

**P R E S S   R E L E A S E**

## **Leading one-stop provider of security products and solutions to expand regional presence with Catalyst IPO**

- *Group sees increasing regional demand for security products and integrated security solutions following heightened security concerns and strong economic growth*
  - *Strong order book of S\$24.5 million*
  - *Placement of 12 million new shares at S\$0.35 each*

**SINGAPORE, 20 June 2014** – IPS Securex Holdings Limited (“IPS Securex” or the “Company” and together with its subsidiaries, the “Group”), a leading provider of security products and integrated security solutions with an established regional presence in Asia-Pacific, today launched its Initial Public Offering (“IPO”) with a placement of 12 million new shares at S\$0.35 each (the “Placement”), in conjunction with its proposed listing on the Catalyst Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

United Overseas Bank Limited (“UOB”) is the Sponsor, Issue Manager and Placement Agent of the IPO.

### **THE PLACEMENT**

The Placement of 12 million new shares represents 16% of the enlarged share capital of 75 million shares of IPS Securex. At S\$0.35 per share, the Placement is priced at a price earnings ratio of 13 times based on the Group’s historical earnings per share of 2.7 cents for the financial year ended 30 June (“FY”) 2013 and pre-Placement share capital of 63 million shares.

The Placement will close at 12:00 noon on 26 June 2014, while the listing and trading of the Company’s shares is expected to commence on a “ready” basis at 9:00 a.m. on 30 June 2014.

### **IPS SECUREX – HARNESSING THE REGIONAL MARKET POTENTIAL IN SECURITY SOLUTIONS**

Since 2000, the Group has been providing security products and integrated security solutions to commercial entities, and government bodies and agencies in Asia-Pacific. It has built a strong market

presence in the region with distribution rights for some products spanning coverage of 10 countries including Singapore, Brunei, Vietnam, Indonesia, Malaysia, Thailand, China (Hong Kong and Macau), Australia, India and Sri Lanka.

IPS Securex carries over 100 types of homeland security and general security products, which include scanning systems; hailing systems; surveillance and monitoring systems; detection systems and control systems. The homeland security products are deployed at various locations such as seaports; airports; navy, police, military and air bases; customs border checkpoints; and military camps, while the general security products are installed in places such as schools; residential, industrial and commercial buildings; critical infrastructure facilities in townships; and in vehicles. Some of its suppliers include Fortune 500 company Leidos, Inc. from the United States of America (USA), Biosensor Applications Sweden AB and MOBOTIX AG from Germany. (Please see Appendix 1 for a list of some key products distributed by the Group).

Since the terrorist attacks on 11 September 2001 in the USA, security issues have grown to become a major concern for many countries in the world. Closer to home, the recent events of anti-government demonstrations in Thailand and rioting in Little India, Singapore, have heightened border and security concerns and driven increased investments by both the public and private sectors for the latest security products and solutions.

As a result of these national security concerns, defence spending is projected to increase in the region. The Singapore government is projected to increase annual defence spending through to 2015<sup>1</sup>; Vietnam's defence spending to increase at a CAGR of 14% between 2011 and 2015<sup>2</sup>; Malaysia by 27% between 2012 and 2015<sup>3</sup>; and Brunei by 6.7% between 2013 and 2016<sup>4</sup>. Lastly, regional economic growth and urbanisation in Asia-Pacific have also encouraged investments in public infrastructure.

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<sup>1</sup> Information obtained from a report issued on 12 June 2012 entitled "Major Defence Markets – Asia Pacific by the International Home Security" on the website of Information Handling Services (<http://www.ihs.com/events/exhibitions/eurosatory-2012/news/jun-12/english/Major-defence-markets.aspx>).

<sup>2</sup> Statistics obtained from a report issued on 1 October 2011 entitled "Opportunities & Entry Strategies 2011-2016 from the Vietnam Defense Market Report 2011" on the website of Defense Update ([http://defense-update.com/20111001\\_vietnam-defense-market-opportunities-and-entry-strategies-2011-2016.html](http://defense-update.com/20111001_vietnam-defense-market-opportunities-and-entry-strategies-2011-2016.html)).

<sup>3</sup> Statistics obtained from a report issued on 12 June 2012 entitled "Major Defence Markets – Asia Pacific by the International Home Security" on the website of the Information Handling Services (<http://www.ihs.com/events/exhibitions/eurosatory-2012/news/jun-12/english/Major-defence-markets.aspx>).

<sup>4</sup> Statistics obtained from a report issued on 7 June 2012 entitled "Brunei's defense expenditure is expected to increase at a CAGR of 6.7% during the forecast period by the Aerospace and Defence News" on the website of the Aerospace & Defense News ([http://www.asdnews.com/news-43161/Brunei\\_s\\_defense\\_expenditure\\_is\\_expected\\_to\\_increase\\_at\\_a\\_CAGR\\_of\\_67\\_during\\_the\\_forecast\\_period.htm](http://www.asdnews.com/news-43161/Brunei_s_defense_expenditure_is_expected_to_increase_at_a_CAGR_of_67_during_the_forecast_period.htm)).

Mr Kelvin Lim (林青宋), Executive Director and Chief Executive Officer of IPS Securex, commented, “Security needs worldwide have increased over the years especially after the events of 9-11. Due to our established track record, innovative product range and integrated security solutions, we are well-positioned to ride on this expected increase in demand for security products and solutions. As evidenced by our strong order book of S\$24.5 million, we are excited about the potential of this industry and we are focusing our sales and marketing efforts on our markets in Asia-Pacific.”

### **Business Overview**

Over the last 13 years, the Group’s growth in Singapore and the region has been driven by its ability to be a one-stop security services provider – from the supply of a broad range of security products, the design, installation, testing and commissioning of integrated security solutions, to the provision of maintenance support and leasing services to its customers.

In addition to providing security products and integrated security solutions under its Security Solutions Business segment, IPS Securex offers ad-hoc and/or regular extended maintenance support services to its customers, under its Maintenance and Leasing Business segment. It also provides long term lease-and-maintenance services, for which it retains ownership of the security systems for an agreed monthly fee. This is typically for a period of at least seven years.

Some of the Group’s customers include government bodies and agencies such as police and other law enforcement agencies, commercial entities and private consumers.

One of the Group’s most significant projects is the Alert Alarm Systems for the Housing and Development Board of Singapore (“HDB”). With an aggregate value of approximately S\$6.3 million, the Group was contracted to install, lease and maintain the Alert Alarm Systems in several blocks of residential housing for senior citizens under the HDB. These systems enable senior citizens living in these residential housing to alert the relevant volunteer organisations in the event of emergencies. The Group also installed the surveillance and monitoring systems and access control systems for One Raffles Place, and an integrated security system for Hotel Grand Chancellor in Singapore.

As at 19 May 2014, the Group has an order book of S\$24.5 million, with approximately S\$6.7 million from the Security Solutions Business and approximately S\$17.8 million from the Maintenance and Leasing Business.

The management team, led by Executive Director and Chief Executive Officer, Mr Kelvin Lim, has collectively over 30 years of experience in the industry. Through their commitment and dedication, the

Group's significant growth over the years has garnered industry recognition through the receipt of several awards. They include the Enterprise 50 Award in 2009, the Singapore SME 500 Company Award in 2010, the Top 100 Singapore Excellence Award (Platinum) in 2013 and the Asia Pacific Brands Award in 2014. The Group's strong sales performance has helped it clinch sales awards from one of its major suppliers, Ultra Electronics - USSI, over four consecutive years. One of its projects was also awarded Project of the Year in 2012 from supplier MOBOTIX AG.

### **Business Strategies and Future Plans**

In the coming years, IPS Securex will be building up its long-term Maintenance and Leasing Business in Singapore and Asia-Pacific to establish long-term relationships with customers and to provide a recurring income base for the Group. The Group will also continue to broaden its range of security products and integrated security solutions to stay abreast of technology and market trends; undertake larger projects and increase its customer base by expanding its network of dealers within and outside of its Distribution Markets; and seek to grow its business through acquisitions, joint ventures and/or strategic alliances.

The Group intends to develop its business further by entering into co-manufacturing agreements with its major suppliers. On 13 June 2013, it entered into a co-manufacturing agreement with Ultra Electronics – USSI, for the co-manufacturing of the HyperShield and HS-Micro security products. However, there are no immediate plans to engage in co-manufacturing activities under the agreement and any intention to do so will depend on various factors.

### **Financial Highlights (Financial Year Ended 30 June)**

Revenue more than doubled in FY2013 to S\$9.5 million, driven by both the Security Solutions Business and the Maintenance and Leasing Business. Overseas markets contributed 63% of total revenue in FY2013.

Its gross profit has been on the uptrend with an increase from S\$2.3 million in FY2012 to S\$4.0 million in FY2013. Consequently, net profit rose to S\$1.7 million in FY2013, after a S\$0.2 million net loss in FY2012.

### **USE OF PROCEEDS**

The Group plans to use the net proceeds of approximately S\$2.7 million for the following purposes:

- Approximately S\$2.0 million for the building of its long-term Maintenance and Leasing Business in Singapore and Asia-Pacific

- Approximately S\$0.7 million for working capital to be used to broaden the range of security products and integrated security solutions, to take on more and larger projects and to increase its customer base

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**Issued for and on behalf of IPS Securex Holdings Limited by**

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**IMPORTANT NOTICE**

This press release and any accompanying materials (if any) (collectively, the “**Press Release**”) are made for informational purposes only, without regard to the objectives, financial situation nor needs of any specific persons. Accordingly, no reliance whatsoever should be placed upon the information set out herein.

This Press Release does not constitute, or form any part of an offer of, or invitation or solicitation to acquire, subscribe for and/or purchase any Placement Shares nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or binding legal commitment whatsoever. The summary information in this Press Release is based on information found in the offer document of IPS Securex Holdings Limited dated 20 June 2014 (the “**Offer Document**”) that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.

This Press Release does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the full text of the Offer Document, including but not limited to the sections entitled “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” of the Offer Document. Words and expressions, unless otherwise defined in this Press Release, shall bear the same meanings assigned to them in the Offer Document.







Anyone wishing to acquire the Placement Shares will need to make an application in the manner set out in the Offer Document. Copies of the Offer Document and the Application Forms may be obtained on request, subject to availability during office hours, from United Overseas Bank Limited, 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624. A copy of the Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.




This Press Release has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor, UOB, for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this Press Release. This Press Release has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Press Release, including the correctness of any of the statements or opinions made or reports contained herein.

The contact persons for the Sponsor are Mr Khong Choun Mun, Managing Director, Corporate Finance and Mr David Tham, Senior Director, Corporate Finance, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, Telephone: +65 6539 1177.

## Appendix 1

### Key products of IPS Securex

<b>Product</b>	<b>Supplier</b>	<b>Capability</b>
<p>Hyperspike–HS-Micro</p> 	Ultra Electronics – USSI	A portable Acoustic Hailing System that penetrates high background noise environment to deliver commands and messages
<p>Hyperspike-HS-24</p> 	Ultra Electronics – USSI	An Acoustic Hailing System designed to deliver commands and messages over long distances of over one kilometre and is capable of penetrating high background noise environments
<p>Hyperspike-HyperShield</p> 	Ultra Electronics – USSI	An Acoustic Hailing System integrated into a riot shield for crowd control purposes
<p>Mobile VACIS</p> 	Leidos	A mobile VACIS that allows trained operators to view the contents of closed vehicles and containers
<p>Reveal CT-80DR</p> 	Leidos	A Baggage Scanning System for the scanning of baggage
<p>GR-135 Plus</p> 	Leidos	A handheld Radiation Detection and Identification System for radiation detection and nuclide identification

<p>Mini Portal</p> 	<p>Iscon Imaging</p>	<p>A Personnel Scanning System that conducts full body scanning which can be integrated with various identification and biometric technologies</p>
<p>Biosens 600</p> 	<p>Biosensor Applications</p>	<p>A Narcotics and Drugs Detection and Explosive Detection System that can be easily deployed for mobile operations</p>
<p>Xpose Handheld Contraband Detector</p> 	<p>SAS R&amp;D Services Inc.</p>	<p>A Detection System designed to aid with the detection of hidden objects</p>