is not valid for use by SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. Prior to the AGM, shareholders are encouraged to email their questions together with their full names, identification numbers, contact numbers and email addresses and manner in which they hold shares in the Company to [agm@securagroup.sg](mailto:agm@securagroup.sg).
6. PLEASE READ THE NOTES TO THE PROXY FORM WHICH CONTAIN INSTRUCTIONS ON, *INTER ALIA*, THE APPOINTMENT OF THE CHAIRMAN OF THE AGM AS A SHAREHOLDER'S PROXY TO ATTEND, SPEAK AND VOTE ON HIS/HER BEHALF AT THE AGM.

I/We, \_\_\_\_\_  
of \_\_\_\_\_

being a member/members of Secura Group Limited (the "Company"), hereby appoint the Chairman of the annual general meeting (the "AGM") as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the AGM to be convened and held by electronic means on Tuesday, 20 April 2021 at 10.30 am and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to:	Number of votes for <sup>(1)</sup>	Number of votes against <sup>(1)</sup>	Number of votes abstaining <sup>(1)</sup>
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020 together with the Auditor's Report thereon			
2	Payment of first and final one-tier tax exempt dividend of 0.4 Singapore cents per share for the financial year ended 31 December 2020			
3(a)	Re-election of Mr Kan Kheong Ng as a director of the Company			
3(b)	Re-election of Ms Lim Siok Leng as a director of the Company			
4	Re-election of Mr Wilson Sam as a director of the Company			
5	Directors' fees amounting to S\$249,000 for the financial year ending 31 December 2021, payable quarterly in arrears			
6	Re-appointment of Ernst & Young LLP as auditors of the Company			
7	Authority to allot and issue shares in the capital of the Company			
8	Authority to grant options and/or awards and to allot and issue shares under the Secura Employee Share Option Scheme and/or the Secura Performance Share Plan			
9	Renewal of the Share Buyback Mandate			

(1) Voting will be conducted by poll. If you wish your proxy/proxies to cast all your votes "For" or "Against" a Resolution, please tick in the "For" or "Against" box provided. Alternatively, please indicate the number of votes as appropriate. If you wish your proxy/proxies to abstain from voting on a Resolution, please tick in the "Abstain" box provided. Alternatively, please indicate the number of shares that your proxy/proxies is/are directed to abstain from voting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Total number of shares in:	No. of shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature of Shareholder(s)  
or, Common Seal of Corporate Shareholder

\*Delete where inapplicable

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



**Notes:**

1. In view of the safe distancing regulations to hold physical meetings and to minimise physical interactions and COVID-19 transmission risk, the Company will be conducting its AGM by electronic means. **A shareholder (whether individual or corporate) who wishes to exercise his/her/its voting rights at the AGM, must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.** This proxy form may be accessed at the Company's website at the URL <https://www.securagroup.com.sg/> and on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
2. SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective SRS Operators to submit their votes by 10.30 am on 9 April 2021, being 7 working days before the date of the AGM.
3. The Chairman of the AGM, as proxy, need not be a shareholder.
4. A shareholder should insert the total number of shares held in the proxy form. If the shareholder has shares entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("CDP"), he/she should insert that number of shares. If the shareholder has shares registered in his/her name in the Register of Shareholder of the Company, he/she should insert that number of shares. If the shareholder has shares entered against his/her name in the said Depository Register and registered in his/her name in the Register of Shareholder, he/she should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the shareholder.
5. A member who is a relevant intermediary entitled to attend the meeting and vote (whether to vote in favour of or against, or to abstain from voting) is entitled to appoint the Chairman as proxy to attend and vote (whether to vote in favour of or against, or to abstain from voting) instead of the member, but the Chairman must be appointed to exercise the rights attached to a different share or shares held by such member.

"Relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
  - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
  - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
6. The proxy form must be submitted to the Company in the following manner:
    - (a) if submitted by post, be lodged at the registered office of the Company at 38 Alexandra Terrace, Singapore 119932; or
    - (b) if submitted electronically, submitted via email to [agm@securagroup.sg](mailto:agm@securagroup.sg).

in either case, not later than **10.30 am on 18 April 2021**, being not less than 48 hours before the time appointed for holding the AGM.

A shareholder who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. In view of the current COVID-19 situation, shareholders are strongly encouraged to submit completed and signed proxy forms electronically via email.

7. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing or if the appointer is a corporation, it must be executed either under its common seal or under the hand of an officer or attorney so authorised.
8. Where the proxy form is signed on behalf of the appointor by an attorney or a duly appointed officer, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney must (failing previous registration) be deposited with the proxy form, failing which the proxy form may be treated as invalid.
9. A corporation which is a shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
10. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by CDP to the Company.
11. All shareholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.
12. SRS Approved Nominees acting on the request of the SRS investors who wish to appoint the Chairman as their proxy are requested to submit in writing, a list with details of the SRS investors' names, NRIC/Passport numbers, addresses and number of shares held. The list (to be signed by an authorised signatory of the SRS Approved Nominee) shall:
  - (a) if submitted by post, reach the registered office of the Company at 38 Alexandra Terrace, Singapore 119932; or
  - (b) if submitted electronically, must be submitted via email to the Company at [agm@securagroup.sg](mailto:agm@securagroup.sg).

in either case not later than **10.30 am on 18 April 2021**, being not less than 48 hours before the time appointed for holding the AGM.

**PERSONAL DATA PRIVACY:** By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the notice of AGM dated 5 April 2021.

# CORPORATE INFORMATION



## BOARD OF DIRECTORS

**Dr. Ho Tat Kin**

*(Chairman and Independent Director)*

**Mr. Kan Kheong Ng**

*(Executive Director and Chief Executive Officer)*

**Ms. Lim Siok Leng**

*(Executive Director and Chief Financial Officer)*

**Mr. Gary Ho Kuat Foong**

*(Independent Director)*

**Mr. Ong Pang Liang**

*(Independent Director)*

**Ms. Christina Teo Tze Wei (Zhao Ziwei)**

*(Independent Director)*

**Mr. Wilson Sam**

*(Non-Executive and Non-Independent Director)*

## AUDIT COMMITTEE

**Mr. Ong Pang Liang** *(Chairman)*

**Dr. Ho Tat Kin**

**Mr. Gary Ho Kuat Foong**

**Mr. Wilson Sam**

## NOMINATING COMMITTEE

**Dr. Ho Tat Kin** *(Chairman)*

**Mr. Ong Pang Liang**

**Mr. Gary Ho Kuat Foong**

**Ms. Christina Teo Tze Wei (Zhao Ziwei)**

## REMUNERATION COMMITTEE

**Mr. Gary Ho Kuat Foong** *(Chairman)*

**Dr. Ho Tat Kin**

**Mr. Ong Pang Liang**

## COMPANY SECRETARY

**Ms. Ngiam May Ling** *(LLB (Hons))*

## COMPANY REGISTRATION NUMBER

201531866K

## REGISTERED OFFICE

38 Alexandra Terrace

Singapore 119932

Tel : +65 6813 9500

Fax : +65 6813 9629

Website : [www.securagroup.com.sg](http://www.securagroup.com.sg)

## SPONSOR

**United Overseas Bank Limited**

80 Raffles Place

UOB Plaza

Singapore 048624

## AUDITOR

**Ernst & Young LLP**

One Raffles Quay

Level 18 North Tower

Singapore 048583

Partner-in-charge: Mr. Tan Soon Seng

*(a practising member of the Institute of Singapore Chartered Accountants)*

Since financial year ended 31 December 2020

## SHARE REGISTRAR AND SHARE TRANSFER OFFICE

**Boardroom Corporate & Advisory Services Pte. Ltd.**

50 Raffles Place

#32-01 Singapore Land Tower

Singapore 048623

## INVESTOR RELATIONS

**August Consulting**

101 Thomson Road

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