

Starburst Holdings Limited
 (Company Registration Number: 201329079E)
 (Incorporated in the Republic of Singapore on 28 October 2013)

SPECIALIST ENGINEERING GROUP IN A NICHE INDUSTRY

Invitation in respect of 50,000,000 Invitation Shares:

- (a) 2,000,000 Offer Shares at S\$0.31 each by way of public offer; and
- (b) 48,000,000 Placement Shares at S\$0.31 each by way of placement, payable in full on application.

OFFER DOCUMENT DATED 2 JULY 2014

(Registered by the Singapore Exchange Securities Trading Limited (the "SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore (the "Authority") on 2 July 2014)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser(s).

THIS OFFER IS MADE IN OR ACCOMPANIED BY AN OFFER DOCUMENT (THE "OFFER DOCUMENT") THAT HAS BEEN REGISTERED BY THE SGX-ST, ACTING AS AGENT ON BEHALF OF THE AUTHORITY ON 2 JULY 2014.

DBS Bank Ltd. ("DBS Bank" or the "Sponsor") has made an application to the SGX-ST for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of our Company that is already issued, the new Shares (the "Invitation Shares") which are the subject of this Invitation (as defined herein) and the new Shares which may be issued upon the exercise of the options to be granted under the Starburst Employee Share Option Scheme (the "Option Shares") or pursuant to the awards to be granted under the Starburst Performance Share Plan (the "Award Shares") to be listed for quotation on Catalist (as defined herein). Acceptance of applications will be conditional upon, inter alia, the issue of the Invitation Shares, permission being granted by the SGX-ST for the listing and quotation of all our existing issued Shares, the Invitation Shares, the Option Shares and the Award Shares on Catalist. Monies paid in respect of any application accepted will be returned if the admission and listing do not proceed. The dealing in and quotation of the Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the Shares traded on Catalist. You should be aware of the risks of investing in

such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor confirming that the Company is suitable to be listed and complies with the Rules of Catalist (as defined herein). Neither the Authority nor the SGX-ST has in any way considered the merits of the Shares being offered for investment. The registration of this Offer Document by the SGX-ST does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or any other legal or regulatory requirements, or requirements under the SGX-ST's listing rules, have been complied with.

We have not lodged this Offer Document in any other jurisdiction.

Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Offer Document.

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of our Shares, or allot, issue or sell any of our Shares, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any of our Shares or the allotment, issue or sale of any of our Shares, on the basis of this Offer Document.

**SPONSOR, ISSUE MANAGER, UNDERWRITER AND
PLACEMENT AGENT**



OUR VISION: TO CREATE A SAFER ENVIRONMENT FOR FIREARMS TRAINING

WHO WE ARE

- Singapore-based engineering group specialising in the design and engineering of firearms-training facilities
- Track record and experience of close to 15 years in a niche industry
- Firearms-training facilities and tactical training mock-ups are utilised by law enforcement agencies, military agencies, securities agencies, and civil authorities in Southeast Asia and the Middle East



THREE MAIN BUSINESS SEGMENTS:



1 FIREARM SHOOTING RANGES

Design, fabrication and installation of anti-ricochet ballistic protection systems for:

- indoor, outdoor and modular live-firing ranges;
- close quarters battle houses; and
- method of entry training facilities.



2 TACTICAL TRAINING MOCK-UPS

Design, fabrication and installation of:

- Live-firearm and non-live-firearm, full sized tactical training mock-ups which stimulate specific training scenarios, including:
 - rescue and evacuation operations, aviation, maritime and other counter terrorism operations and sniper operations.



3 MAINTENANCE SERVICES AND OTHERS

- Ensure facilities are kept in optimal condition and that international safety standards are met and updated if necessary.
- Design, supply and/or fabricate structural and architectural steel works.
- Design, construct and install ballistic protection and security systems for various facilities, including high-security detention facilities.

OUR COMPETITIVE STRENGTHS:

1. Integrated Firearms-Training Solutions for Firearms Training Facilities and Tactical Training Mock-ups

- We believe that we are one of the few companies operating primarily in Southeast Asia and the Middle East that provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearms-training facilities and tactical training mock-ups.
- We manage the entire project process, which allows us to have oversight of quality control processes and safety procedures, ensure timely delivery and increase our efficiency generally.
- We are better placed to secure maintenance contracts for the projects where we have been involved in as we would have knowledge of the types of products and materials used, which allows us to provide maintenance services in a more efficient and cost-effective manner.

2. Specialist with an Established Track Record in a Niche Industry

- We have a track record of close to 15 years as a specialist in the niche business of design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups in Southeast Asia.
- We believe that we are one of the few companies with the track record and experience that meet the requirements of government bodies in Southeast Asia and the Middle East.
- We believe that we have a reputation for providing timely delivery of quality products that meet our customers' specifications.

3. Close Business Relationships with Key Global Players

- We maintain close business relationships with key global players in the military training software and equipment market.
- Our business partners value our expertise and track record.
- We believe this has enabled us to secure a role as a specialist contractor.
- We work closely with our business partners to provide customised solutions for our customers.

4. Proprietary Trademarked Anti-Ricochet Ballistic Protection Materials

Searls[®]

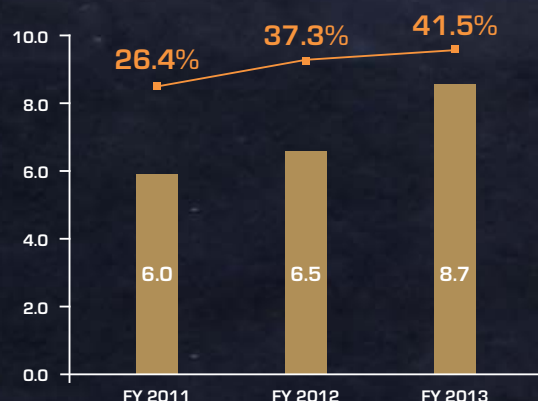
- We supply and utilise our proprietary line of anti-ricochet ballistic protection materials for all our projects which require anti-ricochet ballistic protection materials to better manage and control costs and offer customised solutions to customers.
- We believe that our "Searls" anti-ricochet ballistic protection materials have gained reputation for quality and safety, setting them apart from generic, unbranded anti-ricochet ballistic protection materials.
- Our "Searls" Starboard anti-ricochet panels and shredded rubber panels and pavers are capable of absorbing 40 to 100 rounds per 100 sq mm.
- We utilise ballistic-absorbing concrete developed by GSL researchers at the U.S. Army Engineer Research and Development Center.

5. Experienced Management Team

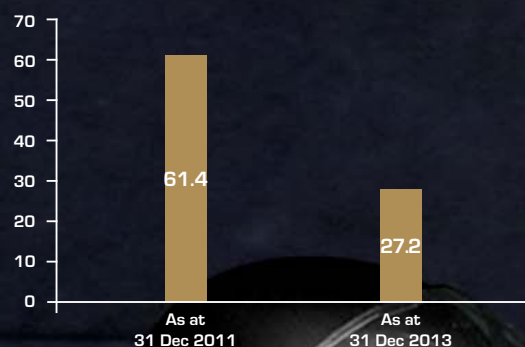
- Mr. Edward Lim Chin Wah, our Executive Director and Chairman, has approximately 30 years of exposure and experience in engineering.
- Mr. Yap Tin Foo, our Executive Director and Managing Director, has approximately 25 years of management experience.

OUR FINANCIAL HIGHLIGHTS:

NET PROFIT (S\$'M) AND NET PROFIT MARGIN (%)



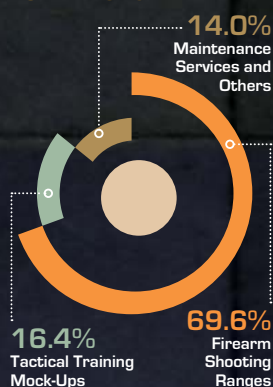
NET INDEBTEDNESS/EQUITY¹ (%)



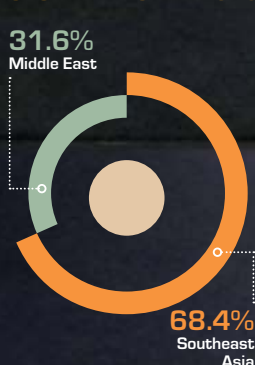
¹ Net Indebtedness/Equity is calculated based on (Total Indebtedness - Cash & Bank Balances) / Shareholders' Equity

OUR BUSINESS STRATEGIES AND FUTURE PLANS:

REVENUE BREAKDOWN BY BUSINESS SEGMENT FOR FY2013



REVENUE BREAKDOWN BY GEOGRAPHICAL SEGMENT FOR FY2013



GROWTH DRIVERS OF DEFENCE SPENDING:

Southeast Asia:

- Modernisation programmes to include more dynamic training
- Protection against attacks on sea-ports, airports, petrochemical plants and government administration buildings
- Higher investments in critical infrastructures



Middle East:

- Strong link to the total regional government expenditure
- Mandatory military services in Qatar and United Arab Emirates
- Investments into infrastructure and the inflow of Foreign Direct Investments



1. Increase existing fabrication efficiency and capacity through acquisition or expansion

- This will allow us to undertake projects of a greater size, and more projects simultaneously.



2. Grow our brand and marketing capabilities, with a focus on the Middle East

- We plan to leverage on our market standing in Southeast Asia and on our existing relationships with business partners to access other markets within the Middle East.
- We plan to set up additional representative offices in other parts of the Middle East to oversee marketing and maintenance activities in the region.

3. Focus on larger projects with greater complexity

- These projects typically command a higher profit margin.
- This will enhance our track record as a prominent engineering group specialising in the design and engineering of firearms-training facilities.

4. Grow our maintenance services business segment

- We intend to actively market and undertake more contracts for the maintenance of firearm shooting ranges and tactical training mock-ups, particularly those which we designed, fabricated and installed.
- This allows us to diversify our income and provide a stream of recurring income, thereby increasing our earning visibility.

5. Expand through acquisitions and strategic partnerships

- We plan to seek and identify acquisition and strategic partnership opportunities with companies which complement our product offerings and with companies which will enable us to build an inroad to new markets.

OUR INTENDED DIVIDEND:

Intended dividend payout of at least 20% of the Group's profit after tax for the financial year ended 31 December 2014²

² Excluding any exceptional and extraordinary income and subject to factors set out in the section entitled "Dividend Policy" of the Offer Document.



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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr. Edward Lim Chin Wah (Chairman and Executive Director) Mr. Yap Tin Foo (Managing Director and Executive Director) Mr. Gan Lai Chiang (Lead Independent Director and Chairman of Audit Committee) Mr. Gopal Perumal (Independent Director) Mr. Tan Teng Wee (Independent Director)
JOINT COMPANY SECRETARIES	:	Mr. Wu Guangyi (Chartered Accountant of Singapore, FCCA) Mr. Yoo Loo Ping (Associate of the Singapore Association of the Institute of Chartered Secretaries & Administrators)
REGISTERED OFFICE	:	6 Tuas West Street Singapore 637442
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	DBS Bank Ltd. 12 Marina Boulevard Level 46 DBS Asia Central Marina Bay Financial Centre Tower 3 Singapore 018982
LEGAL ADVISERS TO THE INVITATION AND LEGAL ADVISERS TO OUR COMPANY AS TO SINGAPORE LAW	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
LEGAL ADVISERS TO THE SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT AS TO SINGAPORE LAW	:	Drew & Napier LLC 10 Collyer Quay #10-01 Ocean Financial Centre Singapore 049315
INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	:	Deloitte & Touche LLP 6 Shenton Way OUE Downtown 2, #32-00 Singapore 068809 Partner-in-charge: Lee Boon Teck (a member of the Institute of Singapore Chartered Accountants)
INDUSTRY CONSULTANT	:	Converging Knowledge Pte Ltd 43 B&C Tras Street Singapore 078982

CORPORATE INFORMATION

RECEIVING BANKER : DBS Bank Ltd.
12 Marina Boulevard Level 46
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

PRINCIPAL BANKER : DBS Bank Ltd.
12 Marina Boulevard Level 46
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

DEFINITIONS

In this Offer Document and the accompanying Application Forms, and, in relation to Electronic Applications, the instructions appearing on the screens of ATMs of Participating Banks, the following definitions apply where the context so admits:

Group Companies

<i>"Company"</i>	:	Starburst Holdings Limited
<i>"Group"</i>	:	Our Company and our subsidiaries
<i>"Group Company"</i>	:	Any of (i) our Company or (ii) any subsidiary of our Company as at the date of this Offer Document
<i>"Starburst Malaysia"</i>	:	Starburst Engineering (M) Sdn. Bhd.
<i>"Starburst Singapore"</i>	:	Starburst Engineering Pte Ltd
<i>"Starburst Middle East"</i>	:	The representative office ¹ of Starburst Singapore in Abu Dhabi, the United Arab Emirates

Other Corporations and Agencies

<i>"Authority"</i>	:	The Monetary Authority of Singapore
<i>"CDP" or "Depository"</i>	:	The Central Depository (Pte) Limited
<i>"CPF"</i>	:	The Central Provident Fund
<i>"MOM"</i>	:	The Ministry of Manpower of Singapore
<i>"SCCS"</i>	:	Securities Clearing and Computer Services (Pte) Limited
<i>"SGX-ST" or "Exchange"</i>	:	Singapore Exchange Securities Trading Limited
<i>"Share Registrar and Share Transfer Office"</i>	:	Boardroom Corporate & Advisory Services Pte. Ltd.

General

<i>"Application Forms"</i>	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
<i>"Application List"</i>	:	The list of applications for subscription of the Invitation Shares
<i>"Articles" or "Articles of Association"</i>	:	The articles of association of our Company, as amended or modified from time to time

¹ Starburst Middle East is, under the laws of Abu Dhabi, the United Arab Emirates, classified as a "foreign branch".

DEFINITIONS

<i>“associate”</i>	: (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees, acting in their capacity as such trustees, of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more of the aggregate of the nominal amount of all the voting shares; (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>“ATM”</i>	: Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	: The audit committee of our Company
<i>“Award”</i>	: The awards which may be granted pursuant to the Performance Share Plan
<i>“Award Shares”</i>	: The Shares which are the subject of the Awards under the Performance Share Plan
<i>“BNM”</i>	: Bank Negara Malaysia, the central bank of Malaysia
<i>“Board” or “Board of Directors”</i>	: The board of Directors of our Company as at the date of this Offer Document
<i>“Catalist”</i>	: The sponsor-supervised listing platform of the SGX-ST
<i>“Companies Act”</i>	: The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time

DEFINITIONS

<i>“Controlling Shareholder”</i>	:	As defined in the Rules of Catalist: (a) a person who has an interest of 15.0% or more of the aggregate of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) a person who in fact exercises control over our Company
<i>“DBS”, “DBS Bank”, “Sponsor”, “Issue Manager”, “Underwriter”, “Placement Agent”, “Principal Banker” or “Receiving Banker”</i>	:	DBS Bank Ltd.
<i>“Directors”</i>	:	The directors of our Company as at the date of this Offer Document
<i>“Electronic Applications”</i>	:	Applications for the Offer Shares made through an ATM or the IB website of one of the relevant Participating Banks or the mobile interface of DBS Bank, subject to and on the terms and conditions of this Offer Document
<i>“ECTF”</i>	:	Engineering and Construction of Training Facilities
<i>“Executive Directors”</i>	:	The executive directors of our Company as at the date of this Offer Document
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Offer Document
<i>“Exposure Period”</i>	:	The minimum period of 14 calendar days (unless extended by the SGX-ST) following the lodgement of this Offer Document by the Sponsor with the SGX-ST, during which this Offer Document is exposed for public comment
<i>“FDI”</i>	:	Foreign Direct Investment
<i>“FX”</i>	:	Foreign Exchange
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“GCC”</i>	:	Gulf Cooperation Council
<i>“GST”</i>	:	Goods and services tax
<i>“IB”</i>	:	Internet banking service provided by a Participating Bank
<i>“Independent Directors”</i>	:	The independent directors of our Company as at the date of this Offer Document

DEFINITIONS

<i>“Industry Consultant”</i>	:	Converging Knowledge Pte Ltd
<i>“Invitation”</i>	:	Our invitation to subscribe for the Invitation Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document, by way of the Offer and the Placement
<i>“Invitation Shares”</i>	:	The 50,000,000 new Shares which are the subject of the Invitation
<i>“IPO”</i>	:	Initial Public Offering
<i>“Issue Price”</i>	:	S\$0.31 for each Invitation Share
<i>“Latest Practicable Date”</i>	:	9 June 2014, being the latest practicable date for the purposes of lodgement of this Offer Document with the SGX-ST
<i>“Listing”</i>	:	The listing of our Company and the quotation of our Shares on Catalist
<i>“Listing Manual”</i>	:	The provisions of Sections A and B of the listing manual of the SGX-ST, as from time to time amended, modified or supplemented
<i>“Management and Sponsorship Agreement”</i>	:	The management and sponsorship agreement dated 2 July 2014 entered into between our Company and DBS Bank in connection with the Invitation and the Listing, details of which are set out in the sections entitled “Plan of Distribution” and “General and Statutory Information — Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document
<i>“Managing Director”</i>	:	The managing director of our Company
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value
<i>“Nominating Committee”</i>	:	The nominating committee of our Company
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer”</i>	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Offer Document”</i>	:	This Offer Document dated 2 July 2014 issued by us in respect of the Invitation

DEFINITIONS

<i>“Offer Shares”</i>	:	The 2,000,000 Invitation Shares which are the subject of the Offer
<i>“Official List”</i>	:	The list of issuers maintained by the SGX-ST in relation to Catalist
<i>“Option”</i>	:	The share options which may be granted pursuant to the Share Option Scheme
<i>“Option Shares”</i>	:	The new Shares which may be allotted and issued upon the exercise of the Options
<i>“Participating Banks”</i>	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited (“OCBC”) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (the “UOB Group”)
<i>“PER”</i>	:	Price-earnings ratio
<i>“Performance Share Plan”</i>	:	The Starburst Performance Share Plan approved by our Shareholders and implemented on 28 May 2014
<i>“Period Under Review”</i>	:	The period comprising FY2011, FY2012 and FY2013
<i>“Placement”</i>	:	The placement by the Placement Agent of the Placement Shares on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Shares”</i>	:	The 48,000,000 Invitation Shares which are the subject of the Placement
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Invitation as set out in the section entitled “Restructuring Exercise” of this Offer Document
<i>“Rules of Catalist”</i>	:	Section B of the Listing Manual dealing with the rules of Catalist, as from time to time amended, modified or supplemented
<i>“S Pass”</i>	:	A type of work permit granted by the MOM to mid-level skilled foreigners for working in Singapore
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and our Executive Directors as set out under the section entitled “Management and Corporate Governance — Service Agreements” of this Offer Document

DEFINITIONS

<i>“SFA”</i>	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company
<i>“Share Option Scheme”</i>	:	The Starburst Employee Share Option Scheme approved by our Shareholders and implemented on 28 May 2014
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Singapore”</i>	:	The Republic of Singapore
<i>“Substantial Shareholders”</i>	:	Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo, being persons each of whom has an interest in the Shares, the nominal amount of which is not less than 5.0% of the aggregate of the nominal amount of all the voting shares of our Company
<i>“Trading Date”</i>	:	The date and time of the commencement of trading of the Shares on Catalist
<i>“Underwriting and Placement Agreement”</i>	:	The underwriting and placement agreement dated 2 July 2014 entered into between our Company and DBS Bank in connection with the Invitation and the Listing, details of which are set out in the sections entitled “Plan of Distribution” and “General and Statutory Information — Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document
<i>“WICA”</i>	:	The Work Injury Compensation Act, Chapter 354 of Singapore, as amended or modified from time to time

Currencies, Units and Others

<i>“\$” or “S\$” and “cents”</i>	:	Singapore Dollars and Cents, respectively
<i>“%” or “per cent.”</i>	:	Per centum
<i>“AED”</i>	:	United Arab Emirates Dirham
<i>“KWD”</i>	:	Kuwaiti Dinar
<i>“NTD”</i>	:	New Taiwan Dollar
<i>“QAR”</i>	:	Qatari Riyal
<i>“RM”</i>	:	Malaysian Ringgit
<i>“sq ft”</i>	:	Square feet

DEFINITIONS

“sq m” : Square metres

“US\$” and “US\$ cents” : United States Dollars and Cents, respectively

The expression “subsidiary” shall have the meaning ascribed to it in the SFR and the Companies Act.

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document and the Application Forms to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Offer Document and the Application Forms shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference in this Offer Document and the Application Forms to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document shall be a reference to Singapore time unless otherwise stated.

References in this Offer Document to “the Group”, “we”, “our”, and “us” refer to our Group.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Unless we indicate otherwise, all information in this Offer Document is presented on the basis of our Group.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description (which should not be treated as being definitive of their meanings) of some of the technical terms and abbreviations used in this Offer Document relating to our business. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms:

<i>"CAGR"</i>	:	Compounded annual growth rate
<i>"CCTV"</i>	:	Closed-circuit television
<i>"CQB"</i>	:	Close quarters battle
<i>"HVAC"</i>	:	Heating, ventilation and air conditioning
<i>"ISO"</i>	:	International Organisation for Standardisation, a world-wide federation of national standards bodies
<i>"MEP"</i>	:	Mechanical, electrical, and plumbing
<i>"MRT"</i>	:	Mass rapid transit
<i>"SST"</i>	:	Sniper simulation tower

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “expects”, “believes”, “plans”, “intends”, “predicts”, “estimates”, “anticipates”, “may”, “will”, “would” and “could” or similar expressions. However, you should note that these words or phrases are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategies, plans and prospects are forward-looking statements.

These forward-looking statements, including without limitation, statements as to our revenue and profitability, cost measures, planned strategy and anticipated expansion plans, expected growth in demand, expected industry trends and any other matters discussed in this Offer Document regarding matters that are not historical fact, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) changes in political, social and economic conditions, the regulatory environment, laws and regulations and interpretation thereof in the jurisdictions where we conduct business or expect to conduct business;
- (b) the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- (c) changes in currency exchange rates;
- (d) changes in the availability and prices of materials, technical parts and equipment which we require to operate our business;
- (e) changes in customer preferences and needs;
- (f) changes in technology;
- (g) changes in competitive conditions and our ability to compete under such conditions, locally and internationally;
- (h) changes in our future capital needs and the availability of financing and capital to fund these needs; and
- (i) other factors beyond our control.

Some of these risk factors are discussed in greater detail in this Offer Document, in particular, but not limited to, the discussions under the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document. These forward-looking statements are applicable only as at the date of this Offer Document.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Document, undue reliance must not be placed on these statements. None of us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person represents or warrants that our actual future results, performance or achievements will be as discussed in those statements.

All forward-looking statements by or attributable to us, or persons acting on our behalf, contained in this Offer Document are expressly qualified in their entirety by such factors. Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We and the Sponsor, Issue Manager, Underwriter and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Rules of Catalist regarding corporate disclosure.

In particular, pursuant to Section 241 of the SFA, if after the Offer Document is registered by the SGX-ST, acting as agent on behalf of the Authority, but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under Section 243 of the SFA; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting as agent on behalf of the Authority, and would have been required by Section 243 of the SFA to be included in the Offer Document if it had arisen before the Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement Offer Document with the SGX-ST acting as agent on behalf of the Authority.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legal or regulatory requirements of any jurisdiction, except for the filing and/or lodgement of this Offer Document in Singapore in order to permit a public offering of the Invitation Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the Invitation Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us, the Sponsor, Issue Manager, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions.

DETAILS OF THE INVITATION

LISTING ON CATALIST

An application has been made to the SGX-ST for permission to deal in, and for the listing and quotation of, all our Shares which includes the Invitation Shares, the Option Shares and the Award Shares on Catalist. Such permission will be granted when we have been admitted to the Official List of Catalist. Our acceptance of applications will be conditional upon, amongst others, the issue of the Invitation Shares and upon permission being granted by the SGX-ST to deal in, and for quotation of, all of our existing Shares, the Invitation Shares, the Option Shares and the Award Shares. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom and at the applicant's own risk, if the completion of the Invitation does not occur because the said permission is not granted or for any reason, and the applicant will not have any claim against us, the Sponsor, Issue Manager, Underwriter and Placement Agent. No Shares will be allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST on behalf of the Authority.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission but relies on the Sponsor certifying that we are suitable to be listed and complies with the Rules of Catalist. Neither the Authority nor the SGX-ST has in any way considered the merits of the Invitation Shares being offered for investment.

Admission to the Official List of Catalist is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our existing issued Shares, the Invitation Shares, the Option Shares or the Award Shares.

A copy of this Offer Document has been lodged with and registered by the SGX-ST acting as agent on behalf of the Authority. Registration of the Offer Document by the SGX-ST does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The SGX-ST has not, in any way, considered the merits of our existing issued Shares or the Invitation Shares, as the case may be, being offered or in respect of which an invitation is made, for investment. We have not lodged this Offer Document in any other jurisdiction.

This Offer Document has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Offer Document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and all expressions of opinion, intention and expectation in this Offer Document are fair and accurate in all material respects as at the date of this Offer Document and that there are no material facts the omission of which would make any statements in the Offer Document misleading, and that this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group.

DETAILS OF THE INVITATION

Our Company is subject to the provisions of the SFA and the Rules of Catalist regarding corporate disclosure. In particular, if after the registration of this Offer Document but before the close of the Invitation, our Company becomes aware of:

- (a) a false or misleading statement or matter in the Offer Document;
- (b) an omission from the Offer Document of any information that should have been included in it under the requirements of Section 243 of the SFA or under the Rules of Catalist; or
- (c) a new circumstance that has arisen since the Offer Document was lodged with the SGX-ST, acting on behalf of the Authority, and which would have been required under the requirements of Section 243 of the SFA and the Rules of Catalist to be included in the Offer Document if it had arisen before this Offer Document was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement Offer Document with the SGX-ST, acting on behalf of the Authority.

In the event that a supplementary or replacement Offer Document is lodged with the SGX-ST, the Invitation shall be kept open for at least 14 calendar days after the lodgement of such supplementary or replacement Offer Document.

Where prior to the lodgement of the supplementary or replacement Offer Document, applications have been made under this Offer Document to subscribe for the Invitation Shares and:

- (a) where the Invitation Shares have not been issued and/or transferred to the applicants, we shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement Offer Document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to withdraw their applications; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement Offer Document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement Offer Document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement Offer Document, give the applicants the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) (A) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled; and (B) we shall return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk; or
- (b) where the Invitation Shares have been issued and/or transferred to the applicants, we shall either:
 - (i) (A) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement Offer Document, give the

DETAILS OF THE INVITATION

applicants notice in writing of how to obtain, or arrange to receive, a copy of the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in; and (B) take all reasonable steps to make available within a reasonable period the supplementary or replacement Offer Document, as the case may be, to the applicants who have indicated that they wish to obtain, or have arranged to receive, a copy of the supplementary or replacement Offer Document;

- (ii) within seven days from the date of lodgement of the supplementary or replacement Offer Document, give the applicants the supplementary or replacement Offer Document, as the case may be, and provide the applicants with an option to return to us the Invitation Shares which they do not wish to retain title in; or
- (iii) (A) treat the issue and/or transfer of the Invitation Shares as void, in which case the issue and/or sale of the Invitation Shares shall be deemed void; (B) return all monies paid in respect of any application, without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk.

Any applicant who wishes to exercise his option under paragraph (a)(i) or (a)(ii) to withdraw his application shall, within 14 calendar days from the date of lodgement of the supplementary or replacement Offer Document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, return the application monies without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us, or the Sponsor, Issue Manager, Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (b)(ii) to return the Invitation Shares issued and/or transferred to him shall, within 14 calendar days from the date of lodgement of the supplementary or replacement Offer Document, notify us of this and return all documents, if any, purporting to be evidence of title to those Invitation Shares to us, whereupon we shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the issue and/or transfer of those Shares shall be deemed to be void, and he will not have any claim against us, or the Sponsor, Issue Manager, Underwriter and Placement Agent.

Pursuant to Section 242 of the SFA, the Authority may, in certain circumstances issue a stop order (the **"Stop Order"**) to our Company, directing that no or no further Shares to which this Offer Document relates, be allotted or issued. Such circumstances will include a situation where this Offer Document (i) contains any statement or matter which, in the Authority's opinion, is false or misleading (ii) omits any information that should have been included in it under the SFA, (iii) does not, in the Authority's opinion, comply with the requirements of the SFA, or (iv) the Authority is of the opinion that it is in the public interest to do so.

In the event that the Authority issues a Stop Order and applications to subscribe for the Invitation Shares have been made prior to the Stop Order, then:

- (a) where the Invitation Shares have not been issued and/or transferred to the applicants, the applications for the Invitation Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 calendar days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Invitation Shares; or

DETAILS OF THE INVITATION

- (b) where the Invitation Shares have been issued and/or transferred to the applicants, the issue of the Invitation Shares shall be deemed to be void and our Company shall, within 14 calendar days from the date of the Stop Order, pay to the applicants all monies paid by them for the Invitation Shares.

Such monies paid in respect of an application will be returned to the applicants at their own risk, without interest or a share of revenue or other benefit arising therefrom, and they will not have any claims against our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent.

None of us, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Sponsor, Issue Manager, Underwriter and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any documents relating to the Invitation, nor the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, conditions or prospects, or the Invitation Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we may make an announcement of the same to the SGX-ST and the public and, if required, we may lodge a supplementary or replacement Offer Document with the SGX-ST, acting as agent on behalf of the Authority, and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or the Authority. All applicants should take note of any such announcements and, upon the release of such an announcement, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. The Invitation Shares are offered for subscription solely on the basis of the information contained and representations made in this Offer Document.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the Invitation Shares or for any other purpose.

DETAILS OF THE INVITATION

This Offer Document does not constitute an offer, solicitation or invitation of the Invitation Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or unauthorised nor does it constitute an offer, solicitation or invitation to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms may be obtained on request, subject to availability, during office hours, from:

**DBS Bank Ltd.
12 Marina Boulevard
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982**

and from branches of DBS Bank (including POSB), members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. An electronic copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

The Invitation will be open at 9.00 a.m. on 3 July 2014 and will remain open until 12.00 noon on 8 July 2014.

The Application List will open at 9.00 a.m. on 3 July 2014 and will remain open until 12.00 noon on 8 July 2014 or such other period or periods as our Directors may, in consultation with the Sponsor and Issue Manager, in their absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary Offer Document or replacement Offer Document is lodged with the SGX-ST, acting as agent on behalf of the Authority, the Application List will remain open for at least 14 calendar days after the lodgement of the supplementary or replacement Offer Document.

Details of the procedures for application of the Invitation Shares are set out in Appendix D to this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable to this Invitation and the trading of our Shares is set out below:

Indicative date/time	Event
3 July 2014 at 9.00 a.m.	Commencement of Offer
8 July 2014 at 12.00 noon	Close of Application List
9 July 2014	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
10 July 2014 at 9.00 a.m.	Commence trading on a “ready” basis
15 July 2014	Settlement date for all trades done on a “ready” basis on 10 July 2014

The above timetable is only indicative as it assumes that the date of closing of the Application List is 8 July 2014, the date of admission of our Company to the Official List of Catalist is 10 July 2014, the shareholding spread requirement will be complied with and the Invitation Shares will be issued and fully paid-up prior to 10 July 2014. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the commencement of trading on a “ready” basis.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through an SGXNET announcement to be posted on the internet at the SGX-ST website at <http://www.sgx.com>; and
- (b) in a local newspaper(s) in Singapore.

We will provide details of the results of this Invitation (including the level of subscription for the Invitation Shares and the basis of allocation of the Invitation Shares pursuant to this Invitation), as soon as it is practicable after the close of the Application List through channels in (a) and (b) above.

Investors should consult the SGX-ST’s announcement on “ready” trading date released on the Internet (at the SGX-ST website at <http://www.sgx.com>), or the newspapers or check with their brokers on the date on which trading on a “ready” basis will commence.

We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Invitation Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment and/or allocation, due consideration will be given to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.

Where an application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days (or such shorter period as the SGX-ST may require) after the close of the Invitation (provided that such refunds are made in accordance with the procedures set out in Appendix D to this Offer Document).

INDICATIVE TIMETABLE FOR LISTING

Where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the close of the Invitation (provided that such refunds are made in accordance with the procedures set out in Appendix D to this Offer Document).

Where the Invitation does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned within three Market Days after the Invitation is discontinued.

OFFER DOCUMENT SUMMARY

The following summary highlights certain information found in greater detail elsewhere in this Offer Document. Terms defined elsewhere in this Offer Document have the same meaning when used herein. In addition to this summary, we urge you to read the entire Offer Document carefully, especially the section entitled “Risk Factors” of this Offer Document, before deciding to invest in our Shares.

OUR COMPANY

Our Company was incorporated in Singapore on 28 October 2013 under the Companies Act as a limited exempt private company, under the name of Starburst Holdings Pte. Ltd.. On 2 June 2014, we converted into a public limited company and the name of our Company was changed to Starburst Holdings Limited in connection therewith. Following the completion of the Restructuring Exercise, we became the holding company of our Group.

Our Group’s business can be traced to October 1999 when our wholly-owned subsidiary, Starburst Singapore, was incorporated. Our current Executive Directors have assembled a management team of professionals with experience in the ECTF industry and established a pool of committed and experienced personnel with offshore skills. Over the years, we have provided ECTF services through main contractors and sub-contractors to reputable end-customers.

BUSINESS OVERVIEW

We are a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities. We design, fabricate, install and maintain anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups. Our firearms-training facilities and tactical training mock-ups are utilised by law enforcement, military and security agencies as well as civil authorities in Southeast Asia and the Middle East.

From time to time, we also design, fabricate and install ballistic protection and security systems in various facilities (including high-security detention facilities). In addition, we provide a range of structural and architectural steel fabrication services on an *ad hoc* basis.

Further details of our business are set out under the section entitled “General Information on our Group — Business Overview” of this Offer Document.

COMPETITIVE STRENGTHS

We believe that we are able to compete effectively with the following competitive strengths:

- (a) Integrated Firearms-Training Solutions for Firearms Training Facilities and Tactical Training Mock-ups

We believe that we are one of the few companies in the industry, operating primarily in Southeast Asia and the Middle East, that provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearms training facilities and tactical training mock-ups, such as commercial aircrafts, ships and helicopters.

OFFER DOCUMENT SUMMARY

(b) Established Track Record in a Niche Industry

Our business commenced in October 1999 when our wholly-owned subsidiary, Starburst Singapore, was incorporated. We have a long track record in the niche business of design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups in Southeast Asia. We believe that we also have a reputation for providing timely delivery of quality products that meet our customers' specifications.

(c) Close Business Relationships with Key Global Players

We maintain close business relationships with key global players in the military training software and equipment market. We believe that our business partners value our expertise and track record in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups in Southeast Asia and the Middle East. We work closely with these business partners to provide customised solutions for our customers.

(d) Proprietary Trademarked Anti-ricochet Ballistic Protection Materials

We have developed a proprietary line of anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, under our "Searls" trademark, which we supply and utilise for all projects which require anti-ricochet ballistic protection materials. Our "Searls" anti-ricochet panels and shredded rubber panels and pavers have been tested for compliance with the relevant firearm shooting range safety regulations and have been demonstrated to be capable of preventing ricochets from bullets fired from a wide range of weapons or shards.

(e) Experienced Management Team

Our management team is led by our Executive Directors, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo who have over 30 years and 25 years of relevant experience, respectively. Both our Executive Directors have an in-depth understanding of our customers' requirements, with Mr. Edward Lim Chin Wah having substantial exposure and experience in engineering and Mr. Yap Tin Foo having significant management experience, particularly project management experience. Under their leadership, our Group's revenue has grown over the years.

Further details of our competitive strengths are set out under the section entitled "General Information on our Group — Competitive Strengths" of this Offer Document.

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables present a summary of the financial highlights of our Group and should be read in conjunction with the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" of this Offer Document and the "Independent Auditors' Report on the Combined Financial Statements for the Financial Years ended 31 December 2011, 2012 and 2013" as set out in Appendix A to this Offer Document.

OFFER DOCUMENT SUMMARY

SELECTED COMBINED RESULTS OF OPERATIONS OF OUR GROUP

	← Audited →		
	FY2013	FY2012	FY2011
	\$'000	\$'000	\$'000
Revenue	21,045	17,337	22,734
Other operating income	1,211	131	11
Project and production costs	(8,412)	(6,682)	(11,558)
Employee benefits expenses	(2,058)	(1,752)	(1,212)
Depreciation expense	(422)	(140)	(236)
Other operating expenses	(1,175)	(1,118)	(2,286)
Finance costs	(82)	(135)	(308)
Profit before income tax	10,107	7,641	7,145
Income tax expense	(1,378)	(1,177)	(1,132)
Profit for the year	<u>8,729</u>	<u>6,464</u>	<u>6,013</u>
Other comprehensive income (net of tax)	<u>5,218</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year	<u><u>13,947</u></u>	<u><u>6,464</u></u>	<u><u>6,013</u></u>
Profit attributable to:			
Owners of the Company	8,729	6,468	6,059
Non-controlling interests	<u>—</u>	<u>(4)</u>	<u>(46)</u>
	<u><u>8,729</u></u>	<u><u>6,464</u></u>	<u><u>6,013</u></u>
Total comprehensive income attributable to:			
Owners of the Company	13,947	6,468	6,059
Non-controlling interests	<u>—</u>	<u>(4)</u>	<u>(46)</u>
	<u><u>13,947</u></u>	<u><u>6,464</u></u>	<u><u>6,013</u></u>
Earnings per Share (cents) ⁽¹⁾	4.36	3.23	3.03
Earnings per Share as adjusted for the Invitation (cents) ⁽²⁾	3.49	2.59	2.42

Notes:

- (1) For comparative purposes, earnings per Share for the Period Under Review is computed based on the net profit attributable to the owners of our Company and our Company's pre-Invitation share capital of 200,000,000 Shares.
- (2) For comparative purposes, earnings per Share as adjusted for the Invitation for the Period Under Review is computed based on the net profit attributable to the owners of our Company and our Company's post-Invitation share capital of 250,000,000 Shares.

OFFER DOCUMENT SUMMARY

SELECTED COMBINED FINANCIAL POSITION OF OUR GROUP

	←	Audited	→
	FY2013	FY2012	FY2011
	\$'000	\$'000	\$'000
<u>ASSETS</u>			
Total current assets	24,690	13,134	15,471
Total non-current assets	<u>15,522</u>	<u>5,516</u>	<u>4,820</u>
Total assets	<u><u>40,212</u></u>	<u><u>18,650</u></u>	<u><u>20,291</u></u>
<u>LIABILITIES AND EQUITY</u>			
Total current liabilities	8,953	2,923	10,070
Total non-current liabilities	5,378	2,173	1,941
Total liabilities	<u>14,331</u>	<u>5,096</u>	<u>12,011</u>
Total equity⁽¹⁾	<u>25,881</u>	<u>13,554</u>	<u>8,280</u>
Total liabilities and equity	<u><u>40,212</u></u>	<u><u>18,650</u></u>	<u><u>20,291</u></u>

Note:

⁽¹⁾ This also represents the net assets of our Group.

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

(a) Increase Existing Fabrication Efficiency and Capacity through Acquisition or Expansion

Our fabrication facility is currently located at 6 Tuas West Street, Singapore and includes a fabrication area spanning approximately 2,300 square metres on a total site area of 3,900 square metres, where we undertake the fabrication of ballistic steel plates for use as bullet containment systems in our firearm shooting ranges as well as the fabrication of steel struts, steel beams and various components of our tactical training mock-ups.

In order to increase our existing fabrication efficiency and capacity, we intend to acquire additional plant and machinery, additional land and/or fabrication facilities, and/or expand our current fabrication facility. The additional fabrication capacities will not only allow us to undertake projects of a greater size, but also allow us to undertake more projects simultaneously.

OFFER DOCUMENT SUMMARY

(b) Grow our Brand and Marketing Capabilities, with a Focus on the Middle East

We have developed a strong track record in Southeast Asia over the years and we plan to leverage on our market standing in Southeast Asia to grow our brand and marketing capabilities worldwide, with a focus on the Middle East.

(c) Focus on Larger Projects with Greater Complexity

We plan to undertake projects with complex design and engineering challenges, such as projects involving multi-storey indoor live-firing ranges with CQB houses, MOE training facilities and/or tactical training mock-ups as these projects typically command a higher profit margin. We believe that by being one of the first companies in the industry to be able to undertake such projects in Southeast Asia, we have a first mover advantage in this area. Focusing on larger projects will also enhance our track record as a prominent engineering group specialising in the design and engineering of firearms-training facilities.

(d) Grow our Maintenance Services Business Segment

It is important that our customers' firearm shooting ranges and tactical training mock-ups are regularly monitored, checked and maintained to ensure that they are able to continue their training activities within a safe environment. We are able to provide a full range of maintenance and repair solutions to maintain the original design as described in the initial design criteria and maintenance manuals, as well as assist in the implementation of updates and changes to comply with the best international safety practices. We intend to actively market and undertake more contracts for the maintenance of firearm shooting ranges and tactical training mock-ups, particularly those which we designed, fabricated and installed.

(e) Expand through Acquisitions and Strategic Partnerships

We plan to seek and identify acquisition and strategic partnership opportunities with companies which complement our product offerings, including those which offer firearms-training related simulation software and equipment.

Further details of our business strategies and future plans are set out under the section entitled "General Information on our Group — Business Strategies and Future Plans" of this Offer Document.

TREND AND PROSPECTS

Details of the trend and prospects of our business are set out under the section entitled "General Information on our Group — Trend and Prospects" of this Offer Document.

ORDER BOOK

As at the Latest Practicable Date, we have secured contracts which would translate into revenues for our Group of approximately S\$45.8 million.

OFFER DOCUMENT SUMMARY

Where You Can Find Us

Our registered office and principal place of business is at 6 Tuas West Street, Singapore 637442. The telephone and facsimile numbers for our registered office and principal place of business are (65) 6862 2282 and (65) 6861 2282, respectively. Our internet address is <http://www.starburst.net.sg>. **Information contained in our website does not constitute part of this Offer Document.**

THE INVITATION

- Invitation Size : 50,000,000 Invitation Shares by way of the Offer and the Placement.
- The Invitation Shares will, upon issue and allotment, rank *pari passu* in all respects with our existing issued Shares.
- Issue Price : S\$0.31 for each Invitation Share, payable in full on application.
- The Offer : The Offer comprises a public offer by our Company to the public in Singapore to subscribe for the 2,000,000 Offer Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document.
- The Placement : The Placement comprises a placement by the Placement Agent, on behalf of our Company, of 48,000,000 Placement Shares at the Issue Price by way of placement, subject to and on the terms and conditions of this Offer Document.
- Re-allocation : The Shares may be reallocated between the Placement and the Offer at the discretion of the Sponsor, Issue Manager, Underwriter and Placement Agent (in consultation with our Company).
- Any Placement Shares not applied for pursuant to the Placement may be allocated to satisfy excess applications for the Offer Shares at the Invitation Price on the terms and subject to the conditions of the Offer Document applicable to the applications by the public for the Offer Shares.
- Conversely, any Offer Shares not applied for pursuant to the Invitation shall be allocated to satisfy applications by the Placement Agent and/or persons procured by the Placement Agent, to the extent that there is an over-subscription for Placement Shares at the Invitation Price on the terms and subject to the conditions of the Offer Document applicable to the applications for the Placement Shares.
- Purpose of the Invitation : Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and overseas and enable us to raise funds from the capital markets to fund the expansion of our business operations. The Invitation will also provide members of the public with an opportunity to participate in the equity of our Company. In addition, the proceeds from the Invitation Shares will provide us with additional capital to finance the expansion of our business and for the general working capital of our Company.

THE INVITATION

- Listing Status : Prior to the Invitation, there has been no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to the admission of our Company to the Official List of Catalist and permission to deal in, and for quotation of, our Shares being granted by the SGX-ST.
- Risk Factors : Investing in our Shares involves risks which are described in the section entitled “Risk Factors” of this Offer Document.
- Use of Proceeds : Please refer to the section entitled “Use of Proceeds and Listing Expenses” of this Offer Document for more details.

ISSUE STATISTICS

Issue Price	31.00 cents
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NAV

Audited NAV per Share based on the audited combined balance sheet of our Group as at 31 December 2013 after adjusting for the Restructuring Exercise (the “**Adjusted NAV**”):

- | | |
|---|-------------|
| (a) before adjusting for the estimated net proceeds from the issue of Invitation Shares and based on our pre-Invitation share capital of 200,000,000 Shares | 12.94 cents |
| (b) after adjusting for the estimated net proceeds from the issue of Invitation Shares and based on our post-Invitation share capital of 250,000,000 Shares | 15.75 cents |

Premium of Issue Price over the Adjusted NAV per Share as at 31 December 2013:

- | | |
|---|---------|
| (a) before adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on our pre-Invitation share capital of 200,000,000 Shares | 139.57% |
| (b) after adjusting for the estimated net proceeds from the issue of the Invitation Shares and based on our post-Invitation share capital of 250,000,000 Shares | 96.83% |

Profit per Share

Audited net profit per Share of our Group based on the audited combined statements of comprehensive income of our Group for FY2013 and our Company’s pre-Invitation share capital of 200,000,000 Shares	4.36 cents
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Audited net profit per Share of our Group based on the audited combined statements of comprehensive income of our Group for FY2013 and our Company’s post-Invitation share capital of 250,000,000 Shares	3.49 cents
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PER

Audited PER based on the Issue Price, the audited net profit per Share of our Group for FY2013 and our Company’s pre-Invitation share capital of 200,000,000 Shares	7.11 times
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Audited PER based on the Issue Price, the audited net profit per Share of our Group for FY2013 and our Company’s post-Invitation share capital of 250,000,000 Shares	8.88 times
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ISSUE STATISTICS

Net Operating Cash Flow

Audited net operating cash flow per Share of our Group for FY2013 based on our Company's pre-Invitation share capital of 200,000,000 Shares (3.35 cents)

Price To Net Operating Cash Flow

Ratio of Issue Price to audited net operating cash flow per Share for FY2013, based on our Company's pre-Invitation share capital of 200,000,000 Shares (9.25) times

Market Capitalisation

Market capitalisation based on the Issue Price and our Company's post-Invitation share capital of 250,000,000 Shares S\$77.5 million

RISK FACTORS

Prospective investors should consider carefully, together with all other information contained in this Offer Document, the risks described below before deciding whether to invest in the Shares. The risks described below are not the only ones that our Group faces. Additional risks not presently known to our Group or that our Group currently deems immaterial may also impair our business operations. The business, financial condition, results of operations and prospects of our Group could be materially and adversely affected by any of these risks. The market price of the Shares could decline due to any of these risks and you may lose all or part of your investment.

This Offer Document also contains forward-looking statements that involve risks and uncertainties. The actual results of our Group's operations could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks our Group faces as described below and elsewhere in this Offer Document. Please refer to the section entitled "Cautionary Note Regarding Forward-Looking Statements" of this Offer Document.

Before deciding to invest in the Shares, prospective investors should seek professional advice from their advisors about their particular circumstances.

RISKS RELATING TO OUR BUSINESS OR THE INDUSTRY IN WHICH WE OPERATE

Substantially all of our revenues are derived from government contracts and the loss of government contracts or a delay or decline in funding of existing or future government contracts could adversely affect our sales and cash flows and our ability to fund our growth

Historically, substantially all of our revenues were derived from contracts entered into indirectly with governmental agencies in Southeast Asia and the Middle East. As a result of the concentration of our business with governmental agencies, our revenues, income and cash flows would be adversely affected if a significant number of our government contracts, sub-contracts or prospects are delayed or cancelled for budgetary or other reasons.

The factors that could cause our government contracts, sub-contracts or prospects to be delayed or cancelled include:

- budget constraints that affect government spending generally, or specific departments or agencies, and changes in fiscal policies or a reduction of available funding for defense-related programs;
- changes in laws and regulations or the adoption of new laws and regulations pertaining to government procurement;
- curtailment of a government's use of outsourced service providers and a government's insourcing of certain services;
- reputational factors, such as the suspension or prohibition from contracting with the government or any significant agency with which we conduct business due to the impairment of our reputation or relationships with any significant government agency with which we conduct business;
- delays in the payment of our invoices by government payment offices; and
- contravention of legislation and/or regulations which may apply to government contracts, such as the Official Secrets Act, Chapter 213 of Singapore.

RISK FACTORS

In the event that a significant number of our government contracts, sub-contracts or prospects are delayed or cancelled, our business, prospects, financial condition or results of operations may be materially and adversely affected.

Our business is largely made up of non-recurring contracts and our financial results are dependent on our ability to secure new contracts

Our revenues are mainly derived from contracts which are project-based and such projects are non-recurring. For FY2013, 86.0% of our total revenue was derived from project-based contracts. We operate in a competitive market where it is difficult to predict when, or if at all, we will be awarded contracts as it often involves complex, lengthy negotiations and bidding processes, the results of which are generally based on a combination of factors including pricing, technical requirements, delivery lead time and reputation in the market. There can be no assurance that we will be able to secure new contracts (or new contracts of a similar value or margins to existing ones) on a regular basis. If we are unable to secure new contracts or if there is any lapse of time between our projects due to the fact that we are unable to secure new contracts on a regular basis, our results of operations, profitability and financial condition may be adversely affected.

We are dependent on our ability to (a) secure requisite performance bonds to secure projects and (b) to obtain adequate financing to fund our operations

All our projects require performance bonds to be furnished by a bank or an acceptable financial institution to guarantee our contractual performance under the project. Generally, the performance bond for each of our projects covers approximately 5.0% to 10.0% of the contract value of the project. Our ability to secure such performance bonds, therefore, is crucial as it would determine our ability to secure projects.

Furthermore, as our business is capital intensive and the contract sums for our projects are payable by our customers to us progressively, based on the stage of completion of the work carried out for the relevant project, we may require substantial funds either from internal resources or borrowings to fund the working capital of our projects to be utilised to, among others, purchase large enough amounts of steel materials from our suppliers for our steel support structures or engage other sub-contractors for certain works to be completed in order to meet the requirements and specifications of our projects. There is no assurance that we will be able to obtain adequate funding when required, or that the terms associated with that funding will be acceptable to us.

Our ability to secure requisite performance bonds to secure projects and to secure funding for projects or other forms of financing for operations may depend on a number of factors, including our track record, financial standing, commodity prices, interest rates, economic conditions, debt market conditions, share market conditions and country risk issues. In the event that we are unable to (a) secure the requisite performance bonds or (b) to obtain the requisite financing or refinancing, this could result in us not obtaining the projects or causing revisions or delays in planned capital expenditure, increased financing costs and, thus, may adversely affect our business, reputation, financial condition and results of operations.

We are dependent on our continued ability to retain our key management personnel for our operations and profitability

Our continued success is dependent on our ability to retain our key management personnel including our Executive Directors, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo. Mr. Edward Lim Chin Wah is responsible for overseeing the technical aspects of our business operations,

RISK FACTORS

and Mr. Yap Tin Foo is responsible for marketing and maintaining our relationships with existing and potential customers as well as formulating and implementing our growth, corporate development and overall business strategies. The loss of services of any of our Executive Directors without a suitable replacement or the inability to attract and retain qualified personnel, will adversely affect our business operations and hence our profits and prospects.

We face the risk of shortage of qualified technical personnel and increase in labour costs

We may not be able to identify, attract or retain qualified technical personnel, including engineers or management personnel to supervise our projects that are necessary for maintaining and growing our existing businesses, which could adversely affect our financial condition and results of operations. In particular, we are dependent on the supply of foreign qualified technical personnel, which is subject to demand and supply conditions in the labour market and the labour regulations of local and foreign governments. As at 31 December 2013, approximately 77.1% of our employees were foreign workers on S Pass or work permits or employment pass. Any changes in the labour policy in Singapore or that of the foreign workers' country of origin may affect the supply of qualified technical personnel and cause disruptions to our operations. For example, it was announced in February 2013 that the MOM will tighten the eligibility requirements for S Pass holders in all sectors and will increase the foreign worker levies for S Pass holders and work permit holders. Please refer to the section entitled "General Information on our Group — Government Regulations — Singapore — Employment of Foreign Workers" of this Offer Document for more information.

In the event that there is a shortage of foreign workers to meet our operational requirements or the eligibility requirements issued by the MOM change, we may not be able to fulfil our customers' demands in a timely manner. If we fail to retain our qualified technical personnel or if we are unable to recruit the required number of adequately skilled and experienced labour, whether locally or from overseas, in a timely manner so as to meet our increased business activities, our revenue and profitability will be adversely affected.

Furthermore, as we are required to pay foreign worker levies to the Singapore government for the employment of foreign workers, any further increase in the foreign workers' levy will result in an increase in our operating costs. Accordingly, our business, financial performance, cash flow and financial position will be adversely affected.

We may be affected by competition from competitors (including foreign companies) in Southeast Asia and the Middle East

As at the date of this Offer Document, we are not aware of any major competitor which provides in-house services for the fabrication and installation of modern firearms-training facilities and anti-ricochet ballistic protection systems in Southeast Asia and the Middle East. Generally, however, our competitors in the industry include Cubic Range Design Solutions, Meggitt Training Systems Inc. and Microcircuit Systems Pte Ltd. In particular, these companies may compete with us for both contract tenders as well as sub-contracting work within our target markets in respect of design and maintenance services for the firearms-training facilities. While these companies supply integrated live-fire and weapons simulation training systems (e.g. targetry and simulation equipment) and may provide design and maintenance services for the firearms-training facilities, they do not, to our knowledge, offer the fabrication and installation services for the firearms-training facilities. As a substantial number of our projects are secured through open tenders, an increase in the number of competitors, particularly local and foreign companies entering the relevant markets, would increase

RISK FACTORS

competition for our business. Furthermore, in markets other than Southeast Asia and the Middle East, our competitors may be larger, better financed and more reputable companies who may be able to compete more effectively and efficiently than us. In the event that our competitors are more competitive or respond to changes in market conditions more swiftly or effectively than us, this may result in us losing out on tender bids or require us to lower our profit margins to maintain our competitiveness. Our ability to compete may also be adversely affected by limits to our capital resources and our ability to invest in maintaining and expanding our market share. Failure to keep abreast of technological advancements and design improvements, which results in failure to provide services as cost-effective and efficient as our competitors, may also render us less competitive. Any failure by us to remain competitive will adversely affect the demand for our business, business operations and financial conditions.

We may experience losses or reduced profits under contracts if costs increase above our estimates

We conduct our business under various types of contractual arrangements where costs are estimated in advance. As our business is mainly project-based, it is important that we manage our projects efficiently. As part of our preparation process for the submission of quotations and tenders to our customers, we carry out budgeting estimates based on the scope of work, labour and material costs, third party costs and other requirements. The accuracy of the budgeting estimates is subject to our experience and technical expertise in understanding the complexity and challenges of each quotation and tender. If we fail to accurately estimate the resources and time necessary for these contracts or fail to complete these contracts within the time frame and costs that have been agreed upon, there may be a material impact on our financial results as well as our reputation. Risks under our contracts which may result in cost overruns, project delays or other problems include:

- difficulties relating to the performance of our sub-contractors, suppliers, equipment providers or other third parties;
- unanticipated technical problems, including issues with regard to the design phases of contracts;
- unforeseen increases in or failure to properly estimate the cost of materials, components, equipment, labour or the inability to obtain them in a timely manner;
- incorrect assumptions related to productivity and estimates of future economic conditions; and
- project modifications creating unanticipated costs or delays.

These risks tend to be exacerbated in the case of longer-term contracts since there is an increased risk that the circumstances under which we based our original bid may change, resulting in an increase in costs. In many of these contracts, we may not be able to obtain compensation for additional work performed or expenses incurred, and if a project suffers any delays to its schedule, we may be contractually liable to pay liquidated damages. If we are unable to manage such cost overruns, our profitability and financial performance will be adversely affected. Please refer to the section entitled “General Information on our Group — Our Principal Activities” of this Offer Document for more information.

RISK FACTORS

Fluctuations in the price of our raw materials may adversely affect our profit margins

Our primary raw materials are steel and anti-ricochet materials which are manufactured by third party manufacturers under our “Searls” trademark and based on our specifications. We may also purchase other raw materials that we require for our projects, such as rubber tiles, bullet traps and ballistic-absorbing concrete from other third party suppliers. We do not have any long-term fixed price agreements with any of our suppliers for our raw materials, equipment and other products required in connection with our supply of products or services. Generally, we obtain our supplies of materials on a project-by-project basis according to the requirements of each project. As such, to the extent that we have entered into contracts with our customers and we have not obtained confirmed quotations from our suppliers for the amount of raw materials required for that project, fluctuations in the price of raw materials could affect us. If we are not able to pass on any increase in the price of raw materials to our customers, our profitability and our financial performance will be affected.

We are exposed to disruptions to the supply of raw materials

We source for all of our raw materials from third party suppliers and we do not maintain a large inventory of raw materials. As such, we are dependent on our suppliers for the timely delivery of the raw materials that we require and there is no assurance that our suppliers will be able to consistently deliver in a timely fashion. In the event that our suppliers default on their contractual obligations or in the event of a disruption to the supply of our raw materials, we may be unable to source for the raw materials that we require from alternative suppliers on a timely and competitive basis or at all, and our contractual obligations to our customers will in turn be affected. In such an event, our business and operations may be adversely affected.

While we try to minimise the disruptions to our supply of raw materials by procuring raw materials from our regular suppliers, we cannot guarantee that we will always be able to procure a supplier that is able to supply raw materials of a quality, quantity, price and/or delivery time acceptable to us, taking into account the relevant project schedule.

In the event that there is a disruption to our supply of raw materials, our ability to complete a project according to previously agreed timelines may be affected, which may have an adverse effect on our business and financial performance.

We are exposed to foreign currency fluctuations

Depending on the location of the project, our revenues may be denominated in S\$, US\$, other Southeast Asian currencies or other Middle Eastern currencies. Therefore, we may be exposed to significant fluctuations in exchange rates. To the extent that our revenue and purchases are not entirely matched in the same currency and there are significant fluctuations in currency exchange rates between (a) the time of our purchases and payment in foreign currencies and the time of our receipts in S\$ or (b) the time we enter into contracts with our customers (which may be denominated in US\$, other Southeast Asian currencies or other Middle Eastern currencies) and the time of our receipts in the relevant foreign currency, we are exposed to any adverse fluctuations of the relevant foreign currency against S\$ or *vice versa*. For example, any appreciation in the relevant foreign currency against the S\$ would increase our cost of purchases, and any depreciation thereof would decrease our proceeds received from the contracts. If we cannot pass this increase in foreign currency costs to our customers, our profitability will be materially affected.

RISK FACTORS

In addition, to the extent there are timing differences between invoicing and collection, we will be exposed to adverse fluctuations of the relevant foreign currency against the S\$ or *vice versa*. As a result, our financial performance may be materially and adversely affected.

We are exposed to credit risk and default in payments by our customers

Most of our projects typically involve progressive billing according to the stages of project completion, pursuant to the terms and conditions of the contracts. There is no assurance on the timeliness of our customers' payments, or whether they will be able to fulfil their payment obligations. As we extend credit terms to our customers for up to 90 days, we are subject to the credit risk should any of our customers fail to promptly settle the amounts due to us for the completed works, particularly if our customers experience cash flow difficulties or deterioration in their business performance and financial position. For instance, we recorded an allowance for doubtful receivables of S\$1.4 million in FY2011 in relation to payments due from one of the main contractors of our projects who was facing financial difficulties in that FY. We subsequently managed to recover approximately S\$1.1 million from this main contractor in FY2013.

As at 31 December 2013, our trade receivables, excluding unbilled revenue, retention sum receivable and bill receivables amounted to S\$0.6 million. As at the Latest Practicable Date, 98.2% of the trade receivables outstanding as at 31 December 2013 had been collected. In the event that we are unable to collect any outstanding trade receivables or if there is any incidence of bad debts, there will be an adverse impact on our financial position and financial performance. Please refer to "General Information on our Group — Credit Policy" for details of our credit control policy.

Such extended payment terms may impose a burden on our Group's cash flow, and will result in our Group requiring further sources of finance for our working capital requirements. If our working capital requirements increase, we may need to seek additional funding or bank loans. In such an event, we may incur additional costs for such financing.

Changes in the conditions in the global credit markets could adversely impact the cost or other terms of our existing financing

As at 31 December 2013, we had an aggregate of S\$7.0 million in short and long-term bank loans, overdrafts and trust receipts on both fixed and floating interest rates, with effective interest rates ranging from 2.67% to 5.90% per annum. Changes in the conditions in the global credit markets could adversely impact the cost or other terms of our existing financing as well as our ability to obtain new credit facilities or access the capital markets on favourable terms. A significant increase in our borrowing costs could impair our ability to compete effectively in our business relative to other businesses with lower amounts of indebtedness.

We are reliant on the safety track record and reputation of our "Searls" trademark

Our proprietary line of "Searls" anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, are designed by us and are manufactured by various third party manufacturers to our specifications. Our "Searls" anti-ricochet ballistic protection materials are utilised for all of our projects which require anti-ricochet ballistic protection materials. Based on the safety track record of the projects that we have completed, we believe that our "Searls" anti-ricochet ballistic protection materials have gained a reputation for quality and safety which sets them apart from generic, unbranded anti-ricochet ballistic protection materials.

RISK FACTORS

In the event that an accident occurs at any of our firearms-training facilities as a result of defective anti-ricochet materials supplied under our “Searls” trademark, or as a result of improper installation thereof, we may be required to bear any consequential or compensatory losses, and the reputation of our “Searls” trademark and our Group may be materially and adversely affected. This may, in turn, result in an adverse impact on our business and results of operations.

Our business operations are dependent on certain major suppliers as well as the services of our sub-contractors

We rely heavily on certain major suppliers for provision of certain products or services. For instance, in FY2011, 55.3% and 10.6% of our purchases were attributable to the purchase of defense-related materials from SSAB Swedish Steel Pte Ltd and Savage Arms, Inc., respectively. In FY2012, 39.5% and 16.4% of our purchases were attributable to the purchase of defense-related materials from Hisun Rubber Industrial Co., Ltd and Savage Arms, Inc., respectively. In FY2013, 54.8% of our purchases were attributable to the purchase of defense-related materials from SSAB Swedish Steel Pte Ltd. Please see “General Information on our Group — Major Suppliers and Sub-contractors” for further information.

Furthermore, we may engage sub-contractors to provide various services such as MEP services and other specialist works on an *ad hoc* basis. These sub-contractors are selected based on certain factors such as our past working experience with them, their competitiveness in terms of their pricing and their past performance.

If any of our major suppliers is unable to provide the products or services which we require or otherwise defaults on its supply obligations or ceases to have business dealings with us or materially reduces its supply of products or services or we are unable to secure alternative sources for such loss or reduction, or if the quality of the services rendered by our sub-contractors is unsatisfactory or does not meet our requirement, or if these sub-contractors are unable to carry out their work and cause delays in the completion of our projects, our financial condition, results of operations and prospects may be materially and adversely affected.

In addition, in the event that suppliers of our “Searls” anti-ricochet materials begin manufacturing and selling anti-ricochet materials based on our specifications to unrelated third parties without our consent or approval and/or at discounted prices, the value of our “Searls” anti-ricochet materials, and hence our business, prospects and results of operations, may be materially and adversely affected.

We are liable for delays in the completion of projects

Delays in the completion of a project could occur from time to time due to several factors such as adverse weather conditions, shortages of labour, breakdown of equipment and lack of raw materials, the occurrence of natural disasters, labour disputes, disputes with suppliers and sub-contractors and industrial accidents.

A contract between ourselves and the main contractor would typically provide for the payment of liquidated damages by us in the event the project is completed after the date of completion stipulated in the contract. As such, in the event of any delay in the completion of the project attributable to us, we could be liable to pay liquidated damages under the contract, and this will adversely affect our earnings and erode our profit margin for the project. In such an event, our financial performance and financial condition may be adversely affected.

RISK FACTORS

We may face risk of disputes with and claims by our customers and/or our suppliers/sub-contractors

Disputes and claims may arise, from time to time between us, our customers and sub-contractors/suppliers for various reasons such as delays, defective workmanship, materials used and non-compliance with specifications.

We may also be subject to disputes with and claims by our customers as a result of accidents which may occur at training facilities that we designed and/or fitted, or are providing maintenance services for. Such disputes or claims may result in our needing to incur legal or administrative costs and may harm our reputation which, consequently, may adversely affect our business and financial condition.

In particular, it is also common for our customers to request for changes in design which require additional work. However, as a result of such changes in design, we may incur additional time and costs and accordingly, we may have to submit claims to the main contractors in the form of variation orders. Due to the nature of our business, work on variation orders generally commences or is executed prior to the variation orders being approved due to, among others, time constraints. As we may be required to pay our suppliers and sub-contractors to carry out these additional works notwithstanding that we have not billed or received payment from our customers, this may adversely affect our operating cash flow.

It is also industry practice for our customers to withhold up to 5.0% to 10.0% of the contract sum as retention monies to cover any defects which may become apparent during the defects liability period which ranges from 12 to 18 months from the date of completion of the project. In some cases, a customer may withhold the retention monies for longer periods until the main contractor receives completion certificates from the customer.

In addition, due to the nature of our business, it is common for contractors to bill and receive payment for completed works only when the customers have certified that the projects have reached the relevant milestones for billing purposes. As such, pending certifications by our customers for billing purposes, we may be required to pay our suppliers and sub-contractors first notwithstanding that our customers have not issued such certificates or paid us. Any delay in such certification by our customers, or if there is any dispute in relation thereto, may lead to a delay in billing and payment to us, which will also adversely affect our operating cash flows.

As a result of the foregoing, we may incur negative operating cash flows due to variation orders that are pending finalisation by customers or projects which have not yet been certified by our customers for billing purposes. In the event that there are disputes in relation to the same, or that we are required to bear part of the variation costs due to lower final value of such variation costs as certified by the project consultant, our financial performance and operating results may be adversely affected. Please refer to the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document for more information.

Our results of operations may be adversely affected if we fail to effectively manage our growth

Please see the section entitled “General Information on Our Group — Business Strategies and Future Plans” of this Offer Document for more details on our expansion plan. There is no guarantee that the implementation and execution of such business strategies and future plans will be successful as this involves a number of risks and uncertainties.

RISK FACTORS

Our expansion plans will also require substantial management attention and significant resources and may put significant demands on our personnel, management and other resources. The success of any of our future acquisitions and investments depends on a number of factors, including but not limited to:

- (a) our internal funds available or our ability to secure third party financing on acceptable terms to fund such acquisitions and investments;
- (b) the ability of third party suppliers and sub-contractors to deliver services and products in a timely manner and to meet their respective implementation schedules;
- (c) legal, regulatory, economic and political conditions and policies of the countries in which we plan to expand to and the commercial viability of our expansion plans; and
- (d) our ability to successfully integrate the acquired business or asset with us.

However, there can be no assurance that our acquisitions and investments will be successful. As such, if we do not continue, or are unable, to maintain and improve our operations to keep pace with the growth of our business, or if we fail to effectively manage our future acquisitions or investments, our results of operations and financial condition may be adversely affected.

Our insurance policies may be inadequate to cover our assets, operations and any loss arising from business interruptions

We are exposed to liabilities that are unique to the products and services we provide. A significant portion of our business relates to the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups for law enforcement, military and security agencies as well as civil authorities in Southeast Asia and the Middle East. New technologies associated with these systems and products may be untested or unproven. In addition, certain activities in connection with which the firearms-training facilities or the tactical training mock-ups that we have designed, fabricated and installed are used or for which our services are provided, are inherently dangerous.

We maintain insurance policies to provide insurance coverage of our business in countries in which we operate. However, the amount of our insurance or indemnity may not be adequate to cover all claims or liabilities, and we may be forced to bear substantial costs from an accident or incident. It is also impossible for us to obtain insurance to protect against all operational risks and liabilities at reasonable cost, including acts of war and acts of terrorism. Substantial claims resulting from an incident in excess of the indemnification we receive and our insurance coverage would harm our financial condition, results of operations and cash flows. Moreover, any accident or incident for which we are liable, even if fully insured, could negatively affect our standing with our customers and the public, thereby making it more difficult for us to compete effectively, and could significantly impact the cost and availability of adequate insurance in the future.

Terrorist attacks, armed conflicts, increased hostilities, fire, flood or other natural disasters could adversely affect our performance

Terrorist attacks, armed conflicts, increased hostilities and other acts of violence or war as well as fire, flood or other natural disasters around the world may adversely affect the regional and worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and have an adverse

RISK FACTORS

effect upon our business, results of operations and financial condition. In addition, any deterioration in international relations may result in increased investors' concern regarding regional stability which may, in turn, adversely affect the price of our Shares. There can be no guarantee that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our business, results of operations and financial condition.

We are exposed to risks in respect of outbreaks of influenza A (H1N1), Severe Acute Respiratory Syndrome ("SARS"), Middle East Respiratory Syndrome ("MERS"), bird flu, virus and/or other communicable diseases

An outbreak of influenza A (H1N1), SARS, MERS, bird flu, virus and/or other communicable diseases in the region or around the world could materially and adversely affect our business. In the event that an outbreak occurs at any of our fabrication facilities or that of our customers, suppliers and sub-contractors, we or our customers, suppliers and sub-contractors may be required to temporarily suspend part of our operations and quarantine all affected employees, which could materially and adversely affect our business, results of operations and financial condition.

We may be affected by accidents during the course of our business

Due to the nature of our business, accidents or mishaps may occur during the course of our business even though we have put in place certain safety measures. For example, in 2012, an ex-employee suffered an injury at our fabrication facility and claimed compensation against us under the WICA. The claim was adjudged valid and the compensation payable was calculated at S\$17,586.48. The amount was paid by our insurance company in 2013. Such accidents or mishaps may severely disrupt our operations and lead to a delay in the completion of a project. In the event of such delays, we could be liable to pay liquidated damages under the contract with the main contractor. In such an event, our business, results of operations and financial performance may be materially and adversely affected.

Further, in the event there are any significant claims for damages due to accidents or mishaps suffered which are not covered by our insurance policies, our results of operations and financial performance may be materially and adversely affected.

Non-renewal or revocation of our permits, grants and/or licences would affect our business activity

Our business is subject to certain laws and regulations. We are granted various licences, permits, certificates and approvals by the relevant regulatory authorities as described in the section entitled "General Information on our Group — Government Regulations" of this Offer Document. The duration of these licences, permits and certificates are generally fixed and are renewable upon expiry but is subject to our fulfilment of the standards and requirements set out by the regulatory authorities. Therefore, any non-renewal or revocation of the licences, permits or certificates for whatever reason by the relevant authorities may affect our business operations. Further, there is no assurance that more stringent requirements relating to business operations, environment protection and safety will not be imposed on us by the relevant government authorities in the future. These additional regulations may restrict our ability to operate our business and we may face actions for non-compliance if we fail to comply with any of such requirements, thereby adversely affecting our operations and financial position.

RISK FACTORS

RISKS RELATING TO THE COUNTRIES IN WHICH WE OPERATE

Economic, political, legal and regulatory conditions in the countries in which we operate may materially and adversely affect our business, financial condition, results of operations, prospects and the market price of our Shares

We currently have business operations in Southeast Asia and the Middle East. Accordingly, we are subject to the risks associated with our business activities in the countries where we operate. Our business, financial condition, results of operations and prospects may be materially and adversely affected by a variety of conditions and developments in these countries, including:

- inflation, interest rates and general economic conditions;
- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- changes in duties payable and taxation rates;
- natural disasters;
- imposition of restrictions on foreign currency conversion or the transfer of funds; and
- expropriation or nationalisation of private enterprise or confiscation of private property or assets.

Should any of the aforesaid risks materialise and we are unable to adapt our business strategies or operations accordingly, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Changes in government legislation, regulations or policies affecting the industries relevant to our business or changes in tax rules in the countries we operate in may have a negative effect on our business

Any changes in government legislation, regulations or policies affecting the industries relevant to our business operations in the countries which we operate in could have a negative effect on our business. The compliance with any changes or new government legislation, regulations or policies may also increase our costs and any significant increase in compliance costs arising from such amended or new government legislation, regulations or policies may adversely affect our results of operations. There is no assurance that any changes in government legislation, regulations and policies will not have an adverse effect on our financial performance.

Furthermore, our operations in Southeast Asia and the Middle East are subject to the tax-related laws, regulations and policies of the various jurisdictions. Changes in the tax rules or interpretations by the local tax authorities in relation to our operations (which may or may not have retrospective effect) may have a significant impact on our tax exposure. In such an event, our Group may be exposed to tax liabilities such as underpaid tax as well as penalties, which may adversely affect our results of operations and financial position.

RISK FACTORS

RISKS RELATING TO OUR SHARES

Investments in securities quoted on Catalist involve a higher degree of risk and can be less liquid than shares quoted on the Main Board of the SGX-ST

An application has been made for our Shares to be listed for quotation on Catalist, a listing platform designed primarily for fast-growing and emerging or smaller companies to which a higher investment risk tends to be attached as compared to larger or more established companies. An investment in shares quoted on Catalist may carry a higher risk than an investment in shares quoted on the Main Board of the SGX-ST. Catalist was formed in December 2007 and the future success and liquidity in the market of our Shares cannot be guaranteed.

An active trading market for our Shares may not develop and could affect the trading price of our Shares

Prior to the Offering, there has been no public market for our Shares. Although an application has been made to the SGX-ST for the listing and quotation of our Shares on Catalist, there can be no assurance that there will be a liquid public market for our Shares after the Offering. If an active public market for our Shares does not develop after the Offering, the market price and liquidity of our Shares may be adversely affected.

The Offering Price may not necessarily be indicative of the market price of the Shares after the Offering is complete and investors may be unable to resell their Shares at or above the Offering Price. The prices at which our Shares will trade after the Offering will be determined by the market and may be influenced by many factors, including:

- (a) our financial results;
- (b) our prospects, and those of the industry in which we compete;
- (c) an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures;
- (d) the present state of our development;
- (e) the valuation of publicly-traded companies that are engaged in business activities similar to ours; and
- (f) any volatility in the securities markets of Singapore.

Our share price may fluctuate significantly in the future and you may lose all or part of your investment, and litigation may be brought against us

The market price of our Shares may fluctuate significantly and rapidly as a result of, amongst others, the following factors, some of which are beyond our control:

- (a) variation in our results of operations;
- (b) changes in securities analysts' estimates of our results of operations and recommendations;

RISK FACTORS

- (c) announcements by us of significant contracts, acquisitions, strategic alliances or joint ventures or capital commitments;
- (d) additions or departures of key personnel;
- (e) fluctuations in stock market prices and volume;
- (f) involvement in litigation;
- (g) general economic and stock market conditions; and
- (h) discrepancies between our actual operating results and those expected by investors and securities analysts.

The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly-traded companies. In the past, following periods of volatility in the market price of a particular company's securities, an investor may lose all or part of his investment and litigation has sometimes been brought against that company. If similar litigation is instituted against us, it could result in substantial costs and divert management's attention and resources from our core businesses.

Future issuance of Shares by us and sale of Shares by our existing Shareholders may adversely affect the price of our Shares

In the event we issue or our Shareholders sell substantial amounts of our Shares in the public market following this Offering, the price of our Shares may be adversely affected. Such issues or sales may also make it difficult for us to issue new Shares and raise the necessary funds in the future at a time and price we deem appropriate.

Except as otherwise described in the section entitled "Shareholders — Moratorium" of this Offer Document, there will be no restriction on the ability of our Shareholders to sell their Shares either on Catalist or otherwise.

We may require additional funding in the form of equity or debt for our future growth which will cause dilution in Shareholders' equity interest

We may pursue opportunities to grow our business through joint ventures, strategic alliances, acquisitions or investment opportunities, following the Offering. However, there can be no assurance that we will be able to obtain additional funding on terms that are acceptable to us or at all. If we are unable to do so, our future plans and growth may be adversely affected.

An issue of Shares or other securities to raise funds will dilute Shareholders' equity interests and may, in the case of a rights issue, require additional investments by Shareholders. Further, an issue of Shares below the then prevailing market price will also affect the value of Shares then held by investors.

Dilution in Shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price. In addition, any additional debt funding may restrict our freedom to operate our business as it may have conditions that:

- (a) limit our ability to pay dividends or require us to seek consent for the payment of dividends;

RISK FACTORS

- (b) increase our vulnerability to general adverse economic and industry conditions;
- (c) require us to dedicate a portion of our cash flow from operations to repayments of our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (d) limit our flexibility in planning for, or reacting to, changes in our business and our industry.

The current disruptions, volatility or uncertainty of the credit markets could limit our ability to borrow funds or cause our borrowings to be more expensive. As such, we may be forced to pay unattractive interest rates, thereby increasing our interest expense, decreasing our profitability and reducing our financial flexibility if we take on additional debt financing.

Investors may not be able to participate in future rights issues or certain other equity issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we will have the discretion and may also be subject to certain regulations as to the procedures to be followed in making such rights available to Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may choose not to offer such rights to our existing Shareholders having an address in jurisdictions outside of Singapore.

Accordingly, certain Shareholders may be unable to participate in future equity offerings by us and may experience dilution in their shareholdings as a result.

Certain transactions may dilute the ownership of holders of our Shares

As a result of adjustments from rights offerings, certain issuances of new Shares and certain other actions we may take to modify our capital structure, Shareholders may experience a dilution in their ownership of our Shares. There can be no assurance that we will not take any of the foregoing actions, and such actions in the future may adversely affect the market price of our Shares.

We also intend to grant Options under the Share Option Scheme and issue Awards under the Performance Share Plan. To the extent that issuance of the Option Shares pursuant to the exercise of the Options and the Award Shares are issued pursuant to the grant of the Awards, there will be further dilution to investors in this Invitation.

Negative publicity which includes those relating to any of our Directors, Executive Officers or Controlling Shareholders may adversely affect our Share price

Negative publicity or announcements relating to any of our Directors, Executive Officers or Controlling Shareholder may adversely affect the market perception of our Group or the performance of the price of our Shares, whether or not it is justified. For instance, such negative publicity may arise from unsuccessful attempts in joint ventures, acquisitions or take-overs, or involvement in insolvency proceedings.

RISK FACTORS

Control by our Shareholders of our share capital after the Offering may limit your ability to influence the outcome of decisions requiring the approval of Shareholders

After the completion of the Offering, our Controlling Shareholders, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo, will hold in aggregate approximately 80.0% of our issued share capital of our Company. As a result, the Controlling Shareholders will be able to significantly influence our corporate actions such as mergers or take-over attempts in a manner which may not be in line with the interests of our public Shareholders. They will also have veto powers in relation to any Shareholder action or approval requiring a majority vote except in situations where they are required by the Rules of Catalist, the SGX-ST or undertakings given by them and their associates to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group which may not benefit our Shareholders.

We may not be able to pay dividends in the future

The ability of our subsidiaries to pay dividends will depend on their earnings and cash flows and will be subject to laws and regulations of the relevant jurisdictions where they operate. Our ability to declare dividends to our Shareholders in the future will be contingent on our future financial performance and distributable reserves of our Company. This is in turn dependent on our ability to implement our future plans, and on regulatory, competitive, technical factors such as general economic conditions, demand for and selling prices of our products and services and other factors exclusive to the ECTF industry. Any of these factors could have a material adverse effect on our business, financial position and results of operations, and hence there is no assurance that we will be able to pay dividends to our Shareholders after the completion of the Offering.

The receipt of dividends from our subsidiaries may also be affected by the passage of new laws, adoption of new regulations and other events outside our control, and our subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. Source withholding tax may also apply to dividends and distributions from our subsidiaries to us.

Further, in the event that we are required to enter into any loan arrangements with any financial institutions, covenants in the loan agreements may limit when and how much dividends we can declare and pay out, or may also restrict the ability of our subsidiaries to make contributions to us and our ability to receive distributions.

If our subsidiaries stop paying dividends or reduce the amount of the dividends they pay to our Company, or dividends become subject to increased tax because of changes in ownership of our subsidiaries or changes in tax laws or treaties, it would have an adverse effect on our ability to pay dividends on our Shares.

For a description of our dividend policy, please refer to the section entitled “Dividend Policy” of this Offer Document.

RISK FACTORS

Singapore take-over laws contain provisions, which may vary from those in other jurisdictions, which could adversely affect the market price of the Shares

The Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) contains certain provisions that may possibly delay, deter or prevent a future take-over or change in control. Under the Take-over Code, except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares, is required to extend a take-over offer for the remaining voting Shares in accordance with the Take-over Code. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0% and 50.0% (both inclusive) of the voting Shares, either on his own or together with parties acting in concert with him, acquires additional voting Shares representing more than 1.0% of the voting Shares in any six-month period. While the Take-over Code seeks to ensure an equality of treatment among Shareholders, its provisions could substantially impede the ability of the Shareholders to benefit from a change of control and, as a result, may adversely affect the market price of the Shares and the ability to realise any benefits from a potential change of control.

USE OF PROCEEDS AND LISTING EXPENSES

USE OF PROCEEDS

The gross proceeds from the Invitation will be approximately S\$15.5 million. The net proceeds to be raised by our Company from the Invitation (after deducting the aggregate estimated expenses in relation to the Invitation of approximately S\$2.0 million) is estimated to be approximately S\$13.5 million.

We intend to utilise the gross proceeds from the Invitation in the following manner:

	Amount in aggregate (S\$'000)	Estimated amount allocated for each dollar of the gross proceeds to be raised by us from the issue of the Invitation Shares (in cents)
Use of the gross proceeds		
Acquisition of leasehold land and buildings	7,000	45.16
Acquisition of plant and machinery	800	5.16
General working capital purposes	5,687	36.69
Invitation expenses		
Listing fees	32	0.21
Professional fees	1,139	7.35
Selling and underwriting commission and incentive fee ⁽¹⁾	542	3.50
Miscellaneous	300	1.93
Total	<u>15,500</u>	<u>100.00</u>

Note:

- (1) This includes a selling and underwriting commission amounting to 3.0% of the gross proceeds and a discretionary incentive fee amounting up to 0.5% of the gross proceeds from the offering of the Invitation Shares.

Further details of our use of proceeds may be found in the section entitled “General Information on our Group — Business Strategies and Future Plans” of this Offer Document. The new assets which we may acquire would depend on the projects which we undertake and the equipment or assets which we may require for such projects. Taking into account the above factors, if we decide to acquire new assets, they may be funded, apart from the net proceeds from the Invitation, either through internally generated funds and/or external borrowings.

The foregoing represents our best estimate of our allocation of the net proceeds of the Invitation based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of the net proceeds for other purposes. In the event that we decide to reallocate the net proceeds of the Invitation for other purposes, we will publicly announce our intention to do so through a SGXNET announcement on the SGX-ST website, <http://www.sgx.com>.

USE OF PROCEEDS AND LISTING EXPENSES

Pending the deployment of the net proceeds from the issue of Invitation Shares as aforesaid, the funds will be placed in short-term deposits or money market instruments, as our Directors may, in their absolute discretion, deem appropriate.

There is no minimum amount which, in the reasonable opinion of our Directors, must be raised by the Invitation.

We will make periodic announcements on the use of the proceeds from the Invitation as and when the funds are materially disbursed and provide a status report on the use of such proceeds in our annual report.

Subscribers of the Placement Shares may be required to pay brokerage or selling commission of up to 1.0% (and any applicable taxes such as GST as applicable) of the Issue Price to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

Expenses incurred in connection with the Invitation

In accordance with the Singapore Financial Reporting Standards, a portion of the listing expenses, including professional fees, listing fees and miscellaneous expenses (other than the selling and underwriting commission and discretionary incentive fee) incurred in connection with the Invitation will be treated as a charge in our financial statements, which will be accounted for in our financial results for FY2014.

PLAN OF DISTRIBUTION

THE INVITATION

The Invitation is for 50,000,000 Invitation Shares comprising 2,000,000 Offer Shares and 48,000,000 Placement Shares for subscription under the Offer and the Placement, respectively, at the Issue Price.

Prior to the Invitation, there has been no public market for our Shares. The Issue Price is determined by way of agreement between our Company in consultation with DBS Bank after taking into consideration, amongst others, prevailing market conditions and estimated market demand for the Invitation Shares determined through a book-building process. The Issue Price is payable in full on application.

Investors may apply to subscribe for any number of Invitation Shares in integral multiples of 1,000 Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of Invitation Shares to be allotted or allocated to any single applicant and/or to allot or allocate Invitation Shares above or under such prescribed limit as we shall deem fit.

Subject to the terms and conditions set forth in the Management and Sponsorship Agreement and the Underwriting and Placement Agreement entered into between us and DBS Bank as set out in the section entitled “General and Statutory Information — Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document, our Company appointed DBS Bank to manage and to be the sponsor of the Listing and to underwrite the Invitation. DBS Bank will receive a management fee for its services rendered in connection with the Invitation.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for application at the Issue Price. The terms, conditions and procedures for applications are described in Appendix D to this Offer Document. In the event that not all the Offer Shares are validly applied for as at the close of the Application List, that number of Offer Shares not applied for shall be made available to satisfy excess applications for the Placement Shares to the extent there are excess applications for the Placement Shares as at the close of the Application List.

In the event of excess applications for the Offer Shares as at the close of the Application List and full or excess applications for the Placement Shares as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, after consultation with the Sponsor and Issue Manager, and approved by the SGX-ST.

Placement Shares

Application for the Placement Shares may be made by way of Application Forms or such other forms of application as DBS Bank deems appropriate. The terms and conditions and procedures for application and acceptance are described in Appendix D to this Offer Document.

The Shares may be reallocated between the Offer and the Placement at the discretion of our Sponsor, Issue Manager, Underwriter and Placement Agent, following consultation with our Company.

PLAN OF DISTRIBUTION

Any Placement Shares not applied for pursuant to the Placement may be allocated to satisfy excess applications for the Offer Shares at the Invitation Price on the terms and subject to the conditions of the Offer Document applicable to the applications by the public for the Offer Shares.

Conversely, any Offer Shares not applied for pursuant to the Invitation shall be allocated to satisfy applications by the Placement Agent and/or persons procured by the Placement Agent, to the extent that there is an over-subscription for Placement Shares at the Invitation Price on the terms and subject to the conditions of the Offer Document applicable to the applications for the Placement Shares.

Pursuant to the Underwriting and Placement Agreement entered into between us and DBS Bank as set out in the section entitled “General and Statutory Information — Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document, our Company appointed DBS Bank to underwrite the subscription and the payment of the Offer Shares and to subscribe and pay for and/or procure subscriptions for and payment of the Placement Shares on the terms and subject to the conditions of the Underwriting and Placement Agreement. DBS Bank will receive a selling and underwriting commission from our Company on the aggregate gross proceeds raised under the Invitation of 3.0% for such services rendered. DBS Bank shall be at liberty at its own expense to make sub-underwriting arrangements for the Offer Shares, and to make sub-placement arrangements for the Placement Shares.

Subscribers of the Placement Shares may be required to pay brokerage or selling commission of up to 1.0% (and any applicable taxes such as GST as applicable) of the Issue Price to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

Interests of Sponsor, Issue Manager, Underwriter and Placement Agent

DBS Bank is the Sponsor, Issue Manager, Underwriter and Placement Agent of the Listing, the Receiving Banker and the Principal Banker; and DBS Bank will be the continuing Sponsor of our Company for a period of three years from the date our Company is admitted and listed on Catalist or such time as our Company transfers to the Main Board of the SGX-ST, whichever is earlier.

DBS Bank and certain of their affiliates may have performed commercial banking, investment banking and advisory services for our Company and our affiliates from time to time for which they have received customary fees and expenses. DBS Bank may, from time to time, trade in our securities, engage in transactions with, and perform services for our Company and our affiliates in the ordinary course of their business. It is expected that DBS Bank and their affiliates will continue to provide such services to, and enter into such transactions, with our Company and our affiliates in the future.

SUBSCRIPTION FOR INVITATION SHARES

As at the date of this Offer Document, Mr. Gopal Perumal, our Independent Director, has indicated his interest to subscribe for 20,000 Placement Shares, representing approximately 0.01% of our post-Invitation share capital.

Save as disclosed above, none of our Directors or Substantial Shareholders intends to subscribe for the Invitation Shares pursuant to the Invitation.

PLAN OF DISTRIBUTION

Save as disclosed above, to the best of our knowledge, as at the date of this Offer Document, we are not aware of any of our Independent Directors, Executive Officers or employees who intends to subscribe for more than 5.0% of the Invitation Shares in the Invitation.

Save as disclosed above, to the best of our knowledge, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for more than 5.0% of the Invitation Shares in the Invitation.

However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate an interest to subscribe for more than 5.0% of the Invitation Shares. If such person(s) were to make an application for more than 5.0% of the Invitation Shares and are subsequently allotted and/or allocated such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment and allocation of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in Rule 406 of the Rules of Catalist.

No Shares shall be issued and allotted and/or allocated on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.

DIVIDEND POLICY

Our Company was incorporated on 28 October 2013 and has not declared or paid any dividends since incorporation. Our subsidiary, Starburst Malaysia, has not declared or paid any dividends since incorporation either. Our subsidiary, Starburst Singapore, has paid dividends of approximately S\$2.82 million and S\$2.25 million for FY2012 and FY2013, respectively. No dividend was paid for FY2011. Our Company currently intends to distribute an aggregate of at least 20.0% of our Group's profit after tax (excluding any exceptional and extraordinary income) for FY2014 to our Shareholders.

We do not have a fixed dividend policy. The form, frequency and amount of future dividends on our Shares will depend on our earnings, general business and financial positions, results of operations, capital requirements, cash flow, plans for expansion and other factors which our Directors may deem appropriate.

Subject to our Articles of Association and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Articles of Association and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company must pay all dividends out of our profits. In addition, our Company is a holding company and depends upon the receipt of dividends and other distributions from our subsidiaries to pay the dividends on our Shares.

Information relating to taxes payable on dividends is set out in the section entitled "Taxation" of this Offer Document.

SHARE CAPITAL

Our Company (Company Registration Number: 201329079E) was incorporated in Singapore on 28 October 2013 under the Companies Act as a limited exempt private company, under the name of Starburst Holdings Pte. Ltd.. Our Company was converted into a public limited company on 2 June 2014 and the name of our Company was changed to Starburst Holdings Limited in connection with the conversion.

Our issued and paid-up share capital as at the date of incorporation was S\$2.0, comprising two Shares. Immediately after the Restructuring Exercise, our issued and paid-up share capital was S\$25,887,741 comprising 200,000,000 Shares.

At an extraordinary general meeting held on 28 May 2014, our Shareholders approved, amongst others, the following:

- (a) the conversion of our Company into a public limited company and the change of our name to “Starburst Holdings Limited”;
- (b) the adoption of a new set of Articles of Association;
- (c) the allotment and issue of the Invitation Shares which are the subject of the Invitation, on the basis that the Invitation Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;
- (d) the adoption of the Share Option Scheme and the Performance Share Plan and the authorisation of our Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the exercise of Options granted under the Share Option Scheme and the grant of Awards under the Performance Share Plan;
- (e) the approval of the listing and quotation of all the issued Shares (including the Invitation Shares to be allotted and issued pursuant to the Invitation) on Catalist;
- (f) the authorisation to our Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting, to:
 - (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
 - (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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

SHARE CAPITAL

(B) issue Shares in pursuance of any Instrument made or granted by our Directors pursuant to (A)(ii) and/or (A)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:

- (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments (“**Adjustments**”) effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of our Company for the time being), shall not exceed 100.0% of the post-Invitation issued share capital excluding treasury shares, and provided further that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Invitation issued share capital excluding treasury shares;
- (ii) in exercising such authority, our Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and

unless revoked or varied by our Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier; and

- (g) without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in paragraph (f) above, authorisation of our Directors, pursuant to Section 161 of the Companies Act, to issue Shares other than on a *pro rata* basis, at a discount not exceeding 10.0% of the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on trades done on the preceding market day up to the time the placement or subscription agreement is signed), at any time and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit, provided that:
 - (i) in exercising such authority so conferred in this paragraph (g), our Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of our Company; and
 - (ii) unless revoked or varied by our Company in general meeting, the authority so conferred in this paragraph (g) shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is earlier.

SHARE CAPITAL

For the purpose of this resolution and pursuant to Rules 806(3) and 806(4) of the Rules of Catalyst, “post-Invitation issued share capital” shall mean the total number of Shares of our Company (excluding treasury shares) immediately after the Invitation, after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities; (ii) new Shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time such authority is given, provided the options or share awards were granted in compliance with the Rules of Catalyst; and (iii) any subsequent bonus issue, consolidation or sub-division of Shares.

As at the date of this Offer Document, there is only one class of shares in the capital of our Company, being the Shares. A summary of our Articles of Association relating to, among others, the voting rights of our Shareholders is set out under Appendix B entitled “Summary of Selected Articles of Association of our Company” to this Offer Document. There are no founder, management, deferred or unissued Shares reserved for issuance for any purpose. The Invitation Shares shall have the same interest and voting rights as our existing Shares that were issued prior to this Invitation and there are no restrictions to the free transferability of our Shares.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$25,887,741 comprising 200,000,000 Shares. Upon the allotment and issue of the Invitation Shares, the resultant issued and paid-up share capital of our Company will be increased to S\$40,595,081 comprising 250,000,000 Shares.

No person has, or has the right to be given, an option to subscribe for or purchase any securities of our Company or our subsidiaries. As at the Latest Practicable Date, no option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors or Executive Officers.

Details of changes in our issued and paid-up ordinary share capital since incorporation and the resultant issued and paid-up share capital immediately after the Invitation are as follows:

	Number of Shares	Resultant issued and paid-up share capital S\$
Issued and fully paid Shares as at the incorporation of our Company	2	2.0
Issue of Shares pursuant to the Restructuring Exercise	<u>199,999,998</u>	<u>25,887,739</u>
Issued and fully paid share capital immediately after the Restructuring Exercise	<u>200,000,000</u>	<u>25,887,741</u>
Invitation Shares issued pursuant to the Invitation	<u>50,000,000</u>	<u>14,707,340⁽¹⁾</u>
Post-Invitation issued and paid-up share capital	<u>250,000,000</u>	<u>40,595,081</u>

Note:

- (1) This includes a set-off of our Company’s share of the estimated issue expenses of approximately S\$0.8 million, which excludes our Company’s share of the estimated issue expenses of approximately S\$1.2 million to be charged directly to the income statement.

SHARE CAPITAL

Save as disclosed above, there were no changes in the issued and paid-up ordinary share capital of our Company since incorporation.

Please refer to the section entitled “General and Statutory Information — Share Capital” of this Offer Document for details of changes in the issued and paid-up capital of our Group within the three years preceding the Latest Practicable Date.

The issued share capital and the Shareholders’ equity of our Company (a) as at incorporation; (b) after the Restructuring Exercise; and (c) after adjustments to reflect the issue of the Invitation Shares pursuant to the Invitation are set out below. This should be read in conjunction with the financial statements set out in Appendix A to this Offer Document:

	As at incorporation	After the Restructuring Exercise	After the Invitation
Issued and fully paid-up Shares	2	200,000,000	250,000,000
Issued and fully paid-up share capital (S\$)	2.0	25,887,741	40,595,081
Merger reserve (S\$)	—	(25,430,993)	(25,430,993)
Asset revaluation reserve (S\$)	—	5,217,910	5,217,910
Currency translation reserve (S\$)	—	176	176
Retained earnings (S\$)	—	<u>20,212,947</u>	<u>18,992,307</u>
Total Shareholders’ equity (S\$)	<u>2.0</u>	<u>25,887,781</u>	<u>39,374,481</u>

SHAREHOLDERS

OWNERSHIP STRUCTURE

The interests in Shares of our Directors and Substantial Shareholders immediately before and after the Invitation are set out below:

	Before the Invitation				After the Invitation ⁽¹⁾			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Mr. Edward Lim Chin Wah	100,000,000	50.0	—	—	100,000,000	40.0	—	—
Mr. Yap Tin Foo	100,000,000	50.0	—	—	100,000,000	40.0	—	—
Mr. Gan Lai Chiang	—	—	—	—	—	—	—	—
Mr. Gopal Perumal	—	—	—	—	—	—	—	—
Mr. Tan Teng Wee	—	—	—	—	—	—	—	—
Public								
New public	—	—	—	—	50,000,000	20.0	—	—
Total	200,000,000	100.0	—	—	250,000,000	100.0	—	—

Note:

- (1) The table above assumes that none of our Directors will subscribe to and/or purchase any of the Invitation Shares in the Invitation. In the event that any Invitation Shares are subscribed for and/or purchased by our Directors, such subscriptions and/or purchases will be disclosed in an announcement in accordance with Rule 428 of the Rules of Catalyst.

Save as disclosed above, there are no relationships among our Directors, Executive Officers and Substantial Shareholders. To the best of the knowledge of our Directors, save as disclosed above, we are not directly or indirectly owned or controlled, whether severally or jointly, by any other corporation, any government or other natural or legal person.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the Invitation Shares. Our Directors are not aware of any arrangement the operation of which may, at a subsequent date, result in a change in control of our Company.

As at the Latest Practicable Date, our Company has only one class of shares. There is no restriction on the transfer of fully paid Shares in scripless form except where required by law or the Rules of Catalyst.

There has been no public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or units of business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.

There are no Shares in our Company that are held by or on behalf of our Company or by the subsidiaries of our Company.

SHAREHOLDERS

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

The significant changes in the percentage of ownership of our Company held by our Directors and Substantial Shareholders since the date of incorporation are as follows:

Name	As at the date of incorporation		After the Restructuring Exercise		As at the date of this Offer Document	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Mr. Edward Lim Chin Wah	1	50.0	100,000,000	50.0	100,000,000	40.0
Mr. Yap Tin Foo	1	50.0	100,000,000	50.0	100,000,000	40.0
Mr. Gan Lai Chiang	—	—	—	—	—	—
Mr. Gopal Perumal	—	—	—	—	—	—
Mr. Tan Teng Wee	—	—	—	—	—	—
TOTAL	<u>2</u>	<u>100.0</u>	<u>200,000,000</u>	<u>100.0</u>	<u>200,000,000</u>	<u>80.0</u>

MORATORIUM

Our Company

Save for the issue of the Invitation Shares, the Option Shares and the Award Shares, our Company has undertaken not to issue at any time on or before the expiry of one hundred and eighty (180) days after the Trading Date, any marketable securities of our Company (whether in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities) or Shares or options therefor, declare or distribute any dividend or vary, alter, subdivide, increase or otherwise do anything to its capital structure (issued or otherwise) without the prior written consent of the Sponsor, Issue Manager, Underwriter and Placement Agent, such consent not to be unreasonably withheld or delayed and the interests of our Company and our Shareholders shall be considered in granting such consent.

Our Controlling Shareholders

To demonstrate their commitment to our Group, each of Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo has undertaken not to, among others, sell, contract to sell, realise, transfer, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of any part of their respective interests in our Company immediately after the Listing for a period of six months commencing from the date of our admission to the Official List of Catalist (the “Initial Period”) and at least 50.0% of each of their original shareholdings for a period of six months following the Initial Period.

DILUTION

Dilution is the amount by which the Issue Price paid by the subscribers of our Shares in this Invitation exceeds our NAV per Share immediately after the Invitation. As at 31 December 2013, our NAV per Share after adjusting for the Restructuring Exercise but before adjusting for the estimated net proceeds due to us from the Invitation and based on the pre-Invitation issued and paid-up share capital of 200,000,000 Shares was 12.94 cents per Share.

Pursuant to the Invitation in respect of 50,000,000 Invitation Shares at the Issue Price, our NAV per Share as at 31 December 2013 after adjusting for the Restructuring Exercise, the estimated net proceeds due to us from the Invitation and based on the post-Invitation issued and paid-up share capital of 250,000,000 Shares would have been 15.75 cents. This represents an immediate increase in NAV per Share of 2.81 cents or approximately 21.72% to our existing Shareholders and an immediate dilution of 15.25 cents in NAV per Share or approximately 49.19% to our new public investors subscribing for the Invitation Shares at the Issue Price.

The following table illustrates the dilution on a per Share basis:

	Cents
Issue Price per Share	31.00
NAV per Share as at 31 December 2013, after adjusting for the Restructuring Exercise and based on the pre-Invitation ordinary share capital of 200,000,000 Shares	12.94
Increase in NAV per Share attributable to existing shareholders	2.81
NAV per Share after adjusting for the Restructuring Exercise and after the issue of the Invitation Shares and based on the post-Invitation share capital of 250,000,000 Shares	15.75
Dilution in NAV per Share to new public investors	<u>15.25</u>

The following table summarises the total number of Shares (as adjusted for the Restructuring Exercise) acquired by our Directors since our incorporation to the date of lodgement of this Offer Document, the total consideration paid by them and the effective cash cost per Share to them and the new investors pursuant to the Invitation:

	Number of Shares	Total consideration (S\$)	Effective cash cost per Share (cents)
Directors			
Mr. Edward Lim Chin Wah	100,000,000	12,943,870.5	12.94
Mr. Yap Tin Foo	100,000,000	12,943,870.5	12.94
New public investors	50,000,000	15,500,000.0	31.00

RESTRUCTURING EXERCISE

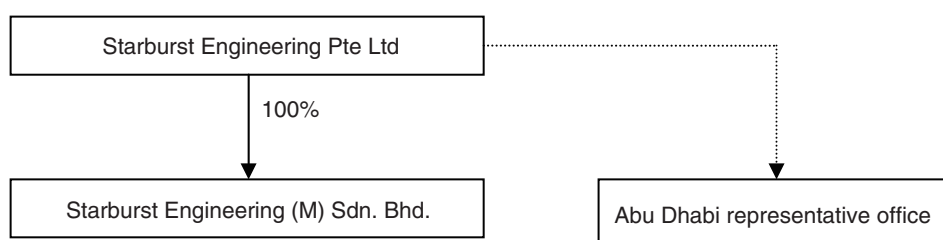
In connection with the Invitation, we undertook the following Restructuring Exercise to streamline and rationalise our Group structure:

(a) Incorporation of our Company

Our Company was incorporated on 28 October 2013 in Singapore under the Companies Act as a limited exempt private company with an issued and paid-up share capital of S\$2.0 comprising two Shares, each Share being held by Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo, respectively. The principal activity of our Company is that of an investment holding company and providing management services. On 2 June 2014, our Company was converted into a public company and the name of our Company was changed to Starburst Holdings Limited.

(b) Our Group Structure prior to the Restructuring Exercise

Immediately prior to the commencement of the Restructuring Exercise, our Group structure was as follows:



(c) Restructuring Exercise

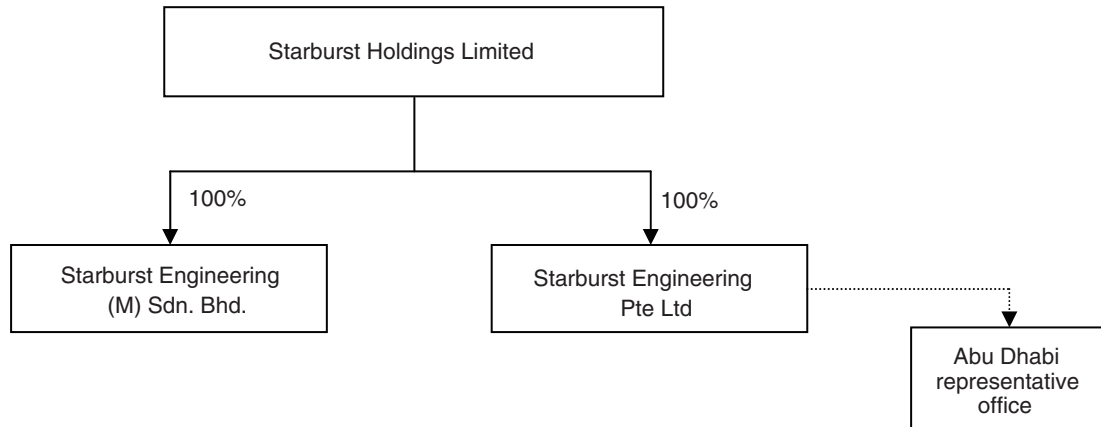
On 23 May 2014, we entered into a sale and purchase agreement with Starburst Singapore to acquire 100.0% of the shares of Starburst Malaysia for a consideration of S\$40.0, based on the original cost of investment of Starburst Singapore in Starburst Malaysia, and became the sole shareholder of Starburst Malaysia with effect from 2 June 2014.

On 23 May 2014, we entered into a sale and purchase agreement with the Substantial Shareholders to acquire 100.0% of the shares of Starburst Singapore for a consideration of S\$25,887,739, based on the net tangible assets of Starburst Singapore as at 31 December 2013, paid in full with the allotment and issue of 199,999,998 new Shares, and became the sole shareholder of Starburst Singapore with effect from 27 May 2014.

RESTRUCTURING EXERCISE

(d) Current Group Structure

As at the date of this Offer Document, our Group structure following the completion of the Restructuring Exercise is as follows:



GROUP STRUCTURE

The details of our subsidiaries as at the date of this Offer Document are as follows:

Name of subsidiary	Date and place of incorporation	Principal business	Principal place of business	% effective ownership
Starburst Engineering Pte Ltd	8 October 1999 in Singapore	Manufacturing of ordinary accessories, training, protection and containment system; and Building construction including major upgrading works	6 Tuas West Street, Singapore 637442	100
Starburst Engineering (M) Sdn. Bhd. ⁽¹⁾	6 February 2004 in Johor Bahru, Malaysia	To carry on the business of (a) general construction of metal structural works; (b) general building, civil and constructional engineering services; and (c) general trading of goods.	15D-1, Jalan Dedap, Taman Melodies, 80250 Johor Bahru, Johor, Malaysia	100

Note:

(1) As at the date of this Offer Document, Starburst Engineering (M) Sdn. Bhd. is a dormant company.

None of the abovementioned subsidiaries is listed on any stock exchange.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of the Offer Document, including “Appendix A — Independent Auditors’ Report on the Combined Financial Statements for the Financial Years Ended 31 December 2011, 2012 and 2013” in this Offer Document. Our financial statements are prepared and presented in accordance with Singapore Financial Reporting Standards.

SELECTED COMBINED RESULTS OF OPERATIONS OF OUR GROUP

	← FY2013 \$'000	Audited FY2012 \$'000	→ FY2011 \$'000
Revenue	21,045	17,337	22,734
Other operating income	1,211	131	11
Project and production costs	(8,412)	(6,682)	(11,558)
Employee benefits expenses	(2,058)	(1,752)	(1,212)
Depreciation expense	(422)	(140)	(236)
Other operating expenses	(1,175)	(1,118)	(2,286)
Finance costs	(82)	(135)	(308)
Profit before income tax	10,107	7,641	7,145
Income tax expense	(1,378)	(1,177)	(1,132)
Profit for the year	8,729	6,464	6,013
Other comprehensive income (net of tax)	5,218	—	—
Total comprehensive income for the year	13,947	6,464	6,013
Profit attributable to:			
Owners of the Company	8,729	6,468	6,059
Non-controlling interests	—	(4)	(46)
	8,729	6,464	6,013
Total comprehensive income attributable to:			
Owners of the Company	13,947	6,468	6,059
Non-controlling interests	—	(4)	(46)
	13,947	6,464	6,013
Earnings per Share (cents) ⁽¹⁾	4.36	3.23	3.03
Earnings per Share as adjusted for the Invitation (cents) ⁽²⁾	3.49	2.59	2.42

Notes:

- (1) For comparative purposes, earnings per Share for the Period Under Review is computed based on the net profit attributable to the owners of our Company and our Company’s pre-Invitation share capital of 200,000,000 Shares.
- (2) For comparative purposes, earnings per Share as adjusted for the Invitation for the Period Under Review is computed based on the net profit attributable to the owners of our Company and our Company’s post-Invitation share capital of 250,000,000 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

SELECTED COMBINED FINANCIAL POSITION OF OUR GROUP

	←	Audited	→
	FY2013	FY2012	FY2011
	\$'000	\$'000	\$'000
<u>ASSETS</u>			
Total current assets	24,690	13,134	15,471
Total non-current assets	<u>15,522</u>	<u>5,516</u>	<u>4,820</u>
Total assets	<u><u>40,212</u></u>	<u><u>18,650</u></u>	<u><u>20,291</u></u>
<u>LIABILITIES AND EQUITY</u>			
Total current liabilities	8,953	2,923	10,070
Total non-current liabilities	5,378	2,173	1,941
Total liabilities	<u>14,331</u>	<u>5,096</u>	<u>12,011</u>
Total equity⁽¹⁾	<u>25,881</u>	<u>13,554</u>	<u>8,280</u>
Total liabilities and equity	<u><u>40,212</u></u>	<u><u>18,650</u></u>	<u><u>20,291</u></u>

Note:

⁽¹⁾ This also represents the net assets of our Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

OVERVIEW

We are a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities. We design, fabricate, install and maintain anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups. Our firearms-training facilities and tactical training mock-ups are utilised by law enforcement, military and security agencies as well as civil authorities in Southeast Asia and the Middle East.

From time to time, we also design, fabricate and install ballistic protection and security systems in various facilities (including high-security detention facilities). In addition, we provide a range of structural and architectural steel fabrication services on an *ad hoc* basis.

In most of our projects, we carry out the works in our capacity as a specialist contractor for a main contractor. We may also from time to time appoint sub-contractors, usually for MEP works.

Key Factors Affecting Our Results of Operations

Our results of operations are and will be affected by the following key factors:

Our ability to secure projects, and the size of projects that we secure

Most of our projects are undertaken on a standalone basis and are non-recurring in nature. Our business is dependent on our ability to continuously and consistently secure new projects and our ability to minimise the lapse of time between the completion of our projects and the commencement of subsequent projects or contracts.

Most of our projects are indirectly linked to projects or contracts that are awarded by government agencies. As such, the value and scope of the projects which we undertake are dependent upon the budgets that such government agencies have been provided. In addition, the contracts for our projects may be affected by delays or cancellations by such government agencies which could arise for various reasons, including budgetary reasons.

Our ability to complete projects on schedule, within costs stipulated and in accordance with our customers' specifications

We typically quote for our projects based on a cost-plus basis. Our results are affected by our ability to complete and deliver projects on schedule, within costs stipulated and in accordance with our customers' specifications. Factors which could affect our ability to complete projects on schedule, include but are not limited to, adverse weather conditions, shortages of labour, breakdown of equipment, lack of raw materials, the occurrence of natural disasters, labour disputes, disputes with suppliers and sub-contractors, as well as industrial accidents. Our ability to complete and deliver projects within costs stipulated is largely dependent on the accuracy of our budgeting estimates, which is in turn subject to our experience and technical expertise in understanding the complexity and challenge of each quotation and tender, as well as the fluctuation in the prices of raw materials. If we fail to accurately estimate the resources and time necessary for each project, or fail to complete projects within the time frame and costs that have been agreed upon, we may experience cost overruns and/or be contractually liable to pay liquidated damages. Such situations may result in a lower profit margin than expected or the incurring of loss from a project.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Foreign currency fluctuations

Depending on the location of the project, our revenues may be denominated in S\$, US\$, Middle Eastern currencies and other foreign currencies. For each project, our revenue and purchases may not entirely match in the same currency and we are exposed to any adverse fluctuations in the relevant currency exchange rates between (a) the time of our purchases and payment in foreign currencies and the time of our receipts in S\$; or (b) the time we enter into contracts with our customers (which may be denominated in US\$, Middle Eastern currencies or other foreign currencies) and the time of our receipts in the relevant foreign currency.

Project and production costs

The major components of our project and production costs are materials costs (such as costs for anti-ricochet materials comprising steel plates, rubber tiles, polyboard and ballistic-absorbing concrete), fabrication costs, sub-contracting costs and overhead costs. We generally obtain our supplies of materials on a project-by-project basis, and therefore may be affected by fluctuations in the price of raw materials if we are not able to pass on increases to our customers. Shortages in the supply of the materials required may result in an increase in costs of such materials or a delay in the completion of our projects.

The supply of skilled local workers in Singapore in our industry is scarce, and we are therefore dependent on the supply of skilled foreign workers. The supply of skilled foreign workers is in turn subject to the demand and supply conditions in the labour market and the labour regulations of both local and foreign governments. Further, primarily due to the specialised nature of our work, there is a limited supply of adequately skilled labour, and competition for such labour is intense in Singapore. We may therefore have to increase our remuneration packages to attract new skilled workers or to retain existing skilled workers and this may result in an increase in our fabrication costs and ultimately, our project and production costs. We also engage sub-contractors to provide us with MEP services. In the event that we are unable to engage suitable sub-contractors at competitive prices, our costs relating to sub-contractors' charges will increase.

Revenue and costs recognition

Where the outcome of a contract work-in-progress can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Our results of operations may be affected by the stage of our projects during the particular financial year concerned. Generally, the duration taken for the completion of our projects is two years. Our projects generally have two phases — the fabrication works phase and the installation works phase. A significant portion of the revenue and costs for a project will be recognised during fabrication works phase. The margins that we make vary over the life of a

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

project and as such, this could result in variation to the gross profit in that particular financial year or period. Additionally, as the final account for a project is generally settled after the completion of a project, we may continue to receive revenues from projects which have been completed as a result of outstanding certifications under the contract for the project and/or certifications for variation orders or claims which are generally subject to negotiation after the completion of the project.

Production capacity

Our ability to secure more projects is restricted by our production floor area available for design and fabrication activities in our existing facilities. Our revenue and results of operations are in turn limited by our capacity to design and fabricate our products for each current project. We currently have a site area of approximately 3,900 square metres. For more information please refer to the section entitled "General Information on our Group — Properties and Fixed Assets" of this Offer Document.

Key Components of Statement of Comprehensive Income

The following tables set forth our income and expense items for the financial years and financial periods indicated.

	←—————	Audited	—————→
	FY2013	FY2012	FY2011
	\$'000	\$'000	\$'000
Revenue	21,045	17,337	22,734
Other operating income	1,211	131	11
Project and production costs	(8,412)	(6,682)	(11,558)
Employee benefits expenses	(2,058)	(1,752)	(1,212)
Depreciation expense	(422)	(140)	(236)
Other operating expenses	(1,175)	(1,118)	(2,286)
Finance costs	<u>(82)</u>	<u>(135)</u>	<u>(308)</u>
Profit before income tax	10,107	7,641	7,145
Income tax expense	<u>(1,378)</u>	<u>(1,177)</u>	<u>(1,132)</u>
Profit for the year	<u><u>8,729</u></u>	<u><u>6,464</u></u>	<u><u>6,013</u></u>

REVENUE

The principal components of our revenue are revenues from the design, fabrication and installation of (i) firearm shooting ranges; (ii) tactical training mock-ups; and (iii) maintenance services and others.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

A breakdown of our revenue by business segment for FY2011, FY2012 and FY2013 and such revenue as a percentage of our total revenue for the relevant periods is set out below:

	←———— Audited —————→					
	FY2013		FY2012		FY2011	
	\$'000	%	\$'000	%	\$'000	%
Firearm shooting ranges	14,639	69.6	16,188	93.4	21,211	93.3
Tactical training mock-ups	3,460	16.4	—	—	351	1.5
Maintenance services and others ⁽¹⁾	2,946	14.0	1,149	6.6	1,172	5.2
Total	<u>21,045</u>	<u>100.0</u>	<u>17,337</u>	<u>100.0</u>	<u>22,734</u>	<u>100.0</u>

Note:

- (1) Comprises maintenance services from various firearm shooting ranges and tactical training mock-ups, structural steel works and other *ad hoc* activities.

Our revenue by geographical segment, prepared based on the country where our customer is located, is set out below:

	←———— Audited —————→					
	FY2013		FY2012		FY2011	
	\$'000	%	\$'000	%	\$'000	%
Southeast Asia ⁽¹⁾	14,386	68.4	17,337	100.0	20,827	91.6
Middle East ⁽²⁾	6,659	31.6	—	—	1,907	8.4
Total	<u>21,045</u>	<u>100.0</u>	<u>17,337</u>	<u>100.0</u>	<u>22,734</u>	<u>100.0</u>

Notes:

- (1) Southeast Asia refers to countries such as Brunei, Indonesia, Malaysia, Singapore and Thailand.
- (2) Middle East refers to countries such as Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

We recognise revenue from projects relating to the firearm shooting ranges and tactical training mock-ups based on the “percentage-of-completion” method and the provision of maintenance services and other *ad hoc* activities based on the completion of the services rendered. The percentage of completion is measured by reference to costs incurred for work done to-date as a portion of the total estimated cost of the project. Our revenue generally includes the contract sum together with any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

In line with industry practice and in accordance with the terms and conditions of all the contracts which we enter into with our customers, our customers are entitled to withhold up to 5.0% to 10.0% of the contract sum as retention monies. This is to cover any defects which may become apparent during the defects liability period which ranges from 12 to 18 months from the date of completion of the project. In some cases, a customer may withhold the retention monies for longer periods until the main contractor receives completion certificates from the customer. Retention monies are recognised as income in the first instance under the "percentage-of-completion" method.

Please refer to the section entitled "General Information on our Group — Our Principal Activities" of this Offer Document for a more comprehensive discussion of the products and services we provide.

OTHER OPERATING INCOME

The major components of our other operating income comprise gain on disposal of property, plant and equipment, gain on disposal of subsidiary, interest income from fixed deposits, writeback of allowance of doubtful trade receivables and others.

The following table sets forth the breakdown of other operating income for FY2011, FY2012 and FY2013 in absolute terms and expressed as a percentage of total other operating income:

	←———— Audited —————→					
	FY2013		FY2012		FY2011	
	\$'000	%	\$'000	%	\$'000	%
Interest income	14	1.2	22	16.8	1	9.1
Gain on disposal of property, plant and equipment	—	—	85	64.9	—	—
Gain on disposal of subsidiary	—	—	16	12.2	—	—
Writeback of allowance of doubtful trade receivables	1,145	94.5	—	—	—	—
Others	52	4.3	8	6.1	10	90.9
Total	<u>1,211</u>	<u>100.0</u>	<u>131</u>	<u>100.0</u>	<u>11</u>	<u>100.0</u>

PROJECT AND PRODUCTION COSTS

The major components of our project and production costs comprise materials costs, fabrication costs, sub-contracting costs and overhead costs.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The major components of our project and production costs for FY2011, FY2012 and FY2013 in absolute terms and expressed as a percentage of total project and production costs are set out below:

	←———— Audited —————→					
	FY2013		FY2012		FY2011	
	\$'000	%	\$'000	%	\$'000	%
Materials costs	3,284	39.1	3,423	51.2	8,304	71.8
Fabrication costs	2,093	24.9	2,291	34.3	1,932	16.7
Sub-contracting costs	1,022	12.1	417	6.2	218	1.9
Overhead costs	2,013	23.9	551	8.3	1,104	9.6
Total	<u>8,412</u>	<u>100.0</u>	<u>6,682</u>	<u>100.0</u>	<u>11,558</u>	<u>100.0</u>

Our materials costs include costs of anti-ricochet materials, such as steel plates, rubber tiles, polyboard and ballistic-absorbing concrete. Such materials costs accounted for approximately 71.8%, 51.2% and 39.1% of our project and production costs in FY2011, FY2012 and FY2013, respectively.

Our fabrication costs comprise primarily salaries, bonuses and other staff-related expenses (primarily CPF contributions) of our employees involved in design, fabrication, installation and project management activities. Fabrication costs accounted for 16.7%, 34.3% and 24.9% of our project and production costs in FY2011, FY2012 and FY2013, respectively.

Our sub-contracting costs comprise primarily costs incurred when procuring external parties to provide us with MEP services. Sub-contracting costs accounted for 1.9%, 6.2% and 12.1% of project and production costs in FY2011, FY2012 and FY2013, respectively.

Our overhead costs include primarily consultancy fees, freight and handling charges, insurance, upkeep of machinery, project financing costs, one-time tools and equipment costs and other project costs. Our overhead costs accounted for approximately 9.6%, 8.3% and 23.9% of our project and production costs in FY2011, FY2012 and FY2013, respectively.

EMPLOYEE BENEFITS EXPENSES

Our employee benefits expenses comprise primarily office staff salaries, directors' remuneration and staff-related cost such as bonuses, contribution to defined contribution plans and other staff benefits. Employee benefits expenses accounted for approximately 30.0%, 55.7% and 55.1% of our total operating expenses for FY2011, FY2012 and FY2013, respectively.

DEPRECIATION EXPENSE

Our depreciation expense comprise depreciation charge for office equipment, plant and machinery, motor vehicles, furniture and fittings, computers, leasehold land and building and office renovations. Our depreciation expense accounted for approximately 5.8%, 4.5% and 11.3% of our total operating expenses for FY2011, FY2012 and FY2013, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

OTHER OPERATING EXPENSES

The major components of our other operating expenses comprise professional fees, rental expense, allowance for doubtful receivables, provision for foreseeable losses, sales and marketing expenses and other administrative expenses. Our other operating expenses accounted for approximately 56.6%, 35.5% and 31.4% of our total operating expenses for FY2011, FY2012 and FY2013, respectively.

The major components of our other operating expenses for FY2011, FY2012 and FY2013 in absolute terms and expressed as a percentage of total other operating expenses are set out below:

	←———— Audited —————→					
	FY2013		FY2012		FY2011	
	\$'000	%	\$'000	%	\$'000	%
Professional fees	221	18.8	312	27.9	17	0.7
Rental expense	275	23.4	239	21.4	164	7.2
Allowance for doubtful receivables	—	—	16	1.4	1,382	60.5
Provision for foreseeable losses	—	—	—	—	142	6.2
Sales and marketing expenses	313	26.6	248	22.2	198	8.7
Others	366	31.2	303	27.1	383	16.7
Total	<u>1,175</u>	<u>100.0</u>	<u>1,118</u>	<u>100.0</u>	<u>2,286</u>	<u>100.0</u>

Professional fees consists primarily fees paid to independent auditors, tax agents, lawyers and corporate secretary for professional services rendered to the Group. Professional fees accounted for approximately 0.7%, 27.9% and 18.8% of our total other operating expenses for FY2011, FY2012 and FY2013, respectively.

Rental expense consists primarily of factory and workers accommodation rental. Rental expense accounted for approximately 7.2%, 21.4% and 23.4% of our total other operating expenses for FY2011, FY2012 and FY2013, respectively.

Allowances for doubtful receivables are made when there is objective evidence that a customer is unable to make payment after a certain period of time. Discretion is exercised in this regard as our customers may delay or withhold milestone payments until all outstanding work for a particular project has been completed. In FY2011, we made an allowance for doubtful receivables in relation to payments due from one of the main contractors of our projects, who was facing financial difficulties in FY2011. However, we managed to recover approximately S\$1.1 million from this main contractor in FY2013. In FY2011, we made a specific allowance for payments due from a contractor. Allowance for doubtful receivables accounted for approximately 60.5% and 1.4% of our total other operating expenses for FY2011 and FY2012, respectively.

We provide for foreseeable losses on uncompleted contracts in the year in which such losses are determined. In FY2011, we made a provision for foreseeable losses in relation to one project in Middle East. Provision for foreseeable losses accounted for approximately 6.2% of our total other operating expenses for FY2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Sales and marketing expenses consists primarily of advertising, transportation and travelling expenses (primarily air fares and hotel accommodation) and entertainment incurred by our employees involved in sales and marketing activities. Sales and marketing expenses accounted for approximately 8.7%, 22.2% and 26.6% of our total other operating expenses for FY2011, FY2012 and FY2013, respectively.

Other administrative expenses consist primarily of bank charges, telephone and postage expenses, training costs, insurance expenses, repair maintenance and water and electricity expenses. Other administrative expenses accounted for approximately 16.7%, 27.1% and 31.2% of our total other operating expenses for FY2011, FY2012 and FY2013, respectively.

FINANCE COSTS

Our finance costs consists primarily of interest on bank overdrafts, loans, letter of credit, trust receipts, as well as finance leases. We utilise bank borrowing and facilities to finance our projects and operations. As such, our finance cost is dependent on the amount of borrowings we obtain and the interest rates charged by financial institutions on such borrowings. Our finance costs accounted for approximately 7.6%, 4.3% and 2.2% of our total operating expenses for FY2011, FY2012 and FY2013, respectively.

INCOME TAX EXPENSE

Our income tax expense for FY2011, FY2012 and FY2013 comprise current taxes and deferred taxes.

Current tax is the expected tax payable on the taxable profit for a particular financial year, using tax rates enacted or substantively enacted at the relevant balance sheet dates, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the balance sheet liability method, for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantively enacted at the relevant balance sheet dates.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

The corporate tax rate in Singapore for FY2011, FY2012 and FY2013 was 17.0%.

Our effective tax rate as a percentage of our profit before tax for FY2011, FY2012 and FY2013 was approximately 15.8%, 15.4% and 13.6%, respectively. This is primarily due to the company's subscription to the Productivity and Innovation Credit Scheme (the "PIC" scheme), a tax deduction scheme to encourage productivity and innovation activities in Singapore. Under the PIC scheme, we claimed additional tax deductions on certain qualifying expenditure incurred in innovation and productivity improvements for FY2013. In addition, we have claimed capital allowances on plant and machinery that have been used in the course of our operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

FY2013 COMPARED TO FY2012

Revenue

Total revenue increased by approximately S\$3.7 million or 21.4%, from S\$17.3 million in FY2012 to S\$21.0 million in FY2013.

Firearm Shooting Ranges

Revenue from firearm shooting ranges decreased by approximately S\$1.6 million or 9.9%, from S\$16.2 million in FY2012 to S\$14.6 million in FY2013. Although we commenced (and recognised revenue from) a firearm shooting range and tactical training mock-up project located in Southeast Asia and a firearm shooting range project located in the Middle East in FY2013, less overall revenue was recognised in FY2013 as a result of the completion of two of our firearm shooting range projects located in Southeast Asia in FY2012.

Tactical Training Mock-ups

We recorded revenue of S\$3.5 million in FY2013 in connection with contracts secured for projects located in Southeast Asia involving the fabrication of commercial aircraft, helicopter and thermal protection training mock-ups. We did not record any revenue from tactical training mock-ups in FY2012 as we did not have any active projects for this business segment in FY2012.

Maintenance Services and Others

Revenue from maintenance services and others increased by approximately S\$1.8 million or 163.6%, from S\$1.1 million in FY2012 to S\$2.9 million in FY2013, primarily due to the fact that we secured additional maintenance contracts for which we recognised revenue in FY2013, for the two firearm shooting range projects located in Southeast Asia that we had completed in FY2012.

Project and Production Costs

Total project and production costs increased by approximately S\$1.7 million or 25.4%, from S\$6.7 million in FY2012 to S\$8.4 million in FY2013.

Materials Costs

Materials costs decreased by approximately S\$0.1 million or 2.9%, from S\$3.4 million in FY2012 to S\$3.3 million in FY2013, primarily due to a higher amount of materials acquired for fabrication work in FY2012 than in FY2013.

Fabrication Costs

Fabrication costs decreased by approximately S\$0.2 million or 8.7%, from S\$2.3 million in FY2012 to S\$2.1 million in FY2013, as the bulk of labour intensive-work (such as assembly and installation) had already been carried out in FY2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Sub-contracting Costs

Sub-contracting costs increased by approximately S\$0.6 million or 150.0%, from S\$0.4 million in FY2012 to S\$1.0 million in FY2013, primarily due to the commencement of two new projects in FY2013.

Overhead Costs

Overhead costs increased by approximately S\$1.4 million or 233.3%, from S\$0.6 million in FY2012 to S\$2.0 million in FY2013, also primarily due to the commencement of the two new projects in FY2013.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by approximately S\$1.9 million or 17.8%, from S\$10.7 million in FY2012 to S\$12.6 million in FY2013 whereas our gross profit margin decreased by 1.5 percentage points, from 61.5% in FY2012 to 60.0% in FY2013 as the increase in revenue in FY2012 as compared to FY2013 outpaced the increase in project and production costs in FY2012 as compared to FY2013.

Other Operating Income

Total other operating income increased by approximately S\$1.1 million or 11 times, from S\$0.1 million in FY2012 to S\$1.2 million in FY2013. The increase was primarily due to the writeback of allowance of doubtful trade receivables for an amount of S\$1.1 million from a customer in FY2013 in connection with a project in the Middle East.

Employee Benefits Expenses

Total employee benefits expenses increased by approximately S\$0.3 million or 16.7%, from S\$1.8 million in FY2012 to S\$2.1 million in FY2013. The increase in employee benefits expenses was primarily due to additional staff being recruited for our Starburst Middle East and an annual increment exercise for our staff.

Depreciation Expense

Total depreciation expense increased by approximately S\$0.3 million or 300.0%, from S\$0.1 million in FY2012 to S\$0.4 million in FY2013. The increase in depreciation expense was primarily due to an increase in plant and machinery and computers. The increase in depreciation expense was also primarily due to the adoption of the revaluation model under FRS 16 *Property, Plant and Equipment* for our leasehold land and building in May 2013.

Other Operating Expenses

Total other operating expenses remained stable at S\$1.1 million in FY2012 and S\$1.2 million in FY2013.

Professional Fees

Professional fees decreased by approximately S\$0.1 million or 33.3%, from S\$0.3 million in FY2012 to S\$0.2 million in FY2013, primarily due to the payment of professional fees to the Group's independent auditors in FY2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Rental Expense

Rental expense increased by approximately S\$36,000 or 18.0%, from S\$0.2 million in FY2012 to S\$0.3 million in FY2013, primarily due to increase in rental fees of our office and fabrication facility.

Allowance for Doubtful Receivables

No allowance for doubtful receivables was made in FY2013. In FY2012, an allowance for doubtful receivables of S\$16,000 was made in relation to manpower supplied to an unrelated Singaporean engineering company.

Sales and Marketing Expenses

Sales and marketing expenses increased by approximately S\$65,000 or 32.5%, from S\$0.2 million in FY2012 to S\$0.3 million in FY2013, primarily due to an increase in travel expenses as a result of increased marketing activity to the Middle East region in FY2013.

Others

Other administrative expenses increased by approximately S\$63,000 or 21.0%, from S\$0.3 million in FY2012 to S\$0.4 million in FY2013, primarily due to an increase in insurance premiums and telecommunication charges in FY2013.

Finance Costs

Total finance cost decreased by approximately S\$53,000 or 39.3%, from S\$135,000 in FY2012 to S\$82,000 in FY2013, primarily due to a reduction in the utilisation of letters of credit, trust receipts as well as a reduction in the utilisation of bank overdraft and loans in FY2013 as compared to FY2012.

Profit before Income Tax

Total profit before income tax increased by approximately S\$2.5 million or 32.9%, from S\$7.6 million in FY2012 to S\$10.1 million in FY2013. This is in line with the increase in gross profit of approximately S\$1.9 million and an increase in other operating income of approximately S\$1.1 million which was primarily offset by an increase in employee benefits expenses of approximately S\$0.3 million and depreciation expense of approximately S\$0.3 million.

Income Tax Expense

Total income tax expenses increased by approximately S\$0.2 million or 16.7%, from S\$1.2 million in FY2012 to S\$1.4 million in FY2013. The increase in income tax expenses is in line with the increase in profit before income tax, which increased by approximately S\$2.5 million or 32.9% in FY2013 as compared to FY2012. The increase in income tax expenses was partially offset by the increased reliance on the PIC scheme.

Net Profit and Net Profit Margin

As a result of the foregoing, our net profit for the year increased by S\$2.2 million or 33.8%, from S\$6.5 million in FY2012 to S\$8.7 million in FY2013, and our net profit margin for the year increased by 4.2 percentage points, from 37.3% in FY2012 to 41.5% in FY2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FY2012 COMPARED TO FY2011

Revenue

Total revenue decreased by approximately S\$5.4 million or 23.8%, from S\$22.7 million in FY2011 to S\$17.3 million in FY2012.

Firearm Shooting Ranges

Revenue from firearm shooting ranges decreased by approximately S\$5.0 million or 23.6%, from S\$21.2 million in FY2011 to S\$16.2 million in FY2012 primarily due to less revenue being recognised as a result of a decrease in revenue contribution from a project located in a Southeast Asian country involving the design, fabrication and installation of a firearm shooting range in FY2012 which had commenced in March 2011 and which was completed in March 2012.

Tactical Training Mock-ups

We did not record any revenue from tactical training mock-ups in FY2012 as we did not have any active projects for this business segment in FY2012. In FY2011, we recorded revenue of S\$0.4 million as we had secured a contract in the Middle East for the fabrication of a commercial aircraft training mock-up in March 2007.

Maintenance Services and Others

Revenue from maintenance services and others decreased by approximately S\$23,000 or 1.9%, from S\$1.2 million in FY2011 to S\$1.1 million in FY2012, primarily due to less revenue recorded as a result of the completion of two structural steel works projects in FY2011. This was partially offset by a new structural steel work project which was secured in FY2012.

Project and Production Costs

Total project and production costs decreased by approximately S\$4.9 million or 42.2%, from S\$11.6 million in FY2011 to S\$6.7 million in FY2012.

Materials Costs

Materials costs decreased by approximately S\$4.9 million or 59.0%, from S\$8.3 million in FY2011 to S\$3.4 million in FY2012, as we had two firearm shooting range projects in Southeast Asia that used a higher amount of materials in the fabrication works phase in FY2011.

Fabrication Costs

Fabrication costs increased by approximately S\$0.4 million or 21.1%, from S\$1.9 million in FY2011 to S\$2.3 million in FY2012, as we had two firearm shooting range projects in Southeast Asia that were in the fabrication and installation works phases in FY2012.

Sub-contracting Costs

Sub-contracting costs increased by approximately S\$0.2 million or 100.0%, from S\$0.2 million in FY2011 to S\$0.4 million in FY2012, primarily due to us sub-contracting more MEP contracts to sub-contractors for two firearm shooting range projects in Southeast Asia.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Overhead Costs

Overhead costs decreased by approximately S\$0.5 million or 45.5%, from S\$1.1 million in FY2011 to S\$0.6 million in FY2012 primarily due to the absence of a one-time bank charge that was incurred to secure bank facilities for two new firearm shooting range projects in Southeast Asia in FY2011.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit remained stable at approximately S\$11.2 million in FY2011 and S\$10.7 million in FY2012. Our gross profit margin increased 12.3 percentage points, from 49.2% in FY2011 to 61.5% in FY2012. This was primarily due to the completion of a large and higher profit margin yielding project involving the design, fabrication and installation of an indoor firearm shooting range in FY2012.

Other Operating Income

Total other operating income increased by approximately S\$120,000 or 10.9 times, from S\$11,000 in FY2011 to S\$131,000 in FY2012. The increase was primarily a result of gains from the disposal of a subsidiary and motor vehicles in FY2012.

Employee Benefits Expenses

Total employee benefits expenses increased by approximately S\$0.6 million or 50.0%, from S\$1.2 million in FY2011 to S\$1.8 million in FY2012. The increase in employee benefits expenses was primarily due to additional staff being recruited and an annual increment exercise for our staff and directors.

Depreciation Expense

Total depreciation expense decreased by approximately S\$96,000 or 40.7%, from S\$236,000 in FY2011 to S\$140,000 in FY2012, primarily due to an increase in fully depreciated assets such as plant and machinery and office renovations.

Other Operating Expenses

Total other operating expenses decreased by approximately S\$1.2 million or 52.2%, from S\$2.3 million in FY2011 to S\$1.1 million in FY2012.

Professional Fees

Professional fees increased by approximately S\$295,000 or 17.4 times, from S\$17,000 in FY2011 to S\$312,000 in FY2012, primarily due to the payment of professional fees to the Group's independent auditors and lawyers in FY2012.

Rental Expense

Rental expense increased by approximately S\$75,000 or 45.7%, from S\$164,000 in FY2011 to S\$239,000 in FY2012, primarily due to an increase in rental rates of our office, fabrication facility and workers' dormitory.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Allowance for Doubtful Receivables

Allowance for doubtful receivables decreased by approximately S\$1.4 million or 98.9%, from S\$1.4 million in FY2011 to S\$16,000 in FY2012. This was primarily due to an allowance of doubtful trade receivables of S\$1.4 million in FY2011 for a project in a Middle Eastern country.

Allowance for Foreseeable Losses

In FY2011, we made a provision for foreseeable losses of S\$142,000 in relation to a project involving the fabrication of a commercial aircraft training mock-up in the Middle East. No allowance for foreseeable losses was made in FY2012.

Sales and Marketing Expenses

Sales and marketing expenses increased by approximately S\$50,000 or 25.3%, from S\$198,000 in FY2011 to S\$248,000 in FY2012, primarily due to an increase in costs in connection with a proposed corporate restructuring in FY2012.

Others

Other administrative expenses decreased by approximately S\$80,000 or 20.9%, from S\$383,000 in FY2011 to S\$303,000 in FY2012, primarily due to an impairment of S\$60,000 on an investment in a subsidiary that was charged in FY2011. The relevant subsidiary was disposed off to a third party in FY2012.

Finance Costs

Total finance cost decreased by approximately S\$173,000 or 56.2%, from S\$308,000 in FY2011 to S\$135,000 in FY2012, primarily due to the repayment of term loans and a reduction in the utilisation of trust receipts and bank overdraft and loans in FY2012 as compared to FY2011.

Profit before Income Tax

Although revenue decreased from FY2011 to FY2012, total profit before income tax increased from S\$7.1 million in FY2011 to S\$7.6 million in FY2012, primarily due to an increase in gross profit margin and a reduction in other operating expenses.

Income Tax Expense

Total income tax expenses remained stable at S\$1.1 million in FY2011 and S\$1.2 million in FY2012.

Net Profit and Net Profit Margin

As a result of the foregoing, our net profit for the year increased approximately by S\$0.5 million or 8.3%, from S\$6.0 million in FY2011 to S\$6.5 million in FY2012, and our net profit margin for the year increased by 10.9 percentage points, from 26.4% in FY2011 to 37.3% in FY2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed our working capital, capital expenditure and other capital requirements through a combination of funds generated from our operating activities, Shareholders' equity and bank and other borrowings. To ensure that we have sufficient funds to meet our contractual and financial obligations, we monitor our net operating cash flow and maintain a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows. We also utilise overdrafts and loans from financial institutions for working capital purposes.

As at 31 December 2013, we have total working capital financing facilities (such as bank overdrafts and trade finance facilities) amounting to approximately S\$11.1 million, of which approximately S\$2.5 million had been utilised. Please refer to the section entitled "Capitalisation and Indebtedness" of this Offer Document for further details of our cash and credit facilities as at the Latest Practicable Date.

Our Directors are of the reasonable opinion that, after taking into account the cash flow generated from our operations, the committed banking facilities available to us and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgment of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, having regard to the above, after having made due and careful enquiry and after taking into account the cash flow generated from our operations, the committed banking facilities available to us and our existing cash and cash equivalents, the working capital available to our Group as at the date of lodgment of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

A summary of our combined statements of cash flows for FY2011, FY2012 and FY2013 is set out below. The following net cash flow summary should be read in conjunction with the full text of this Offer Document.

(\$'000)	FY2013 (Audited)	FY2012 (Audited)	FY2011 (Audited)
Net cash (used in) from operating activities	(6,699)	10,876	(873)
Net cash (used in) from investing activities	(2,632)	128	(3,712)
Net cash from (used in) financing activities	<u>2,125</u>	<u>(4,093)</u>	<u>2,026</u>
Net (decrease) increase in cash and cash equivalents	(7,206)	6,911	(2,559)
Cash and cash equivalents at beginning of the year	<u>6,450</u>	<u>(461)</u>	<u>2,098</u>
Cash and cash equivalents at end of the year ⁽¹⁾	<u>(756)</u>	<u>6,450</u>	<u>(461)</u>

Note:

(1) Cash and cash equivalents in the combined statements of cash flows included the following items:

(\$'000)	FY2013 (Audited)	FY2012 (Audited)	FY2011 (Audited)
Cash at bank	478	5,114	91
Fixed deposits	5,514	4,690	5,350
Bank overdraft	<u>(1,234)</u>	<u>—</u>	<u>(2,258)</u>
	4,758	9,804	3,183
Less:			
Fixed deposits with maturity date that is more than 3 months from the end of the reporting period	—	(354)	(667)
Fixed deposits pledged (non-current)	<u>(5,514)</u>	<u>(3,000)</u>	<u>(2,977)</u>
Cash and cash equivalents at end of the year	<u>(756)</u>	<u>6,450</u>	<u>(461)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our cash and cash equivalents were negative in FY2011 and FY2013 primarily due to draw downs on our bank overdraft facility to provide working capital for new projects in Southeast Asia and the Middle East in those years.

Net cash (used in) from operating activities

Net cash used in operating activities was approximately S\$0.9 million in FY2011, net cash from operating activities was approximately S\$10.9 million in FY2012 and net cash used in operating activities was approximately S\$6.7 million in FY2013.

In FY2013, we recorded a net cash outflow from operating activities of approximately S\$6.7 million, which was a result of working capital outflow of approximately S\$15.0 million, as well as interest payments of approximately S\$0.1 million and tax payments of approximately S\$1.1 million. This was partially offset by operating cash inflow before movements in working capital of approximately S\$9.5 million.

In particular, the net working capital outflow was primarily due to:

- (i) an increase in inventories of approximately S\$1.9 million primarily due to an increase in materials purchased for two new firearm shooting ranges and tactical training mock-up projects in Southeast Asia and Middle East which were in the fabrication works phase;
- (ii) an increase in trade and other receivables of approximately S\$7.8 million which primarily consisted of (a) an increase in trade receivables from outside parties of approximately S\$6.4 million and an increase in unbilled revenue of approximately S\$0.9 million and partially offset by a decrease in retention sum receivable of approximately S\$0.6 million and a writeback of allowance of doubtful trade receivables of approximately S\$1.1 million (b) an increase in prepayment and other receivables of approximately S\$2.2 million;
- (iii) an increase in contract work-in-progress of approximately S\$8.0 million primarily due to two firearm shooting ranges and tactical training mock-up projects in Southeast Asia and Middle East being in the fabrication works phase; and
- (iv) an increase in trade and other payables of approximately S\$2.6 million primarily due to an increase in materials purchased and project consultancy fees incurred for two new firearm shooting ranges and tactical training mock-up projects in Southeast Asia and Middle East.

In FY2012, we recorded a net cash inflow from operating activities of approximately S\$10.9 million, which was a result of operating cash inflows before movements in working capital of approximately S\$7.8 million. Working capital inflow amounted to approximately S\$4.2 million, which was partially offset by interest payments of approximately S\$0.1 million and tax payments of approximately S\$1.0 million.

In particular, the net working capital inflow was primarily due to:

- (i) a decrease in inventories of approximately S\$1.2 million primarily due to the completion of two firearm shooting range projects in Southeast Asia in 2012;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

- (ii) a decrease in trade and other receivables of approximately S\$2.7 million which primarily consisted of (a) a decrease in trade receivables from outside parties of approximately S\$2.7 million and (b) a decrease in prepayment and other receivables of approximately S\$0.2 million which was partially offset by an increase in retention sum receivable of approximately S\$0.2 million;
- (iii) a decrease in contract work-in-progress of approximately S\$2.7 million primarily due to the completion of two firearm shooting range projects in Southeast Asia; and
- (iv) a decrease in trade and other payables of approximately S\$2.5 million primarily due to a decrease in the requirement of materials for two firearm shooting range projects in Southeast Asia which were in the installation works phase.

In FY2011, we recorded a net cash outflow from operating activities of approximately S\$0.9 million, which was a result of working capital outflow of approximately S\$9.6 million, interest payments of approximately S\$0.3 million and tax payments of approximately S\$0.2 million, offset by operating cash inflows before movements in working capital of approximately S\$9.2 million.

In particular, the net working capital outflow was primarily due to:

- (i) an increase in inventories of approximately S\$2.4 million primarily due to an increase in materials purchased for two new firearm shooting ranges and tactical training mock-up projects in Southeast Asia which were in the fabrication works phase;
- (ii) an increase in trade and other receivables of approximately S\$5.2 million which primarily consists of (a) an increase in trade receivables from outside parties of S\$3.6 million; (b) an increase in retention sum receivable of approximately S\$1.5 million; and (c) an increase in prepayment and other receivables of approximately S\$0.1 million;
- (iii) an increase in contract work-in-progress of approximately S\$4.6 million primarily due to two new firearm shooting ranges and tactical training mock-up projects in Southeast Asia which were in the fabrication works phase; and
- (iv) an increase in trade and other payables of approximately S\$2.6 million primarily due to an increase in materials purchased for two new firearm shooting ranges and tactical training mock-up projects in Southeast Asia.

Net cash (used in) from investing activities

Net cash used in investing activities was approximately S\$3.7 million in FY2011, net cash from investing activities was approximately S\$0.1 million in FY2012 and net cash used in investing activities was approximately S\$2.6 million in FY2013.

In FY2013, our net cash used in investing activities amounted to approximately S\$2.6 million. This was primarily due to purchase of property, plant and equipment of approximately S\$0.5 million and fixed deposits pledged with a financial institution of approximately S\$2.1 million.

In FY2012, our net cash from investment activities amounted to approximately S\$0.1 million, which was primarily due to:

- (i) investment in fixed deposits of approximately S\$0.3 million;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

- (ii) proceeds from the disposal of property, plant and equipment of approximately S\$0.1 million; and
- (iii) this was partially offset by the purchase of property, plant and equipment of approximately S\$0.1 million and disposal of subsidiary amounted to approximately S\$0.2 million.

In FY2011, our net cash used in investing activities amounted to approximately S\$3.7 million. This was primarily due to investments in fixed deposits of approximately S\$0.7 million and fixed deposits pledged with a financial institution of approximately S\$3.0 million.

Net cash from (used in) financing activities

Net cash from financing activities was approximately S\$2.0 million in FY2011, and net cash used in financing activities was approximately S\$4.1 million in FY2012 and net cash from financing activities was approximately S\$2.1 million in FY2013.

In FY2013, our net cash from financing activities amounted to approximately S\$2.1 million, which was primarily due to:

- (i) new trust receipts of approximately S\$1.3 million for working capital purposes;
- (ii) a new term loan of S\$3.0 million from a financial institution; and
- (iii) this was partially offset by (a) the repayment of obligations under finance leases of approximately S\$0.1 million; (b) the repayment of bank borrowings of approximately S\$0.5 million; and (c) the payment of dividends of approximately S\$1.6 million to the then shareholders of Starburst Singapore.

In FY2012, our net cash used in financing activities amounted to approximately S\$4.1 million, which was primarily due to:

- (i) repayment of obligations under finance leases of approximately S\$0.2 million;
- (ii) repayment of bank borrowings of approximately S\$0.3 million;
- (iii) repayment of trust receipts of approximately S\$2.4 million; and
- (iv) payment of dividends of S\$1.2 million to the then shareholders of Starburst Singapore.

In FY2011, our net cash from financing activities amounted to approximately S\$2.0 million, which was primarily due to:

- (i) new trust receipts of approximately S\$2.4 million for working capital purposes; and
- (ii) this was partially offset by (a) the repayment of obligations under finance leases of approximately S\$0.1 million and (b) the repayment of bank borrowings of approximately S\$0.2 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

CAPITAL EXPENDITURES AND DIVESTMENTS

Our material capital expenditures and divestments made by our Group in FY2011, FY2012 and FY2013 were as follows:

	← Audited →		
Capital expenditures	FY2013	FY2012	FY2011
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Office equipment ⁽¹⁾	13	7	—
Plant and machinery ⁽¹⁾	316	57	59
Motor vehicles ⁽¹⁾	—	717	101
Furniture and fittings ⁽¹⁾	12	3	2
Computers ⁽¹⁾	131	29	28
	<u>472</u>	<u>813</u>	<u>190</u>
Total Capital Expenditures			

	← Audited →		
Divestments	FY2013	FY2012	FY2011
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
Office equipment ⁽²⁾	—	33	—
Motor vehicles ⁽²⁾	—	348	—
Furniture and fittings ⁽²⁾	—	48	—
Computers ⁽²⁾	5	139	—
Renovation ⁽²⁾	—	220	—
	<u>5</u>	<u>788</u>	<u>—</u>
Total Divestments			

Notes:

(1) This relates to the cost of property, plant and equipment acquired during the Period Under Review. The purchases include computers, motor vehicles, bandsaw machine, magnetic drill, cutting machines, milling machine and fork lifts for our operations in Singapore.

(2) This relates to the net book value of property, plant and equipment disposed/written off during the Period Under Review.

The above capital expenditures were financed by internally generated resources and finance leases.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

OPERATING LEASE COMMITMENTS

Our operating lease commitments are in respect of our Group's rental of office and workers' accommodation. Our operating lease commitments as at the Latest Practicable Date were as follows:

	As at 9 June 2014 (\$'000)
Within one year	156
In the second to fifth years inclusive	291
After five years	<u>1,955</u>
Total	<u><u>2,402</u></u>

Please refer to the section entitled "General Information on our Group — Business Overview — Properties and Fixed Assets" of this Offer Document for further details on our operating lease commitments in respect of our operating leases for premises. Our Group expects to meet our operating lease commitments through our existing working capital.

CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

Our Group changed its accounting policies for leasehold land and building from cost model to revaluation model under FRS 16 *Property, Plant and Equipment* in FY2013. Please refer to the section entitled "Summary of Significant Accounting Policies" in the Audited Combined Financial Statements as set out in Appendix A to this Offer Document for details on our Group's accounting policies.

EXPOSURE TO MARKET RISKS

We are exposed to various financial risks arising in the normal course of our business. We have adopted risk management policies and utilise a variety of techniques to identify, evaluate, manage and control such risks.

Foreign Exchange Risk Management

The accounting records for the companies in our Group are maintained in their respective functional currencies. Transactions in foreign currencies during the period are recorded in their respective functional currencies using exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities at the end of the reporting period are translated into their respective functional currencies at exchange rates prevailing at that date. All resultant exchange differences are dealt with through profit or loss.

In the preparation of the combined financial statements of our Group, the assets and liabilities of the Group's foreign operations are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We operate principally in Southeast Asia and the Middle East. Our revenue transacted in these regions is denominated primarily in the respective currencies of these countries while our purchases are largely denominated and transacted in S\$ and US\$. For FY2013, approximately S\$7.0 million worth of our monetary assets, and S\$0.2 million worth of our monetary liabilities are denominated in US\$, Middle Eastern currencies or other foreign currencies. As such, any significant change in the exchange rate of the relevant currency against our functional currency may affect our financial performance and financial condition. Please refer to the section entitled "Risk Factors — Risks Relating to our Business or the Industry in which We Operate — We are exposed to foreign currency fluctuations" of this Offer Document for further details.

We do not currently have a formal hedging policy although we may, subject to the approval of our Board, enter into relevant transactions when necessary, to hedge our exposure to foreign currency fluctuations. We will also put in place, where necessary, procedures to hedge our exposure to foreign currency fluctuations. Such procedures will be reviewed and approved by our Audit Committee and our Board.

Interest Rate Risk Management

We are exposed to interest rate risk arising from changes in interest rate for interest-earning cash balances and fixed deposits, and interest-bearing debts. In particular, with respect to interest-bearing debts, we are exposed to interest rate risk arising from changes in interest rate for bank loans, bank overdrafts and trust receipts. As at FY2013, we have an aggregate of S\$4.5 million in bank loans with interest rates ranging from 1.26% to 3.39% per annum, S\$1.2 million in bank overdrafts at an interest rate of 1.5% plus prime rate per annum, as well as S\$1.3 million in trust receipts at an interest rate of 1.25% plus prime rate per annum. Based on the interest rate sensitivity analyses conducted, if interest rates increase or decrease by 100 basis points with all other variables held constant, our profit for FY2013 would have been lower or higher by approximately S\$70,000, respectively, as a result of higher or lower interest expense on floating rate bank borrowings. To date, no hedging has been undertaken for borrowings which bear floating interest rates.

CRITICAL ACCOUNTING POLICIES

In preparing these financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate the estimates, including those related to goodwill and intangible assets, revenue recognition, accounts receivable and impairment loss on trade receivables. We base our estimates on historical experience and on various assumptions that we believe to be reasonable about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

We are of the opinion that there are no critical judgments involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are dealt with below.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year are set out below:

Allowances for inventories

Our allowance for inventories is based on management's judgment on the realisable value of the inventories.

Allowances for receivables

Our allowance for doubtful receivables is based on the evaluation of collectability and age analysis of accounts and on management's estimates. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Carrying amount of contract work-in-progress

The recognition of profits or losses and the carrying amount of work-in-progress on a percentage completion basis involves a considerable amount of management's estimates and judgment. These judgments include but are not limited to the projected total cost to completion, including post completion warranty cost and the likely amounts at which additional claims from sub-contractors or additional claims to customer would eventually be settled.

Leasehold land and buildings carried at revalued amounts

In FY2013, an independent professional valuer was engaged to assist our management in deriving the fair value of the leasehold land and building. In deriving the fair value, the independent professional valuer used market evidence of recent transactions for broadly similar properties and estimated the fair value after taking into consideration differences including the different remaining lease terms for these comparable properties.

CAPITALISATION AND INDEBTEDNESS

The following table sets out our cash and cash equivalents, indebtedness and capitalisation which is prepared:

- (a) based on our audited combined statement of financial position as at 31 December 2013; and
- (b) based on our consolidated management accounts as at 22 May 2014 and as adjusted for the Restructuring Exercise, the issue of the Invitation Shares pursuant to the Invitation and the application of net proceeds, at an Issue Price of S\$0.31, after deducting estimated issue expenses incurred in connection with the Invitation.

You should read this table in conjunction with the “Independent Auditors’ Report on the Combined Financial Statements for the Financial Years ended 31 December 2011, 2012 and 2013” as set out in Appendix A to this Offer Document and the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Condition” of this Offer Document.

(S\$'000)	As at 31 December 2013 (Audited)	As at 22 May 2014	As at 22 May 2014 and adjusted for the Restructuring Exercise, the issuance of the Invitation Shares and the application of net proceeds
Cash and bank balances	478	5,008	18,495
Short-term indebtedness			
Trust receipts, bank overdrafts and bank loans (secured)	3,208	2,709	2,709
Current portion of finance leases (secured)	86	86	86
	<u>3,294</u>	<u>2,795</u>	<u>2,795</u>
Long-term indebtedness			
Non-current portion of bank loans (secured)	3,796	3,516	3,516
Non-current portion of finance leases (secured)	421	393	393
	<u>4,217</u>	<u>3,909</u>	<u>3,909</u>
Total indebtedness	<u>7,511</u>	<u>6,704</u>	<u>6,704</u>
Total Shareholders’ equity	<u>25,881</u>	<u>33,937</u>	<u>47,424</u>
Total capitalisation and indebtedness	<u><u>33,392</u></u>	<u><u>40,641</u></u>	<u><u>54,128</u></u>

CAPITALISATION AND INDEBTEDNESS

Cash and Bank Balances

As at 31 December 2013 and 22 May 2014, our cash and bank balances amounted to approximately S\$478,000 and S\$5.0 million, respectively.

Indebtedness

We had bank borrowings and other indebtedness of approximately S\$7.5 million as at 31 December 2013, comprising mainly facilities from DBS Bank, OCBC and Hong Leong Finance Limited. The bank loan from OCBC bears a fixed interest rate of 5.0% per annum, each of the two finance leases from Hong Leong Finance Limited has a fixed interest of 1.88% per annum and the bank loans from DBS Bank have a floating interest rate. The overdraft facilities from DBS Bank have a floating interest of the prevailing prime rate plus 1.5% per annum, the trust receipts and the import/local bills receivable purchase facilities from DBS Bank have a floating interest of the prevailing prime rate plus 1.25% per annum and the two mortgage loans from DBS Bank currently have floating interest of the prevailing three-month SIBOR plus 1.28% per annum and a prevailing three-month SIBOR plus 3.0% per annum, respectively. Our bank borrowings and other indebtedness were mainly secured by, amongst others, personal guarantees from our Executive Directors.

As at the Latest Practicable Date, the total amount arising out of the following banking facilities available to our Group is S\$12.5 million, of which S\$5.3 million remains unutilised:

- (a) A bank facility dated 9 July 2009 (as amended by way of letters of variation dated 28 March 2011, 30 March 2012, 25 July 2013 and 20 February 2014) (the “**Bank Facility 1**”) and a bank facility dated 25 July 2013 (the “**Bank Facility 2**”) granted by DBS Bank comprising, amongst others, the following:

Bank Facility 1			
	Limits (S\$)	Interest rate	Securities
Uncommitted facilities			(a) A charge over all fixed deposits in Singapore dollars or other acceptable currencies placed or to be placed with DBS Bank from time to time; (b) A mortgage over our Group's factory in Singapore; (c) An existing first fixed and floating charge on all assets and undertakings, both present and future, including the goodwill and uncalled capital of Starburst Singapore; (d) A first legal assignment of all rights, title interests and benefits under and arising out of life insurance policies taken out by Starburst Singapore in relation to our Executive Directors, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo; and (e) A joint and several personal guarantee from Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo
Overdraft facility	1,200,000	Prevailing prime rate plus 1.5% per annum	
Letters of guarantee facility/ long-term letters of guarantee facility/extra long-term letters of guarantee	2,325,400	Not applicable	
Standby letters of credit facility	500,000	Not applicable	
Trade facilities (comprising sight/usance/local letters of credit, trust receipts, import/local bills receivable purchase, shipping guarantees and air waybill guarantees)	2,500,000	For trade receipts and import/local bills receivable purchase only: 1.25% per annum on top of the prevailing prime rate	
Committed facilities			
18-year mortgage loan	2,200,000	Current interest rate: Prevailing three-month SIBOR plus 1.28% per annum	
Five-year mortgage loan	3,000,000	Prevailing three-month SIBOR plus 3.0% per annum	
FX Transactions			
Foreign exchange spot and forward	800,000	Not applicable	

CAPITALISATION AND INDEBTEDNESS

Bank Facility 2			
	Limits (S\$)	Interest rate	Securities
<i>Uncommitted facilities</i>			A joint and several personal guarantee from Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo
Overdraft facility	640,000	Prevailing prime rate plus 1.5% per annum	
Trade facilities (comprising sight/usance/local letters of credit, trust receipts, import/local bills receivable purchase, shipping guarantees and air waybill guarantees)	2,500,000	For trade receipts and import/local bills receivable purchase only: 1.25% per annum on top of the prevailing prime rate	

As at the Latest Practicable Date:

- (i) S\$2.0 million out of S\$2.5 million of the trade facilities under Bank Facility 2 has been drawn down;
- (ii) S\$2.2 million of the 18-year mortgage loan under Bank Facility 1 has been fully drawn down and the outstanding amount is approximately S\$1.6 million. The 18-year mortgage loan is repayable over 216 monthly instalments commencing from June 2008; and
- (iii) S\$3.0 million of the five-year mortgage loan under Bank Facility 1 has been fully drawn down and the outstanding amount is approximately S\$2.6 million. The five-year mortgage loan is repayable over 60 monthly instalments commencing from August 2013.
- (d) An 84-month hire purchase amounting to S\$300,000 granted by Hong Leong Finance Limited for a motor vehicle acquired by our Group for the use of Mr. Edward Lim Chin Wah. The hire purchase has a fixed rate of 1.88% per annum. As at the Latest Practicable Date, the hire purchase amount has been fully drawn down and the outstanding amount is approximately S\$235,000; and
- (e) An 84-month hire purchase amounting to S\$300,000 granted by Hong Leong Finance Limited for a motor vehicle acquired by our Group for the use of Mr. Yap Tin Foo. The hire purchase has a fixed rate of 1.88% per annum. As at the Latest Practicable Date, the hire purchase amount has been fully drawn down and the outstanding amount is approximately S\$235,000.

Commitments and Contingent Liabilities

For the period from 1 January 2014 to the Latest Practicable Date, we did not have any material capital and purchase commitments.

Contingent Liabilities

As at the Latest Practicable Date, we do not have any material contingent liabilities.

To the best of our Directors' knowledge and belief, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our shareholders.

CAPITALISATION AND INDEBTEDNESS

Operating Lease Commitments

As at the end of each of the following periods, commitments for future minimum lease payments under non-cancellable operating leases of our Group are as follows:

<i>S\$('000)</i>	As at 31 December 2013 (Audited)	As at 31 December 2012 (Audited)	As at 31 December 2011 (Audited)
Within one year	202	135	87
In the second to fifth years inclusive	277	235	222
After five years	<u>2,092</u>	<u>1,937</u>	<u>1,835</u>
Total	<u><u>2,571</u></u>	<u><u>2,307</u></u>	<u><u>2,144</u></u>

EXCHANGE CONTROLS

Singapore

Currently, there are no exchange control restrictions on the repatriation of capital and the remittance of profits into or out of Singapore by or to our Group companies in Singapore.

Malaysia

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The foreign exchange policies are administered by the Foreign Exchange Administration, an arm of BNM which is the central bank of Malaysia. The foreign exchange policies monitor and regulate both residents and non-residents. Under the current Exchange Control Notices of Malaysia and Foreign Exchange Administration Policies issued by BNM, non-residents are free to repatriate any amount of funds (the repatriation must be made in foreign currency) at any time, including capital, divestment proceeds, profits, dividends, rental, fees and interest (provided that the underlying loan or advance have been and remain being in compliance with the Exchange Control Notices) arising from investment in Malaysia, subject to the applicable reporting requirements and any withholding tax. In the event BNM introduces any restrictions in the future, we may be affected in our ability to repatriate dividends or distributions from our Malaysian subsidiaries and our Company.

The United Arab Emirates

Currently, there are no exchange control restrictions on the repatriation of capital and the remittance of profits into or out of the United Arab Emirates by or to our Group companies in Singapore.

GENERAL INFORMATION ON OUR GROUP

HISTORY

Our Company was incorporated in Singapore on 28 October 2013 under the Companies Act as a limited exempt private company, under the name of Starburst Holdings Pte. Ltd.. On 2 June 2014, we converted into a public limited company and the name of our Company was changed to Starburst Holdings Limited in connection therewith. Following the completion of the Restructuring Exercise, we became the holding company of our Group.

Our Group's business can be traced to October 1999 when our wholly-owned subsidiary, Starburst Singapore, was incorporated. Our current Executive Directors have assembled a management team of professionals with experience in the ECTF industry and established a pool of committed and experienced personnel with offshore skills. Over the years, we have provided ECTF services through main contractors and sub-contractors to reputable end-customers.

Since our inception, we have built a track record of delivering quality performance and cost effective solutions.

The following table sets out major corporate milestones of our Group from the date of incorporation of Starburst Singapore:

Date	Milestone
1999	Starburst Singapore was incorporated in Singapore
2000	Starburst Singapore received an ISO9001:2000 certification in the supply and installation of detention / security cell, bullet containment system, anti-ricochet lining system, defence / military training facilities (e.g. obstacle training facilities) and related maintenance Completed our first project relating to the fabrication and installation of the ballistic fit-out for an indoor shooting range facility in Southeast Asia
2003	Completed our first project relating to the introduction and installation of high impact resistant detention cell front, security doors and padded surfaces cell rooms for various divisional police head quarter detention facilities in Southeast Asia
2004	Completed our first project relating to the installation of a wide body Boeing 747, double decker anti-terrorist aircraft mock-up with live-firearm capability for both external and internal assault training in the Middle East Starburst Malaysia was incorporated in Malaysia
2005	Completed the installation of a seven-storey commercial ship mock-up with indoor live-firearms-training capability and a reconfigurable moveable ballistic protection partitions system in Southeast Asia
2008	Starburst Singapore received an ISO9001:2008 certification in the supply and installation of detention / security cell, bullet containment systems, anti-ricochet lining system, defence / military training facilities (e.g. obstacle training facilities) and related maintenance, and structural steel works

GENERAL INFORMATION ON OUR GROUP

Date	Milestone
2011	Starburst Singapore was awarded with the OHSAS18001:2007 certification of Occupational Health and Safety Management System Starburst Singapore was awarded a bizSAFE Level Star certification by the Workplace Safety and Health (WSH) Council
2012	Starburst Singapore was accredited with the certificate of Structural Steel Fabricator for Category S3 from the Singapore Structural Steel Society Completed our first project relating to the design, supply, fabrication and installation of the ballistic fit-out for a multi-storey indoor shooting range facility in Southeast Asia
2013	Starburst Singapore opened its representative office in Abu Dhabi, Starburst Middle East

BUSINESS OVERVIEW

We are a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities. We design, fabricate, install and maintain anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups. Our firearms-training facilities and tactical training mock-ups are utilised by law enforcement, military and security agencies as well as civil authorities in Southeast Asia and the Middle East.

From time to time, we also design, fabricate and install ballistic protection and security systems in various facilities (including high-security detention facilities). In addition, we provide a range of structural and architectural steel fabrication services on an *ad hoc* basis.

In most of our projects, we carry out the works in our capacity as a specialist contractor for a main contractor. We may also from time to time appoint sub-contractors, usually for MEP works.

COMPETITIVE STRENGTHS

We believe that we are able to compete effectively with the following competitive strengths:

Integrated Firearms-Training Solutions for Firearms Training Facilities and Tactical Training Mock-ups

We believe that we are one of the few companies in the industry, operating primarily in Southeast Asia and the Middle East, that provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearms training facilities and tactical training mock-ups, such as commercial aircrafts, ships and helicopters.

Our ability to provide integrated solutions and manage the entire project process for our customers, enables us to ensure customer satisfaction for the projects that we undertake. Managing the entire project process allows us to have oversight of quality control processes and safety procedures, ensure timely delivery and increase our efficiency generally. We believe that this has improved our reputation and track record in the industry. Further, we

GENERAL INFORMATION ON OUR GROUP

believe that as a provider of integrated solutions, we will be better placed to secure maintenance contracts for the projects where we have been involved in as we would have knowledge of the types of products and materials used for the project. This would allow us to provide maintenance services for such projects in a more efficient and cost-effective manner for our customers. We also believe that we are well-positioned (with our capability to provide integrated ECTF solutions) to tap into the demand for such live-firearm tactical training mock-ups in the Middle East.

Specialist with an Established Track Record in a Niche Industry

Our business commenced in October 1999 when our wholly-owned subsidiary, Starburst Singapore, was incorporated. We have a long track record as a specialist in the niche business of design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups in Southeast Asia. We believe that we also have a reputation for providing timely delivery of quality products that meet our customers' specifications.

We believe that we are well-positioned to capitalise on new business opportunities in the region as government bodies in general require specialist contractors to have the relevant track record and experience, and, to the best of our knowledge, there are very few companies in the region that meet such requirements.

We believe that our established track record has also helped open doors for us in the Middle Eastern markets at a time when governments in that region are generally seeking to increase their spending on military training facilities.

Close Business Relationships with Key Global Players

We maintain close business relationships with key global players in the military training software and equipment market. We believe that our business partners value our expertise and track record in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups in Southeast Asia and the Middle East. We work closely with these business partners to provide customised solutions for our customers.

We believe that our close business relationships with our business partners enable us to secure a role as a specialist contractor in the design and engineering of firearm shooting ranges or tactical training mock-up projects which our business partners have secured in Southeast Asia and the Middle East.

Proprietary Trademarked Anti-ricochet Ballistic Protection Materials

We have developed a proprietary line of anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, under our "Searls" trademark, which we supply and utilise for all of our projects which require anti-ricochet ballistic protection materials. Our "Searls" anti-ricochet panels and shredded rubber panels and pavers have been tested for compliance with the relevant firearm shooting range safety regulations and have been demonstrated to be capable of preventing ricochets from bullets fired from a wide range of weapons or shards.

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Based on the safety track record of the projects that we have completed, we believe that our “Searls” anti-ricochet ballistic protection materials have gained a reputation for quality and safety which sets them apart from generic, unbranded anti-ricochet ballistic protection materials.

Additionally, by using and supplying our proprietary line of anti-ricochet ballistic protection materials, we are able to better manage and control our costs and offer customised solutions to our customers.

Please refer to the sub-sections entitled “— Our Anti-Ricochet Ballistic Protection Systems — Searls Anti-ricochet materials” and “— Intellectual Property” for further details.

Experienced Management Team

Our management team is led by our Executive Directors, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo who have over 30 years and 25 years of relevant experience, respectively. Both our Executive Directors have an in-depth understanding of our customers’ requirements, with Mr. Edward Lim Chin Wah having substantial exposure and experience in engineering and Mr. Yap Tin Foo having significant management experience, particularly project management experience. Under their leadership, our Group’s revenue has grown over the years.

Please refer to the section entitled “Management and Corporate Governance — Directors” for further details.

Our Executive Directors are supported by project management and engineering teams which have members with extensive engineering and fabrication, project management experience and comprehensive professional qualifications, and are well-positioned to handle the challenges and requirements of our customers.

BUSINESS STRATEGIES AND FUTURE PLANS

We believe that our core markets of Southeast Asia and the Middle East continue to offer attractive opportunities for growth as governments in these regions seek to upgrade their military and home security training facilities.

Increase Existing Fabrication Efficiency and Capacity through Acquisition or Expansion

Our fabrication facility is currently located at 6 Tuas West Street, Singapore and includes a fabrication area spanning approximately 2,300 square metres on a total site area of 3,900 square metres, where we undertake the fabrication of ballistic steel plates for use as bullet containment systems in our firearm shooting ranges as well as the fabrication of steel struts, steel beams and various components of our tactical training mock-ups.

In order to increase our existing fabrication efficiency and capacity, we intend to acquire additional plant and machinery, additional land and/or fabrication facilities, and/or expand our current fabrication facility. The additional fabrication capacities will not only allow us to undertake projects of a greater size, but also allow us to undertake more projects simultaneously.

Grow our Brand and Marketing Capabilities, with a Focus on the Middle East

We have developed a strong track record in Southeast Asia over the years and we plan to leverage on our market standing in Southeast Asia to grow our brand and marketing capabilities worldwide, with a focus on the Middle East.

GENERAL INFORMATION ON OUR GROUP

We currently have a representative office in Abu Dhabi, the United Arab Emirates, and we plan to set up additional representative offices in other parts of the Middle East to oversee marketing and maintenance activities in the region.

We will also leverage on our existing relationships with our business partners to access other markets within the Middle East.

Focus on Larger Projects with Greater Complexity

We plan to undertake projects with complex design and engineering challenges, such as projects involving multi-storey indoor live-firing ranges with CQB houses, MOE training facilities (both as described below) and/or tactical training mock-ups as these projects typically command a higher profit margin. We believe that by being one of the first companies in the industry to be able to undertake such projects in Southeast Asia, we have a first mover advantage in this area. Focusing on larger projects will also enhance our track record as a prominent engineering group specialising in the design and engineering of firearms-training facilities.

Grow our Maintenance Services Business Segment

It is important that our customers' firearm shooting ranges and tactical training mock-ups are regularly monitored, checked and maintained to ensure that they are able to continue their training activities within a safe environment. We are able to provide a full range of maintenance and repair solutions to maintain the original design as described in the initial design criteria and maintenance manuals, as well as assist in the implementation of updates and changes to comply with the best international safety practices. We intend to actively market and undertake more contracts for the maintenance of firearm shooting ranges and tactical training mock-ups, particularly those which we have designed, fabricated and installed.

We believe that this business model allows us to diversify our income and provides a stream of recurring income, which would increase our earnings visibility. It also allows us to strengthen our relationship with existing customers and develop new relationships with potential customers.

Expand through Acquisitions and Strategic Partnerships

We plan to seek and identify acquisition and strategic partnership opportunities with companies which complement our product offerings, including those which offer firearms-training related simulation software and equipment.

We also plan to seek and identify acquisition and strategic partnership opportunities with companies which will enable us to build an inroad to new markets. These potential targets could include companies that have pre-approved sub-contractor statuses or relationships with governments in regions outside the countries we currently operate in.

OUR PRINCIPAL ACTIVITIES

Our Group currently has the following three main business segments:

- (1) Firearm shooting ranges;
- (2) Tactical training mock-ups; and
- (3) Maintenance services for firearm shooting ranges and tactical training mock-ups and other activities.

GENERAL INFORMATION ON OUR GROUP

Firearm Shooting Ranges

Our most significant business segment pertains to the design, fabrication and installation of anti-ricochet ballistic protection systems for firearm shooting ranges for military and law enforcement organisations. This includes the design, fabrication and installation of anti-ricochet ballistic protection systems for indoor, outdoor and modular live-firing ranges as well as close quarters battle (“**CQB**”) houses and method of entry (“**MOE**”) training facilities.

Indoor, Outdoor and Modular Live-firing Ranges

We design, fabricate and install bullet containment and catcher systems at indoor and outdoor live-firing ranges to prevent fired rounds from ricocheting. This involves the installation of (i) our proprietary “Searls” anti-ricochet panels on ceilings and walls; (ii) rubber lining panels on the floor; and (iii) floor and ceiling baffles. For more information on the anti-ricochet materials that we use, please refer to the sub-section entitled “— Our Anti-Ricochet Ballistic Protection Systems” below. While we do not carry out any concrete infrastructural works at firearm shooting ranges, which are typically carried out by the main contractor at the project site, we are involved in the design and installation of the mechanical and electrical systems as well as the integration of simulation equipment at such firearm shooting ranges to ensure that a customer’s specifications for their training requirements are met.



Bullet containment and catcher system at an outdoor live-firing range

In addition to regular live-firing ranges, we also design and fabricate live-firing ranges which can be tailored to a customer’s particular and specific training requirements. Each modular live-firing range is a fully functional 25 metre, 50 metre or 100 metre live-firing range contained in a bulletproof module which may include individual firing booths, target retrieval systems, bullet traps, lighting and HVAC systems. The number of firing lanes at such training facilities may be further customised through the addition or removal of modules at a later stage.

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CQB Houses and MOE Training Facilities

CQB houses provide military and law enforcement personnel with realistic simulations of urban warfare and fighting in built-up areas. Concrete infrastructural works are undertaken by the main contractor at a project site, while we design, fabricate and install simulations of closed environments (such as rooms or other enclosed spaces) for training purposes. In such closed spaces, the use of live rounds for training is dangerous due to the potential for the fired rounds to ricochet. To ensure that our CQB houses are safe, we install (i) our proprietary “Searls” anti-ricochet panels on ceilings and walls; (ii) rubber lining panels on the floor; and (iii) floor and ceiling baffles. Our CQB houses may also be fitted with our proprietary reconfigurable, multi-directional bullet-resistant partitioning systems which provide our customers with the ability to customise and reconfigure the training environments to suit any CQB training scenario.



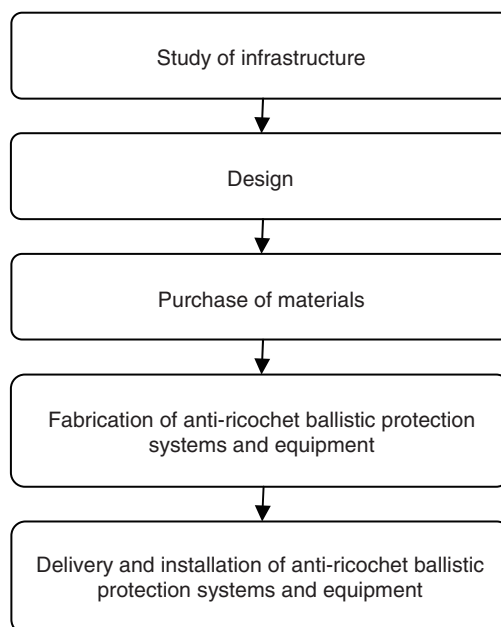
CQB house simulating urban warfare

Our expertise extends to the design, fabrication and installation of MOE training facilities, which simulate training scenarios where doors or windows in enclosed spaces have to be breached either by way of manual, mechanical or explosive methods. The manual or mechanical method of entry refers to the simulation of the breaching of doors or windows with the use of tools such as sledgehammers, shotguns, ramming or force such as kicking. The explosive method of entry refers to the simulation of the breaching of doors or windows by using light explosives. Our MOE training facilities are designed to closely replicate doors and windows made from different materials and designs, with a key focus on durability. The use of anti-ricochet materials in our MOE doors and windows allow them to withstand repeated breaching without suffering long-term structural damage.

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Project Development Process

The following is a diagram summarising the working process for the installation of our live-firing ranges, CQB houses and MOE training facilities:



(a) Study of Infrastructure

When a customer requires firearms-training facilities to be installed, the main contractor undertakes concrete infrastructural works while we are appointed as a specialist contractor to design, fabricate and install anti-ricochet ballistic protection systems and equipment. The customer may also engage a range consultant (the “**Range Consultant**”).

In a design-and-build project, the Range Consultant is engaged at the tendering stage to set out the performance requirements for compliance with the customer’s training needs, while in a build-to-design project, the Range Consultant is engaged at the design stage to conceptualise the customer’s training needs and develop technical specifications for the training facilities.

While we are not involved in the design of the infrastructure, we study the infrastructure plans and work with the Range Consultant to ensure that our anti-ricochet ballistic protection systems are in line with the specifications and the requirements of our customer.

(b) Design

In a design-and-build project, our team of designers, project managers and engineers work with the Range Consultant to analyse the training needs of the customer in order to design and deliver effective anti-ricochet ballistic protection systems for the firearms-training facilities. At this stage, we obtain specific and detailed information of the intended use of the firearms-training facilities, such as the make and design of firearms to be used, the calibre of live-rounds to be fired and the type and quantity of pyrotechnics to be used. With this information, we design the anti-ricochet ballistic protection systems for the live-firing ranges, CQB houses and/or MOE training facilities according to our customers’ requirements and specifications.

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In a build-to-design project, while we are typically not involved in the design of the anti-ricochet ballistic protection systems, we would work with the Range Consultant to ensure that our anti-ricochet ballistic protection systems are delivered in compliance with the technical specifications. We may also from time to time work with the Range Consultant to improve the specifications and designs of the anti-ricochet ballistic protection systems in connection with our works.

(c) Purchase of Materials

Once the design of the firearm shooting range is finalised, we obtain quotations from our suppliers for the raw materials required for our anti-ricochet ballistic protection systems and place purchase orders with suppliers who are able to meet our specifications and delivery schedules at competitive prices. We also obtain quotes from and appoint sub-contractors to provide software solutions, simulation and targetry equipment and other special furnishings relevant to our customer's order, if necessary.

(d) Fabrication of Anti-Ricochet Ballistic Protection Systems and Equipment

Upon delivery of our raw materials, we will begin fabricating our "Searls" anti-ricochet boards, panels, pavers and other components of the anti-ricochet ballistic protection systems in line with our designs at our fabrication facility in Singapore.

(e) Delivery and Installation of Anti-ricochet Ballistic Protection Systems and Equipment

Once the infrastructural works of the project are completed by the main contractor, our completed anti-ricochet ballistic protection systems are delivered to the project site for installation. Our work in this phase includes installing anti-ricochet boards, anti-ricochet linings, partitioning systems, bullet-traps, simulation and targetry equipment and any other special furnishings in accordance with our designs.

Our project manager will manage the project in accordance with the project or design specification and track the progress of work, schedule of procurement and schedule of technical submission to ensure that these are carried out in accordance with the project specifications.

Our project manager, project engineers and site supervisors monitor the progress of the project and undertake appropriate quality planning and measures, including planning, supervising, inspecting, recording and reporting, to ensure optimum results and will procure all necessary actions to ensure that the project plan is being complied with.

Tactical Training Mock-ups

We design, fabricate and install live-firearm and non-live-firearm, full sized tactical training mock-ups which simulate specific training scenarios, including rescue and evacuation operations, aviation, maritime and other counter-terrorism operations and sniper operations.

Tactical Training Mock-ups

We design, fabricate and install tactical training mock-ups to suit each desired training scenario. For instance, we have previously installed mock-ups in the form of full sized commercial aircrafts, ships and helicopters. Depending on our customers' requirements, we

GENERAL INFORMATION ON OUR GROUP

may install tactical training mock-ups for live-firearms-training or non-live-firearms-training. For example, we delivered an Airbus A-340 aircraft mock-up for non-live-firearms-training and Boeing B-777 and Boeing B-747 aircraft mock-ups for live-firearms-training, all to our customers in the Middle East.

To ensure that our tactical training mock-ups provide simulations which are as close to real scenarios as possible, we examine each element of the desired mock-up to ensure that details are replicated. For instance, the operation of our aircraft mock-ups' doors and the arrangement of seats and windows can be designed and fabricated to replicate the technical specifications of specific commercial aircrafts. Additionally, our tactical training mock-ups are fitted with our anti-ricochet ballistic protection systems and/or thermal protection systems to ensure that training can be carried out safely. For more information on the anti-ricochet materials that we use, please refer to the sub-section entitled “— Our Anti-ricochet Ballistic Protection Systems” below.



Fabrication of an aircraft mock-up

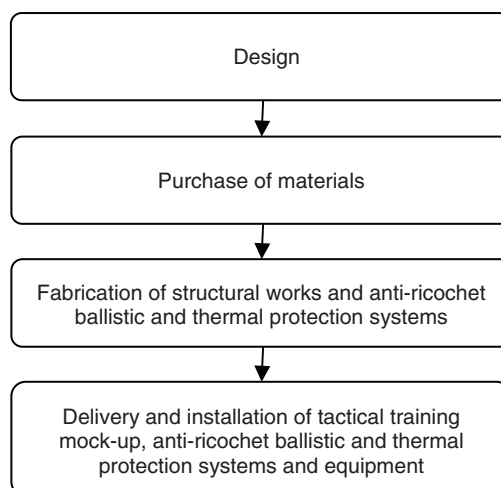
Our tactical training mock-ups may also include fire training simulations integrated with system controls, to generate fires in specific scenarios. Additionally, we are able to customise our tactical training mock-ups for indoor and outdoor fire-fighting training as well as evacuation and rescue training in different scenarios where fire hazards may be involved. Our customers for such tactical training mock-ups include civil aviation and civil defence authorities in Southeast Asia and the Middle East.

We also design, fabricate and install sniper simulation towers (each a “**SST**”) which have both internal and external anti-ricochet ballistic protection systems. SSTs are built for scenario-precision training for snipers from military and law enforcement organisations, as well as to train such snipers to identify types of targets and to select appropriate calibres and types of ammunition to neutralise those targets. An SST is a multi-storey training tower with each floor representing a target or multiple targets as may be specified by the customer. For example, an SST may include a reconstructed public housing apartment on one floor and a reconstructed aircraft cockpit on another floor.

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Project Development Process

The following is a diagram summarising the working process for the installation of our tactical training mock-ups:



(a) Design

Our team of designers, project managers and engineers works closely with our customers to analyse training needs in order to design and deliver effective training facilities. At this stage, we obtain specific and detailed information of the intended use of the tactical training mock-up, such as the make and design of firearms to be used, the calibre of live-rounds to be fired and the type and quantity of pyrotechnics to be used. With this information, we design the tactical training mock-up according to our customers' requirements and specifications.

(b) Purchase of Materials

Once the design of the tactical training mock-up is finalised, we obtain quotations from our suppliers for the raw materials required for our anti-ricochet ballistic or thermal protection systems and our tactical training mock-up and place purchase orders with suppliers who are able to meet our specifications and delivery schedules at competitive prices. We also obtain quotes from and appoint sub-contractors to provide software solutions, targetry equipment and other special furnishings relevant to our customer's order, if necessary.

(c) Fabrication of Structural Works and Anti-ricochet Ballistic and Thermal Protection Systems

Upon delivery of our raw materials to our fabrication facility in Singapore, we will begin fabricating the structural works which will form the tactical training mock-up (such as steel beams and aircraft doors). We will also fabricate our "Searls" anti-ricochet boards, panels, pavers and other components of any anti-ricochet ballistic or thermal protection systems in line with our designs. Where feasible, we will fit the relevant anti-ricochet ballistic or thermal protection systems onto the fabricated structural works at this point.

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(d) *Delivery and Installation of Tactical Training Mock-up, Anti-ricochet Ballistic and Thermal Protection Systems and Equipment*

The completed structural works are delivered to the project site for installation. There may be situations where the tactical training mock-up requires concrete structural works that are beyond our fabricating capabilities, such as the construction of a concrete diving pool to complement a ship mock-up. In such situations, we (or the main contractor) would appoint a sub-contractor to perform the necessary works.

After our tactical training mock-up has been installed at the project site, we would then deliver and fit our anti-ricochet ballistic and thermal protection systems, if applicable. Our work in this phase includes installing anti-ricochet boards, anti-ricochet linings, partitioning systems, bullet-traps, targetry equipment, thermal protection systems and any other special furnishings in accordance with our designs.

Our project manager will manage the project in accordance with the project or design specification and track the progress of work, schedule of procurement and schedule of technical submission to ensure that these are carried out in accordance with the project specifications.

Our project manager, project engineers and site supervisors monitor the progress of the project and undertake appropriate quality planning and measures, including planning, supervising, inspecting, recording and reporting, to ensure optimum results and will procure all necessary actions to ensure that the project plan is being complied with.

Maintenance Services for Firearm Shooting Ranges and Tactical Training Mock-ups and Other Activities

In addition to designing, fabricating and installing firearm shooting ranges and tactical training mock-ups, we offer complete service and maintenance programmes to our customers for completed firearm shooting ranges and tactical training mock-ups. As our customers' training activities typically involve live-firearms and/or the use of pyrotechnics, it is critical that the facilities are monitored continually to ensure that they are kept in optimal condition as described in the initial design criteria and maintenance manuals, and that international safety standards are met and updated if necessary. This would ensure that usage of our customers' training facilities is maximised, down time is minimised and that safety is not compromised.

Other Activities

In connection with, and in addition to, our principal activities, we also design, supply and/or fabricate steel struts and steel beams for temporary or permanent structural and architectural steel works on an *ad hoc* basis. Additionally, we design, construct and install ballistic protection and security systems for various facilities, including high-security detention facilities.

Structural and Architectural Steel Works

From time to time, we may provide a range of structural and architectural fabrication services to our customers. For example, we supplied, fabricated and installed steel works for the waterfront promenade at Marina Bay Visitor Centre, the steel frameworks for the entrance enclosures of the ION Orchard shopping mall and the Orchard MRT station that is located in front of the ION Orchard shopping mall.

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Ballistic Protection and Security Systems

We may from time to time be involved in the design, fabrication and installation of ballistic protection and security systems for various facilities, including high-security detention facilities. Through both exclusive and non-exclusive distributorship agreements with certain U.S.-based leading manufacturers, we provide the following types of products which may be installed at our customers' facilities:

- Detention and Security Doors, Windows and Frame Systems

We distribute steel-stiffened hollow metal doors and security windows. These products are utilised in detention facilities due to their high impact-, fire- and bullet- resistant properties. They can also be configured to our customers' specifications, such as adding security food-passes or ventilation louvers to doors and windows with one-way mirrored panels.

- Conventional and Padded Detention Cell Surfacing Systems

We also provide services for the retrofitting of walls, floors and doors of detention cells with a surface padding system to create a safe, durable, and hygienic padded cell for self-destructive, violent and uncontrollable detainees. We also offer installation of our "Searls" Starboard detention cell flooring, which is designed to be durable, impact- and fire-resistant, anti-fungal and anti-microbial to enhance hygiene, ease of maintenance and security.

- Electronic Security Systems Integration

Finally, we provide integrated electronic security systems to monitor and control a customer's facility. We are able to supply a range of hardware and software solutions to, amongst others, monitor and control doors, locks, CCTV cameras and fire alarms, provide for video and audio intercommunication systems and event logging and reporting.

We receive product training as well as sales and marketing support from the relevant manufacturers to ensure that the ballistic protection and security systems are properly installed and that we are in a position to explain the use of the systems to our customers.

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Major Completed Projects

As at the Latest Practicable Date, some of our completed major projects are as follows:

Location of the project / contracting party	Description of Projects	Year of completion	Value (\$'000)
Southeast Asia	Design, supply and installation of ballistic fit-out for indoor shooting ranges	2010	3,842
Southeast Asia	Supply, fabrication and installation of architectural structural steel works for the waterfront promenade at Marina Bay Visitor Centre in Singapore	2010	1,414
Middle East	Design, supply and installation of ballistic fit-out for indoor shooting ranges	2010	2,747
Southeast Asia	Supply, fabrication and installation of architectural steelworks for the Entry Pavilion and Oculus at Marina Bay Sands in Singapore	2010	4,107
Southeast Asia	Supply, fabrication and installation of ballistic fit-out for indoor and outdoor shooting ranges	2012	6,849
Southeast Asia	Design, supply, fabrication and installation of ballistic fit-out for multi-storey indoor shooting ranges	2012	30,286

Major Projects Currently in Progress

As at the Latest Practicable Date, our Group is carrying out the following major projects:

Location of the project / contracting party	Description of Projects	Expected year of completion	Value (\$'000)
Southeast Asia	Design, supply, building, installation, testing and commissioning of law enforcement and civil defense-related training centres, tactical mock-ups and ballistic fit-out therefor	2014 ⁽¹⁾	26,527
Middle East	Design, supply, installation, testing, commissioning and maintenance of shooting range equipment for shooting ranges and training complex	2014 ⁽²⁾	21,161 ⁽³⁾
Southeast Asia	Design, supply, installation including testing and commissioning of a component for law enforcement and civil defense-related training centres, tactical mock-ups and ballistic fit-out therefor	2014 ⁽¹⁾	7,000
Middle East	Design, supply, installation, testing and commissioning of an indoor shooting range for law enforcement and ballistic fit-out therefor	2014	744 ⁽⁴⁾

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Notes:

- (1) Not inclusive of a one-year defects liability period maintenance.
- (2) Not inclusive of a 490-day defects liability period maintenance.
- (3) Calculated at an exchange rate of QAR1 = S\$0.3433 as at the Latest Practicable Date.
- (4) Calculated at an exchange rate of KWD1 = S\$4.4286 as at the Latest Practicable Date.

Our Business Process

We have developed a comprehensive set of business procedures for our operations, the key points of which are set out as follows:

Evaluation of Projects and Pre-tender Preparation

We have established a tendering team to undertake our project tendering needs. Members of the tendering team include our management and professional personnel who are familiar with the design, technology, proposal, contract terms and budgets related to tender preparation.

After obtaining the information required for a tender, the tendering team will make a preliminary assessment on whether to proceed by considering factors such as our ability to undertake the project, sufficiency of resources and the costs and profitability of the project. If the tendering team reaches a favourable decision on a project, they would study the tendering documents and relevant criteria to prepare for the tender.

Following a determination of which projects to pursue, the tendering team will further evaluate factors such as the project size and location, duration, availability of personnel, equipment required to undertake the project (including the cost and predictable life of such equipment), credit analysis of the customer, the terms of payment, current backlog, competitive advantages and disadvantages, prior experience, status of competitors and negotiation with counterparties in order to accurately estimate costs or profits, evaluate tendering risks and develop tendering strategies.

The entire assessment process for the above would typically take a few days depending on the size and complexity of the project.

Award of Contract and Kick-off Preliminaries for the Awarded Contracts

We may conduct interviews with our customers to clarify issues such as pricing, materials and methods of installation and there may be negotiations to finalise the price and terms of the contract before the contract is awarded.

Once we have been awarded the contract, we will set up a project team in relation to the same. The size and composition of the project team will depend on the size, complexity and requirements of the awarded project. The project team is responsible for the formulation of the project execution plan which would set out the functions and responsibilities of the parties involved, materials utilisation requirements, manpower and delivery schedules as well as the budget and costing for the project. This would ensure the timely completion and delivery of projects with high quality standards required by our customers.

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Estimating Cost

Most of our contracts are awarded and carried out on a fixed-price basis with a pre-determined timetable for project completion. There are a number of factors that can influence the final project costs such as site and environmental conditions, geographic location of the project, pricing of materials and inclement weather conditions.

Subject to the timetable and standard of quality required, the measures we take to control project costs include monitoring the allocation of relevant resources, monitoring and controlling expenditures incurred during the course of the project to meet our cost estimates.

Appointment of Sub-contractors and Suppliers

In most of our projects, we carry out the works in our capacity as a specialist contractor. However, we may from time to time appoint sub-contractors, usually for MEP works. We also appoint suppliers (for the supply of rubber tiles, bullet traps and accessories, targetry systems etc.) on a regular basis. We select these sub-contractors and suppliers from a list of our pre-approved sub-contractors and suppliers. Our sub-contractors and suppliers are chosen based on their track record, the quality of their performance and products and competitiveness in terms of their pricing. Please refer to the section entitled “General Information on our Group — Quality control and assurance” of this Offer Document for more information.

OUR ANTI-RICOCHET BALLISTIC PROTECTION SYSTEMS

Our firearms-training facilities feature our proprietary line of anti-ricochet ballistic protection technology which is designed and manufactured to our specification. When a customer places an order, we will obtain specific and detailed information of the intended use of the firearms-training facility, such as the make and design of firearms to be used, the calibre of live-rounds to be fired and the type and quantity of pyrotechnics to be used. This will allow us to ascertain the most appropriate anti-ricochet materials to be fabricated and fitted at the firearms-training facility. The anti-ricochet materials we use include specially crafted rubber and plastic marketed under our “Searls” trademark, as well as ballistic-absorbing concrete developed in the U.S..

“Searls” anti-ricochet materials

We fabricate and install anti-ricochet panels made from a fully recyclable cellulose plastic material which we have designated as “Starboard”, as well as anti-ricochet linings using recycled shredded rubber, which are fire-retardant, non-toxic, odourless and have excellent cushioning, thermal insulating and acoustic and vibration dampening properties. Our “Searls” Starboard anti-ricochet panels and shredded rubber panels and pavers are designed by us and are manufactured by various third party manufacturers to our specifications, and have been tested for compliance with relevant range safety regulations. Our third party manufacturers are pre-approved on the basis of their reputation, pricing, quality and their ability to meet our delivery schedules. Each order of our “Searls” anti-ricochet materials is tested to ensure that they are manufactured to our specifications. We do this by inspecting samples provided by the third party manufacturer.



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Our “Searls” Starboard anti-ricochet panels and shredded rubber panels and pavers have been demonstrated to be capable of preventing ricochets from shards or bullets fired by a wide range of weapons (such as pistols, revolvers, carbines, SMGs and rifles) of different calibres (such as 5.56mm, 7.62mm, 9mm) and are fitted directly onto the walls, floors or ceilings of the training facilities. Depending on the requirement of our customers, we may install the panels on the original surface finish or may coat it with resinous polyurethane compounds, providing a seamless surface and facilitating the removal of unspent propellants and lead dust. Subject to the nature of the ammunition and the substrate used, our “Searls” Starboard anti-ricochet panels are estimated to be capable of absorbing up to 40 rounds per 100 sq mm, and our “Searls” shredded rubber panels and pavers are estimated to be capable of absorbing up to 100 rounds per 100 sq mm.

Ballistic-Absorbing Concrete

Our firearms-training facilities also utilise a ballistic-absorbing concrete developed by GSL researchers at the U.S. Army Engineer Research and Development Center. This ballistic-absorbing concrete has been demonstrated to prevent bullets from ricocheting more than 25 degrees from the plane of the material and is non-flammable, and is hence suitable for firearms-training (including the use of pyrotechnics and hand grenades). Ballistic-absorbing concrete is primarily used to line external walls at our firearms-training facilities.

FABRICATION FACILITY AND CAPACITY

Our fabrication facility is currently located at 6 Tuas West Street, Singapore and includes a fabrication area spanning approximately 2,300 sq m on a total site area of 3,900 sq m, where we undertake the fabrication of steel struts, steel beams and various components of our tactical training mock-ups as well as the fabrication of ballistic steel plates for use as bullet containment systems in our firearm shooting ranges. The facility is designed to achieve a smooth work flow and high safety standards. With the installation of semi-automated fabrication equipment, we are able to maintain a short production lead time and enhance consistency in product quality.

We do not measure utilisation rate of our facility in terms of output (in tonnes) as it is not a meaningful indicator of our performance or capacity. Please refer to Appendix C to this Offer Document for more information. Our products vary significantly in terms of weight and size and the products or projects we undertake are generally non-recurring in nature. Our production capacity is primarily determined based on production floor area available for fabrication activities as well as the products to be fabricated.

QUALITY CONTROL AND ASSURANCE

We are committed to achieving high quality standards in all our projects and the highest level of customer satisfaction possible. To achieve this, we require our employees to be disciplined in order for us to be able to deliver products which are in compliance with our customer’s requirements on a timely basis. We adopt and comply with international standards in terms of quality and safety. We believe that our employees are a valuable resource and, as such, we put in place measures to ensure a safe working environment for them. We also strive to

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maintain the reputation for quality and safety of our home-grown products and commit to provide a safe environment for our customer's training activities. Some of the initiatives that we have implemented to ensure this include:

Employee Selection

We are generally selective in employing our employees as the nature of our business is complex and requires high quality and safety standards. Potential employees with the relevant experience and necessary skills will be our first priority and their experience and skills will be assessed by our management in accordance with the requirements of our projects. We also send selected employees to attend various training courses and workshops to ensure that they have all the necessary skills required in our projects and that they are kept updated on the latest trends and requirements of our industry. For more information on our employee training policies, please refer to the sub-section entitled “— Employee Training Policies” below.

Sub-contractor and Supplier Selection

Depending on the requirements of a project, we may require other sub-contractors and suppliers for our projects and we will ensure that the sub-contractors and suppliers which we appoint have the relevant experience, proven track records, provide good quality products or service and are competitive in terms of their pricing.

We will select these sub-contractors and suppliers from a list of our pre-approved sub-contractors and suppliers which have met our requisite performance, delivery and quality standards set by our Group.

On-Site Process Inspection and Material Handling

At each stage of the projects, our project managers and/or engineers conduct regular inspections to ensure that each stage is carried out according to the contracts' specifications and the prescribed procedures and methods.

Quality Certification

As a testament to our commitment to consistently provide products which meet our customers' and applicable statutory and regulatory requirements, we have received ISO9001:2008 certification in respect of the supply and installation of detention and security cells, bullet containment systems, anti-ricochet lining systems, defence and military training facilities (e.g. obstacle training facilities) and related maintenance, as well as structural steel works. This certifies that we enhance customer satisfaction through the effective application of our quality management system, including processes for continual improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

In addition, we have also received OHSAS18001:2007 certification, an internationally recognised benchmark for health and safety management systems. This certifies that we have established a framework to control occupational health and safety risks in respect of the supply and installation of detention and security cells, bullet containment systems, anti-ricochet lining systems, defence and military training facilities (e.g. obstacle training facilities) and related maintenance, as well as structural steel works, thereby reducing the potential for, and minimising the occurrence of, accidents and improving overall performance.

For more information on our quality certifications, please refer to the sub-section entitled “— Licences, Permits, Approvals, Certifications and Awards” below.

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Corrective and Preventive Action Plans

In the event that any issue arises during the projects, the relevant team will work together with our quality control personnel to identify the cause of that issue, if any, and to propose the corrective action and also formulate a method for eliminating recurrence by means of a preventive action plan.

MAJOR CUSTOMERS

The table below sets out the percentage contribution to our revenue of the customers of our Group who accounted for 5.0% or more of our total revenue for FY2011, FY2012 and FY2013:

Location of the project / contracting party	Services supplied	Revenue / Contribution to the total revenue					
		FY2011		FY2012		FY2013	
		(S\$'000)	%	(S\$'000)	%	(S\$'000)	%
Southeast Asia	Defense-related equipment, materials and maintenance	14,684	64.6	14,759	85.1	—	—
Southeast Asia	Defense-related equipment, materials and maintenance	5,421	23.8	1,428	8.2	—	—
Southeast Asia	Defense-related equipment, materials and maintenance	—	—	—	—	8,242	39.2
Southeast Asia	Defense-related equipment, materials and maintenance	—	—	—	—	2,353	11.2
Southeast Asia	Defense-related maintenance services	—	—	—	—	1,117	5.3
Middle East	Defense-related equipment, materials and maintenance	—	—	—	—	6,659	31.6

The year-to-year fluctuations in revenue contributions by our customers are due to the nature of our business. Our revenue is mainly derived from tender contracts which are project-based and generally non-recurring in nature. As at the Latest Practicable Date, save as disclosed in the table above, our business and profitability are not materially dependent on any one of our customers.

To the best of our Directors' knowledge, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major customers.

None of our Directors or Substantial Shareholders or their respective associates has any interest, direct or indirect, in any of the above major customers.

For more information on the revenue generated, please refer to the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition — Overview — Revenue" of this Offer Document.

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MAJOR SUPPLIERS AND SUB-CONTRACTORS

The table below sets out the percentage contribution to our total purchases of the suppliers of our Group who accounted for 5.0% or more of our total purchases for FY2011, FY2012 and FY2013.

Supplier	Materials supplied / services provided	Percentage of the total purchases (%)		
		FY2011	FY2012	FY2013
SSAB Swedish Steel Pte Ltd	Defense-related equipment and materials	55.3	—	54.8
Hisun Rubber Industrial Co., Ltd	Defense-related equipment and materials	4.0	39.5	—
Savage Arms, Inc.	Defense-related equipment and materials and related consultancy and advisory services	10.6	16.4	3.2
Terran Corporation	Defense-related equipment and materials and related consultancy and advisory services	9.2	—	—
Starburst Construction Specialties Private Ltd ⁽¹⁾	Structural steel materials	—	—	6.5
Qingdao Huahan Machinery Co. Ltd	Structural steel materials	—	—	6.1
TH Steel & Trading Pte Ltd	Structural steel materials	—	—	5.4
Miroad Rubber Industries Sdn Bhd	Defense-related equipment and materials	—	—	5.0

Note:

- (1) Starburst Construction Specialties Private Ltd was previously a 60%-owned subsidiary of the Group. We disposed our shareholding in this company to its minority shareholders in August 2012. None of our Directors or Substantial Shareholders have an interest in this company.

Save as disclosed above, our business and profitability are not materially dependent on any single supplier and sub-contractors.

To the best of our Directors' knowledge, we are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major suppliers and sub-contractors.

None of our Directors or Substantial Shareholders or their respective associates has any interest, direct or indirect, in any of the above major suppliers and sub-contractors.

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PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group owns the following property:

Owned by	Nature and Description of Property	Location	Tenure	Gross Area (sq m)	Encumbrances	Usage
Starburst Engineering Pte Ltd	A two-storey semi-detached factory	6 Tuas West Street, Singapore 637442	The factory is situated on a leased land of a tenure of 43 years 6 months 24 days commencing from 5 June 2007	2,308.4	Mortgaged to DBS Bank	Office and factory

As at the Latest Practicable Date, our Group has leased or licensed the following properties:

Leased/Licensed by	Location	Tenure	Gross Area (sq m)	Rental	Lessor/Licensor	Usage
Starburst Engineering Pte Ltd	6 Tuas West Street, Singapore 637442	43 years 6 months 24 days commencing from 5 June 2007	3,904.7	S\$15,486.10 quarterly (excluding rebate and GST) subject to annual revision on 31 December	PIP Pte. Ltd.	Office and factory
Starburst Engineering Pte Ltd	No. 1004 in E25 C3 Abu Dhabi, the United Arab Emirates	One year from 1 June 2013 to 31 May 2014 ⁽¹⁾	110.0	Rental for the whole tenure: AED105,000 payable in lump sum at the signing of the lease agreement ⁽¹⁾	Mashwi Yaed Bayat Al Qubaisi	Office

Note:

- (1) This lease was extended on 19 March 2014 for two years from 1 June 2014 to 31 May 2016. The rental for this two year tenure is AED220,000.

GENERAL INFORMATION ON OUR GROUP

EMPLOYEES

As at the Latest Practicable Date, we had 88 employees. Our employees are not unionised. There has not been any incidence of work stoppages or labour disputes which affected our operations. In addition, we do not employ a significant number of employees on a temporary basis.

A breakdown of our employees by function and geography as at the end of each of the three most recent completed financial years is as follows:

Function	As at 31 December		
	2011	2012	2013
Management	2	3	5
Engineering and Design Department	6	6	8
Project Department	4	4	6
Production Department	66	63	56
Finance Department			
Administration and Human Resource Department	<u>4</u>	<u>6</u>	<u>8</u>
Total	<u><u>82</u></u>	<u><u>82</u></u>	<u><u>83</u></u>

Area	As at 31 December		
	2011	2012	2013
Southeast Asia	82	82	78
Middle East	<u>—</u>	<u>—</u>	<u>5</u>
Total	<u><u>82</u></u>	<u><u>82</u></u>	<u><u>83</u></u>

EMPLOYEE TRAINING POLICIES

In order to ensure that our employees are able to competently carry out their roles and responsibilities, employee training constitutes a key aspect of our operations. Accordingly, our employees are sent for courses and/or tests in order for them to obtain the necessary skills certifications for their respective areas of responsibilities. Most of such courses and tests are outsourced to third party training companies or entities. For example, in the FY2012 and FY2013, we sent our employees to attend 237 and 75 training courses and workshops, respectively. Topics of such training courses and workshops include work safety and work safety supervision, productivity enhancement etc.

Due to the nature of our operations, safety training courses or programmes for our employees are also important. Employees are regularly sent for on-the-job training and safety induction courses conducted by the respective supervisor in different departments who may use the standard safety procedures or other relevant documents as training materials to ensure that they are apprised of the most up-to-date safety measures and policies of each department so as to minimise safety breaches.

GENERAL INFORMATION ON OUR GROUP

For our management and supervisory staff, we send and encourage them to attend certification courses for specific fields of our business operations. For example, in the FY2012 and FY2013 we sent our management and supervisory staff to attend courses on work safety supervision (e.g. work at height courses for supervisors, safety courses for metal work), productivity enhancement and lifting operations and rigger courses.

We have also established a first aider team by sending staff to attend first aid courses, such as, amongst others, the Occupational First Aider Course and the Occupational First Aider Refresher Course organised by accredited schools to equip them with the necessary first aid knowledge and training required at our project sites or our fabrication facility.

INSURANCE

As at the Latest Practicable Date, we maintain the following insurance policies to cover, amongst others, our operational, human resource and fixed asset risks:

- (a) industrial fire and perils insurance to cover risk of fire, malicious damage, riot and strike, vehicle impact damage, water damage, and other perils;
- (b) life insurance for our Executive Directors;
- (c) work injury compensation insurance to cover specified occupational diseases, personal injuries or deaths caused by accidents in the course of our Company's business;
- (d) public liability insurance;
- (e) commercial all risks insurance to cover accidental physical loss or damage to our property;
- (f) marine cargo insurance to protect the movement of cargo across boundaries against risks of loss or damage; and
- (g) immigration bond insurance to guarantee the security bond for employment of foreign workers.

The abovementioned insurance policies are reviewed annually to ensure that our Group has sufficient insurance coverage. Our Directors are of the view that the insurance coverage from the above insurance policies is sufficient for our present operations.

SEASONALITY

Due to the project-based nature of our business, we have not observed any significant seasonal trends during the Period Under Review. However, our business may be affected by policies which may be introduced by the government from time to time.

MARKETING AND BUSINESS DEVELOPMENT

Our overall marketing and business development activities are spearheaded by our Executive Director Mr. Yap Tin Foo, who formulates and implements our growth, corporate development and overall strategy for our firearms-training facilities business.

Mr. Yap would also source for business opportunities from publicly available information as well as via his network of business contacts. Our Executive Directors also maintain constant

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contact with our previous, existing and potential customers. Further, Mr. Samer Sidani and Mr. Andrew Popplewell, our Executive Officers of Starburst Middle East, and our agents in the Middle East would also source for business opportunities in their geographical coverage. Projects and business opportunities may also be sourced through the following means:

- (1) public tenders based on advertisements in the mass media such as publications, newspapers and internet notices or through the Singapore government's online procurement system, known as Government Electronic Business ("GeBIZ");
- (2) private tenders based on invitations to tender; or
- (3) referrals.

Parties who act as main contractors for a project may also approach us to submit a tender to them for a role as a specialist contractor for anti-ricochet ballistic protection systems for the bid that they are preparing for their respective tenders. Likewise, we may from time to time, based on information that is made available for public tenders, approach parties who we think may be preparing tenders to act as main contractors for the relevant project to explore opportunities to work on the project with them.

Our marketing and business development approach is based on fostering long-term business relationships with our customers, sub-contractors and suppliers as well as seeking potential business opportunities in the firearms-training facilities business. Often, customers are concerned about the reliability and efficiency of the potential service provider. In this regard, our Directors believe our experience, reputation and track record allow us to market ourselves effectively to our customers.



RESEARCH AND DEVELOPMENT

We do not generally undertake any research and development activities due to the nature of our business. As such, we did not incur any research and development expenditure in FY2011, FY2012 and FY2013.

INTELLECTUAL PROPERTY

Trademarks

As at the Latest Practicable Date, we have registered or applied to register two trademarks as follows:

Trademark	Country of Registration	Classes ⁽¹⁾	Status
	Singapore	17	Registered on 1 November 2012
	Singapore	13, 37 and 42	Application submitted in December 2013, results are pending ⁽²⁾

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Notes:

(1) Notes on classes:

Class 13:	Firearms; ammunition and projectiles; explosives; fireworks.
Class 17:	Rubber, gutta-percha, gum, asbestos, mica and goods made from these materials and not included in other classes; plastics in extruded form for use in manufacture; packing, stopping and insulating materials; flexible pipes, not of metal.
Class 37:	Building construction; repair; installation services.
Class 42:	Scientific and technological services and research and design relating thereto; industrial analysis and research services; design and development of computer hardware and software.

- (2) Our application has been accepted and an advertisement of our Starburst trademark was made in the Trade Marks Journal on 30 May 2014. The trademark will be open for two months from the date of the advertisement and if there is no opposition, it will be registered.

GOVERNMENT REGULATIONS

Our business operations are subject to certain Singapore and international guidelines, laws and regulations. The operations of Starburst Middle East are subject to certain laws and regulations of the United Arab Emirates on the representative office. Save as disclosed below, as at the Latest Practicable Date, our business operations in Singapore are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore and the operations of Starburst Middle East are not subject to any special legislation or regulatory controls other than those generally applicable to representative offices established in the United Arab Emirates.

Singapore

The following is a summary of the main laws and regulations of Singapore that are relevant to our business as at the Latest Practicable Date.

Factory Registration

Any person who wishes to occupy or use any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for the purposes of gain (whether or not by or on behalf of the government of Singapore or a statutory board) is required to register the premises (or worksite) as a “factory” with the Commissioner for Workplace Safety and Health (the “CWSH”) pursuant to the Workplace Safety and Health (Registration of Factories) Regulations 2008 (the “**WSH Factories Regulations**”).

Under the WSH Factories Regulations, occupiers of premises or worksites used for the aforementioned purposes must apply to the CWSH to register the worksites as a “factory” one month before the work begins, save for any premises or worksites in which building operations (other than excavation or piling works) or works of engineering construction are being carried out for a period not exceeding two months. A certificate of registration issued by the CWSH for any factory engaged in the manufacture of fabricated metal products, machinery or equipment and in which 100 or more persons are employed shall remain in force from the date of its issue until such time as it is revoked in accordance with the WSH Factories Regulations.

If any registered factory becomes unfit for occupation or use as a factory because of any change in the type of the work for which the factory is registered or any structural change to the premises of the registered factory or any change in the layout of the premises, amongst other reasons, a notice in writing may be issued by the CWSH to the occupier of the registered factory (the “**CWSH Notice**”). The certificate of registration may be revoked under

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the WSH Factories Regulations due to reasons such as (a) a contravention of any condition of the certificate of registration; (b) an application by the occupier of the registered factory for such revocation; (c) where the occupier of a registered factory has ceased to occupy the factory; and (d) if the CWSH Notice has not been complied with.

Workplace Safety and Health Measures

Under the Workplace Safety and Health Act, Chapter 354A of Singapore (“**WSHA**”), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include: (a) providing and maintaining for the employees a work environment which is safe, without risk to health and adequate as regards facilities and arrangements for their welfare at work; (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by employees; (c) ensuring that employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer; (d) developing and implementing procedures for dealing with emergencies that may arise while those employees are at work; and (e) ensuring that those employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations (the “**WSHR**”). These duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any biohazardous material which may constitute a risk to their health.

Pursuant to the WSHR, the following equipment, amongst others, are required to be tested and examined by an examiner (the “**Authorised Examiner**”), who is authorised by the Council of Workplace Safety and Health (the “**CWSH**”), before they can be used in a factory and thereafter, at specific intervals:

- (1) hoist or lift;
- (2) lifting gears; and/or
- (3) lifting appliances and lifting machines.

Lifting machines include any crane, crab, winch, teagle, runway, transporter, piling frame or piling machine and any work platform or suspended scaffold capable of being raised or lowered by climbers, winches or other powered devices.

Upon examination, the Authorised Examiner may issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the occupier of the workplace to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines used in the workplace.

Stop Work Order

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, amongst others, enter the workplace, make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of

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analysis or test, assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a stop work order in respect of a workplace if he is satisfied that:

- (1) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work;
- (2) any person has contravened any duty imposed by the WSHA; or
- (3) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The stop work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely, or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Demerit Points System

The MOM has also implemented a demerit points system for entities within the construction sector. All main contractors and subcontractors in the construction sector will be issued with demerit points for breaches under the WSHA and relevant subsidiary legislation. The number of demerit points awarded depends on the severity of the infringement. The accumulation of demerit points results in more stringent corrective actions, including the rejection of applications for new and renewal of all types of work passes for all foreign employees.²

As at the Latest Practicable Date, our Group has not received a stop-work order under the WSHA.

Work Injury Compensation

Work injury compensation is governed by WICA, and is regulated by the MOM. The WICA applies to employees in respect of injuries suffered by them in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation.

The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to a workman, the employer is liable to pay compensation in accordance with the provisions of the WICA.

² The relevant information is extracted from the website of the MOM at <http://www.mom.gov.sg/workplace-safety-health/worker-workplace-surveillance/demerit-points-system/Pages/default.aspx> and included in its proper form and context in this Offer Document. The information has not been verified by our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent. The MOM has not consented to the inclusion of the information for the purpose of Section 249 of the SFA, and is not liable under Sections 253 and 254 of the SFA.

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Further, the WICA provides that, amongst others, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the employer) for the execution by the employer of the whole or any part of any work undertaken by the principal, the principal shall be liable to pay to any workman employed in the execution of the work any compensation which he would have been liable to pay if that workman had been immediately employed by the principal.

Employers are required to maintain work injury compensation insurance for two categories of employees engaged under contracts of service, unless exempted. The first category includes all employees doing manual work. The second category includes all non-manual employees earning S\$1,600 or less a month. Failure to do so is an offence punishable by a maximum fine of S\$10,000 and/or imprisonment of up to 12 months.

We have in place workmen's compensation insurance policies to cover our statutory obligations and liabilities under the WICA.

Employment of Foreign Workers

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act, Chapter 91A of Singapore (the "**EFMA**"), and regulated by the MOM. Under Section 5(1) of the EFMA, no person shall employ a foreign worker unless the foreign worker has obtained a valid work pass from the MOM.

The availability of foreign workers to the construction industry is regulated by the MOM through the following policy instruments:

- (1) approved source countries;
- (2) dependency ceilings based on the ratio of local to foreign workers; and
- (3) security bonds and levies.

An employer of foreign workers is also subject to, amongst others, the Employment Act, Chapter 91 of Singapore (the "**Employment Act**"); the EFMA; and the Immigration Act, Chapter 133 of Singapore (the "**Immigration Act**").

Up to the Latest Practicable Date, our Group has been in compliance with the Employment Act, the Employment of Foreign Manpower (Work Passes) Regulations (pursuant to the EMFA), the EMFA and the Immigration Act.

Approved Source Countries

The approved source countries for construction workers are Malaysia, the People's Republic of China (the "**PRC**"), Non-Traditional Sources (the "**NTS**") and North Asian Sources (the "**NAS**"). NTS include India, Thailand, Sri Lanka, Bangladesh, the Republic of the Union of Myanmar and the Philippines. NAS include Hong Kong, Macau, South Korea and Taiwan. Foreign workers from NAS/NTS/PRC cannot be in Singapore when their work permit applications are being submitted.

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Dependency Ratio Ceiling

The dependency ratio ceiling (the “**DRC**”) for the construction industry is currently set at a ratio of one full-time local worker for every seven foreign workers (1:7). This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by our Company receiving regular full month CPF contributions, our Company can employ up to seven foreign workers (Work Permit holders).

Security Bonds and Foreign Worker Levies

All employers are required to deposit, for each non-Malaysian Work Pass holder, a S\$5,000 security bond with the MOM (the “**Security Bond**”). The Security Bond must be furnished prior to the foreign worker’s arrival in Singapore, failing which entry into Singapore will not be allowed. The Security Bond will be returned only if the following conditions are met — firstly, the Work Permit has been cancelled; secondly, the foreign worker has returned to his home country; and thirdly, there were no breaches of the conditions of the Work Permit, conditions of the Security Bond and any relevant law.

The employment of foreign workers is also subject to the payment of levies. For the construction sector, employers pay the levy according to the qualifications of these workers. Effective from 1 July 2013, the monthly levy for Work Permit holders is S\$300 under the higher skilled and on Man-Year Entitlements (the “**MYE**”) category; S\$450 under the basic skilled and on MYE category; S\$600 under the higher skilled, experienced and exempted from MYE category; and S\$750 under the basic skilled, experienced and exempted from MYE category. By 1 July 2015, the levy is expected to increase to S\$600 under the basic skilled and on MYE category; S\$750 under the higher skilled, experienced and exempted from MYE category; and S\$1,050 under the basic skilled, experienced and exempted from MYE category (monthly levy for Work Permit holders under the higher skilled and on MYE category is expected to remain unchanged).

Effective from 1 July 2013, the qualifying salaries for S Pass holders is S\$2,200 while the foreign worker levy for S Pass holders is S\$300 for Tier 1 DRC and S\$450 for Tier 2 DRC. The levy is expected to increase to S\$330 for Tier 1 DRC and S\$650 for Tier 2 DRC by 1 July 2015. A Tier 1 DRC represents companies with a ratio of one full-time local worker for every ten foreign workers (10.0%) or lower while the Tier 2 DRC represents companies with a ratio between 10.0% to 15.0%.

Fire Safety

Under the Fire Safety Act, Chapter 109A of Singapore (the “**Fire Safety Act**”), Section 20, the owner or occupier of any industrial buildings that fall within the following criteria is required to apply and obtain a fire certificate:

- (1) has an occupant load of at least 1,000 persons;
- (2) has a gross floor area (the “**GFA**”) of at least 5,000 square metres; or
- (3) exceeds 24 metres in habitable height.

(GFA refers to the total cumulative area of all buildings within the same development/premises.)

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The Fire Certificate Scheme is to ensure that the fire safety systems and fire safety measures are properly maintained and in good working condition. They should be tested in accordance with the relevant codes of practices.

Under the Fire Safety Act, no person shall store or keep, or cause to be stored or kept, any petroleum or flammable material except, amongst others, under the authority of and in accordance with the provisions of a storage licence from the Commissioner of Civil Defence (the “**CCD**”) and every condition specified therein, and such licence shall be applied for in accordance with the Fire Safety (Petroleum and Flammable Materials) Regulations 2005.

The Fire Certificate of our Tuas West Street facility is valid and subsisting.

Safeguarding of Official Documents and Information

The Official Secrets Act, Chapter 213 of Singapore (the “**Official Secrets Act**”), relates to the safeguarding, disclosure and dealing of official documents and information. Under Section 5 of the Official Secrets Act, if a person with possession or control of any secret official code word, countersign or password, or any photograph, drawing, plan, model, article, note, document or information which:

- (1) relates to a prohibited place or munitions of war (both as defined in the Official Secrets Act);
- (2) has been made or obtained in contravention of the Official Secrets Act;
- (3) has been entrusted in confidence to him by any person holding office under the government of Singapore; or
- (4) he has obtained, or to which he has had access, owing to his position as a person who holds or has held office under the government of Singapore; or as a person who holds, or has held a contract made on behalf of the government of Singapore or any specified organisation; or as a person who is or has been employed under a person who holds or has held such an office or contract,

does any of the following:

- (1) communicates directly or indirectly any such information or thing as aforesaid to any foreign power other than a foreign power to whom he is duly authorised to communicate it, or to any person other than a person to whom he is authorised to communicate it or to whom it is his duty to communicate it;
- (2) uses any such information or thing as aforesaid for the benefit of any foreign power other than a foreign power for whose benefit he is authorised to use it, or in any manner prejudicial to the safety or interests of Singapore;
- (3) retains in his possession or control any such thing as aforesaid when he has no right to retain it, or when it is contrary to his duty to retain it, or fails to comply with all lawful directions issued by lawful authority with regard to the return or disposal thereof; or
- (4) fails to take reasonable care of, or so conducts himself as to endanger the safety or secrecy of, any such information or thing as aforesaid,

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that person shall be guilty of an offence. The implementation of the Official Secrets Act is under the purview of the Minister for Home Affairs of Singapore.

Due to the nature of our business operations, we may, from time to time, be in receipt of official documents and information of a secret and confidential nature. For this reason, we may be subject to, and we may be required to provide express undertakings to comply with, the Official Secrets Act.

As at the Latest Practicable Date, our Group has not been charged in connection with a contravention of the Official Secrets Act.

The United Arab Emirates

The following is a summary of the relevant articles of the Commercial Companies Law (Federal Law No. 8 of 1984) (the “**CCL**”), the Federal Resolution of the Ministry of Economy No. 377 of 2010 (Guide to the Licensing Procedures for Branches and Offices of Establishments Incorporated in the United Arab Emirates Free Zones and Abroad) (the “**Guide**”) and Federal Resolution of the Ministry of Economy No. 69 of 1989 (Licensing Conditions and Procedures for Foreign Companies to Practice its Activities in the United Arab Emirates) (the “**Licensing Conditions**”) of the United Arab Emirates that are relevant to Starburst Middle East as at the Latest Practicable Date.

Article 314 of the CCL and Article 1 of the Guide require a company wishing to establish a representative office in the United Arab Emirates to obtain a license from the competent authority (i.e. the Department of Economic Development) of the relevant emirate and a registration certificate from the Ministry of Economy. Under the CCL, foreign companies are not allowed to commence its activities before its registration in the Commercial Register of the Ministry of Economy. The activities of the representative office are subject to the laws of the United Arab Emirates.

Article 3 of the Guide states that the activity of a representative office in the United Arab Emirates shall be limited to:

- (a) enhancing relations and dealings with the company’s customers;
- (b) providing the company’s head office with information about local markets and the relevant legislation;
- (c) promoting the products and services offered by the company; and
- (d) providing consulting services to customers.

Under Article 314 of the CCL and Article 6 of the Guide, in order to establish a representative office or a branch, the company must have a United Arab Emirates national as the local agent. The local agent’s obligations towards the company and third parties shall be limited to the provision of services necessary for the company without assuming any responsibilities or liabilities as to the business or activities of the company’s branch or office inside or outside the United Arab Emirates.

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Article 315 of the CCL and Article 11 of the Licensing Conditions require that a representative office must have a separate balance sheet, a separate profit and loss account and should have an auditor which is registered in the United Arab Emirates. The representative office shall maintain its documents and account books inside the United Arab Emirates and shall submit annually a copy of the balance sheet and the closing accounts along with the auditor's report.

Under Article 316 of the CCL, if the representative office carries out its business activities in the United Arab Emirates before complying with the registration procedures, the persons who carried out these activities shall be personally and jointly responsible for them.

Article 5 of the Licensing Conditions states that any application for the establishment of a representative office needs to be accompanied by a board resolution of the company stating its intention to establish the representative office in the United Arab Emirates, the names, designations and scope of authority of its legal representatives tasked to establish and operate the representative office on behalf of the company, and the relevant authorisation to these legal representatives. The same provision also states that any change in the legal representative of the representative office just needs an authorisation from the company issued to the new legal representative. Hence, the company can remove the legal representative in the same way he was appointed, i.e. by passing a board resolution and can at the same time appoint another legal representative. No other procedures are required in this connection with this removal/appointment process. However, the representative office will have to inform the Department of Economic Development of the change of its legal representative, which change will have to be reflected on the commercial license of the representative office.

LICENCES, PERMITS, APPROVALS, CERTIFICATIONS AND AWARDS

To the best of our knowledge, our Group has obtained all necessary permits, approvals and licences which are material to our business and operations. As at the Latest Practicable Date, save for those disclosed herein and in the section entitled "Risk Factors" of this Offer Document, our business and operations are not subject to any special legislation or regulatory controls which have a material effect on our business and operations other than those generally applicable to companies and businesses operating in Southeast Asia and the Middle East.

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The following are the main licences, permits, approvals, certificates and awards issued and/or granted to our Group which are essential for the business operations of our Group.

Starburst Engineering Pte Ltd

Date of grant/ expiry date	Licence, permits, approvals, certificates and awards	Awarding organisation
19 August 2011 / 14 August 2014	bizSAFE Level Star	Workplace Safety and Health Council
13 June 2014/ 12 June 2017	ISO9001:2008	Environment & Quality Assurance International Certification Center
13 June 2014/ 12 June 2017	OHSAS18001:2007	Environment & Quality Assurance International Certification Center
30 May 2012 / 1 June 2015	CW01 General Building (Grade C1)	Building and Construction Authority of Singapore
16 June 2012 / 16 June 2015	General Builder (Class 2)	Building and Construction Authority of Singapore
27 June 2012 / 27 June 2015	Specialist Builder (Structural Steelwork)	Building and Construction Authority of Singapore

As at the Latest Practicable Date, none of the aforesaid permits, approvals, licences and certificates have been suspended, revoked or cancelled and to the best of our Directors' knowledge and belief, we are not aware of any facts or circumstances which would cause such permits, approvals, licences and certificates to be suspended, revoked or cancelled, as the case may be, or any applications for, or renewal of, any of these licences, permits, approvals and certificates to be rejected by the relevant authorities.

To the best of our Directors' knowledge and belief, our Company and our subsidiaries have not breached any applicable legislation or regulations.

CREDIT POLICY

Credit Policy for our Customers

Our services are generally provided on credit terms. In general, we normally extend to our customers credit ranging from 30 to 60 days depending on the size of the projects or contracts, our customers' industry reputation, creditworthiness and payment history. To manage the risk of customer defaults, particularly customers located outside of Singapore, we may require that

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the customer provide letters of credit prior to the delivery of products and/or provision of services. Our customer's payment profile and our credit exposure are continuously monitored by our management team. We monitor all outstanding trade receivables closely and make specific provision in the event the recovery of any trade receivables appears doubtful. The quantum of such provision is dependent on the duration for which the trade receivables are overdue as well as our assessment on the likelihood that such trades may be unrecoverable. Our trade receivables turnover days for FY2011, FY2012 and FY2013 are as follows:

	FY2011	FY2012	FY2013
Trade receivables turnover (days) ^{(1)/(2)}	55	16	10

Notes:

(1) Trade receivables turnover (days) = (Trade receivables / Revenue) x 365 days.

(2) Trade receivables refer to receivables excluding unbilled revenue, retention sum receivable and bill receivables.

The trade receivables turnover (days) decreased from 55 days in FY2011 to 16 days in FY2012 and to 10 days in FY2013. This is attributable to more stringent internal controls pertaining to the management of credit limits of our customers.

Credit Policy from our Suppliers

Payment terms granted by our suppliers and/or sub-contractors vary depending on, amongst others, our relationship with the suppliers and/or sub-contractors as well as the size of the projects. Typical credit terms granted by our suppliers and/or sub-contractors range from 30 days to 60 days. Our trade payables turnover days for FY2011, FY2012 and FY2013 are as follows:

	FY2011	FY2012	FY2013
Trade payables turnover (days) ⁽¹⁾	78	11	71

Note:

(1) Trade payables turnover (days) = (Trade payables / Project and production costs) x 365 days.

The average trade payables turnover days decreased from 78 days in FY2011 to 11 days in FY2012. This is attributable to better cash flow management of our Group following the completion of two firearm shooting range projects in Southeast Asia. The trade payables turnover days increased from 11 days in FY2012 to 71 days in FY2013. This is attributable to an increase in purchases and works performed by sub-contractors, which is in line with our Group's increased revenue in 2013.

INVENTORY MANAGEMENT

We do not, as a matter of practice, maintain any significant level of other inventory but procure raw materials based on the requirements of a particular project. The amount of such materials (including anti-ricochet materials, steel and other consumables) that we procure will depend on, amongst others, design specifications, the fabrication programme and delivery schedules. As at the Latest Practicable Date, our total inventory amounted to approximately S\$2.4 million and consists mainly of anti-ricochet materials such as steel plates, rubber tiles, polyboard and ballistic-absorbing concrete.

GENERAL INFORMATION ON OUR GROUP

We account for our inventory cost based on a first-in first-out basis. Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. We conduct a stock check on all inventories at the end of each financial year.

In accordance with our Group's accounting principles, the raw materials (i.e. anti-ricochet materials and steels) that we procure for our project requirements are accounted for by being charged directly to the contract work-in-progress account of the relevant project in our balance sheet. For the relevant reporting period, the proportionate amount of cost (including raw material and other related project costs) associated with the percentage of completion for the project will then be recognised in our income statement.

COMPETITION

As at the date of this Offer Document, we are not aware of any major competitor which may provide in-house services for the fabrication and installation of modern firearms-training facilities and anti-ricochet ballistic protection systems in Southeast Asia and the Middle East. Globally, however, our competitors in the industry include Cubic Range Design Solutions, Meggitt Training Systems Inc. and Microcircuit Systems Pte Ltd. In particular, these companies may compete with us for both contract tenders as well as sub-contracting work within our target markets in respect of the design and maintenance services for the firearms-training facilities. While these companies supply integrated live-fire and weapons simulation training systems (e.g. targetry and simulation equipment) and may provide design and maintenance services for the firearms-training facilities, they do not, to our knowledge, offer the fabrication and installation services for the firearms-training facilities. Additionally, we do, from time to time, work together with the subcontractors of these competitors.

To the best of our Directors' knowledge, none of our Directors, Controlling Shareholders, or Substantial Shareholders has any interest, direct or indirect, in the above competitors.

TREND AND PROSPECTS

The following section has been provided by the Industry Consultant. Please see the section entitled "Appendix C — Independent Market Research on the Engineering and Construction of Training Facilities for the Defence Industry — Southeast Asia and the GCC" for further information.

Trend and Prospects in Southeast Asia

Adoption of Technology in Military and Law Enforcement Organisations

Transformations in the military, police and special forces may result in the ECTF industry players offering a wider range of higher value products and services to meet the security requirements of the "next-generation". This may include more dynamic training that simulates simultaneously occurring scenarios, with more complex targetry systems and IT infrastructure, so as to develop the combat skills of a "technologically endowed" soldier. The use of computer-generated imagery and video targetry systems at the law enforcement and defense-related training centres is an example of the adoption of technology in military training to supplement standardised training methods.

GENERAL INFORMATION ON OUR GROUP

Apart from Singapore, the armed forces of the countries in the region have pursued varying levels of modernisation programmes due to key domestic and external events. While Thailand's modernisation programmes appear to be driven by domestic issues (e.g. the military coup in 2006), Malaysia's modernisation programmes have historically been correlated to its economic growth, and Brunei's military development programmes focus on regional cooperation.

Security Risks and Key Installation

Key installations such as sea-ports, airports, petrochemical plants and government administration buildings play an important role in the economic growth and social stability of a country. The task of protecting these installations against attacks fall on the military and law enforcement agencies, even though many key installations (such as data centres, telecommunication facilities, rail networks and ports) may be privately-owned.

Increased Investments in Critical Infrastructure

From 2008 to 2012, investments into infrastructure in Singapore, Brunei, Thailand and Malaysia have been relatively stable. Despite the global economic crisis in 2008, the gross fixed capital formation, as a percentage of GDP, in Thailand, Singapore and Malaysia recovered, and have seen increases by between 24.1% and 28.5% in 2012, indicating the gradual increase in infrastructure investments and expenditure in the region. Higher investments in critical infrastructures would increase the demand of the governments to protect these assets. This will bode well for defence spending in general, and the ECTF industry in particular.

Defence Spending in Southeast Asia

Economic progress and population growth, amongst others, contribute towards the need to step up the security preparedness, and positively influencing the growth projections in regional defence spending. The Industry Consultant has projected that defence spending in Southeast Asia will grow at a CAGR of 3.4% from 2014 to 2018. The Industry Consultant has also projected that Singapore and Malaysia will expect a CAGR of 1.6% and 2.8%, respectively, in their defence spending from 2014 to 2018, with focus on military modernisation programmes. Defence spending in Thailand is also projected by the Industry Consultant to grow by 7.4% in 2014, while Brunei will expect a 5.2% growth in its military expenditure.

Trend and Prospects in the Middle East

Conscription and Changing Demographics in the Middle East

In a cabinet decision announced in 2013, Qatar implemented compulsory conscription of males aged between 18 and 25 to serve in the military for four months. In 2014, the Qatari government is planning to build a permanent training complex to accommodate the influx of recruits. The United Arab Emirates has also introduced compulsory military service for all male citizens under the age of 30. Meanwhile, Kuwait is considering conscription of its male citizens to supplement its regular military force. As a result of the mandatory military services, the expected overall increase in the number of military personnel in these countries will precede the increased investments into military installations and infrastructure, including military training facilities.

GENERAL INFORMATION ON OUR GROUP

The increase in the population has created more security challenges for law enforcement and military organisations. Furthermore, in order to support economic growth, countries may open up their borders to immigrant workers, thus exposing the country to potential security risks.

Major Global and Regional Events and Infrastructure Spending

The United Arab Emirates, Saudi Arabia, Qatar and Kuwait are experiencing rapid growth in infrastructure investments and construction activities. Besides public sector investments, the inflow of foreign investments into these countries will have an impact on the growth rate of their fixed capital formation. In 2012, the United Arab Emirates, Qatar, Saudi Arabia and Kuwait recorded positive FDI of US\$1.9 billion, US\$327 million, US\$12.2 billion and US\$9.6 billion, respectively.

Investments into infrastructure and mega projects are also linked to major regional or global events hosted in the GCC countries. The availability of world-class infrastructure has an impact on the selection of the location for major events. This includes the 2022 FIFA World Cup to be hosted by Qatar and the 2020 Dubai World Expo to be hosted by the United Arab Emirates. Such events will, according to the Industry Consultant, create jobs and spur economic expansion in the country.

The Industry Consultant has projected the increase in the spending in infrastructure as well as the inflow of FDI to spur the need to protect these assets and investments, and therefore, driving the increased training expenditure for law enforcement and military personnel.

Defence Spending in the Middle East

The Industry Consultant has projected that defence spending in the Middle East, in particular the GCC members excluding Bahrain and Oman, will grow at a CAGR of 2.4% from 2014 to 2018, with a strong link to the total regional government expenditure. Historically, Saudi Arabia has been a country with the highest defence spending in the region, and this is expected to continue in 2014, with an estimated annual increase of 11.7% in defence spending for the year. The Industry Consultant has also projected that the defence spending of Saudi Arabia will contribute 73.5% to the total defence spending of the region, excluding Bahrain and Oman, and that military expenditure of Qatar and the United Arab Emirates will increase with a CAGR of 5.1% and 5.5%, respectively, from 2014 to 2018.

ORDER BOOK

Firearm Shooting Ranges and Tactical Training Mock-ups

As at the Latest Practicable Date, our order book for our “firearm shooting ranges and tactical training mock-ups” business segment from four customers stood at approximately S\$19.7 million which would translate into revenues for our Group over the next one year. As revenue from our firearm shooting ranges and tactical training mock-ups is recognised based on the percentage-of-completion method, our order book excludes the contract value of completed works which has been recognised as revenue.

Please refer to the section entitled “General Information on our Group — Our Principal Activities — Major Projects Currently in Progress” of this Offer Document for more information on our major projects that are currently in progress.

GENERAL INFORMATION ON OUR GROUP

Maintenance Services and others

As at the Latest Practicable Date, our order book for our “maintenance services and others” business segment is approximately S\$26.1 million which would translate into revenues for our Group over the next one to nineteen years. These contracts for maintenance services are at a fixed sum with allowance for annual price increases based on formulaic adjustments. We currently have five contracts for maintenance services with between one to nineteen years remaining in these contracts. In particular, we have long-term maintenance contracts for up to 20 years subject to yearly renewal, with a further optional period of five years if the contracts are extended after the twentieth year. There is however a risk that some of our customers may unilaterally terminate these contracts at their convenience. Please refer to the section entitled “Risk Factors” of this Offer Document for further details.

INTERESTED PERSON TRANSACTIONS

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of our interested persons (namely, our Directors, Managing Director or Controlling Shareholder or the associates (as defined in the Rules of Catalist) of such Directors, Managing Director or Controlling Shareholder) (“Interested Persons” and each, an “Interested Person”) would constitute interested person transactions for the purposes of Chapter 9 of the Rules of Catalist.

Save as disclosed in this section and the section entitled “Restructuring Exercise” of this Offer Document, there have been no interested person transactions which are material in the context of the Invitation for the last three financial years ended 31 December 2011, 2012 and 2013 and for the period from 1 January 2014 up to the Latest Practicable Date. Save as otherwise provided in this section and the section entitled “Restructuring Exercise” of this Offer Document, investors, upon subscription of the Invitation Shares, are deemed to have specifically approved these transactions with our interested persons and as such, these transactions are not subject to Rules 905 and 906 of the Rules of Catalist to the extent that there are no subsequent changes to the terms of the agreements in relation to each of these transactions.

In line with the rules set out in Chapter 9 of the Rules of Catalist, a transaction which value is less than S\$100,000 is not considered material in the context of the Invitation and is not taken into account for the purposes of aggregation in this section.

PAST INTERESTED PERSON TRANSACTIONS

Guarantees Provided by our Executive Directors

On 14 December 2009, we obtained a bridging loan amounting to S\$200,000 from OCBC for a four-year tenor. This bridging loan was utilised for our working capital purposes. This facility was secured by a deed of guarantee and indemnity entered into on 15 December 2009 by Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo, our Executive Directors and Controlling Shareholders. The guarantee was provided for the benefit of OCBC for all moneys under the said bridging loan.

The largest amount outstanding under the bridging loan facility during the relevant period was S\$200,000. As at the Latest Practicable Date, this bridging loan has been fully repaid. No consideration was paid to our Executive Directors for entering into the deed of guarantee and indemnity as set out above. Accordingly, our Directors are of the view that although the transactions are not on an arm’s length basis, the terms are beneficial to our Group.

Management Services and Licensing Agreement with Searls Range Systems Pte. Ltd.

On 19 November 2009, we entered into a management services and licensing agreement (the “MSLA”) with Searls Range Systems Pte. Ltd., a company which was wholly-owned by our Executive Directors. Pursuant to the MSLA, Searls Range Systems Pte. Ltd. provided our Group with management services and permitted the use of its “Searls” trademark in consideration of an annual fee.

In FY2011 and FY2012, we paid management and licensing fees amounting to S\$190,000 and S\$125,000, respectively, to Searls Range Systems Pte. Ltd. pursuant to the MSLA. The MSLA

INTERESTED PERSON TRANSACTIONS

has since been terminated, and the registration of the “Searls” trademark was transferred from Searls Range Systems Pte. Ltd. to our Group in November 2012 for no consideration. Following the transfer, Searls Range Systems Pte. Ltd. underwent a voluntary liquidation which completed on 6 May 2013.

As the MSLA was negotiated and entered into on normal commercial terms, our Directors are of the view that the MSLA was entered into on an arm’s length basis as the terms were beneficial to our Group.

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Guarantees Provided by our Executive Directors

We have from time to time obtained certain bank loans and banking facilities from DBS Bank for the purposes of our day-to-day operations. For more information on these bank loans and banking facilities, please refer to the section entitled “Capitalisation and Indebtedness — Indebtedness” of this Offer Document. These bank loans and banking facilities are secured by, amongst others, joint and several personal guarantees provided by our Executive Directors (the “**Joint and Several Personal Guarantees**”).

The largest aggregate amount drawn down on the above bank loans and banking facilities during the relevant period and up to the Latest Practicable Date, based on month-end balances, was approximately S\$10.9 million. As at the Latest Practicable Date, the aggregate outstanding amount guaranteed by our Executive Directors was approximately S\$6.2 million. No consideration was paid to our Executive Directors for the provision of the Joint and Several Personal Guarantees. Accordingly, our Directors are of the view that although the transactions are not on an arm’s length basis, the terms are beneficial to our Group.

Following the completion of the Invitation, our Executive Directors intend to obtain a release and discharge of the above Joint and Several Personal Guarantees from DBS Bank by substituting the same with a corporate guarantee given by our Company. We do not expect any material changes in the terms and conditions of our existing facilities to be affected by the withdrawal of the above Joint and Several Personal Guarantees. This is expected to take place only if DBS Bank agrees to discharge such personal guarantees on terms not less favourable than the existing terms in relation to such facilities. Our Executive Directors will continue to provide the guarantees in the event that the proposed terms of discharge of the guarantees are on less favourable terms than the existing terms of the Joint and Several Personal Guarantees.

GUIDELINES AND REVIEW PROCEDURE FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms and are transacted on an arm’s length basis on terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of our Group and our minority Shareholders in any way.

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our minority Shareholders, the following procedures will be implemented by our Group:

- (a) when purchasing any products or procuring any services from an Interested Person, two additional quotations from non-interested persons will be obtained for comparison to

INTERESTED PERSON TRANSACTIONS

ensure that the interests of our Group and minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two additional quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;

- (b) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent commensurates with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- (c) when we sell any products or supply any services to an Interested Person, the price or fee and terms of two other successful transactions of a similar nature with non-interested persons will be used as comparison to ensure that the interests of our Group or minority Shareholders are not disadvantaged. The price or fee for the sale of products or the supply of services shall not be lower than the lowest price or fee of the two other successful transactions with non-interested persons;
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the interested person transaction will be approved by our Managing Director, if he has no interest in the transaction, or failing which, by our Audit Committee, in accordance with our usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and
- (e) in addition, we will monitor all interested person transactions entered into by us and categorise these transactions as follows:
 - (i) a Category 1 interested person transaction is one where the value thereof is below 3.0% of the latest audited NTA of our Group; and
 - (ii) a Category 2 interested person transaction is one where the value thereof is equal or in excess of 3.0% of the latest audited NTA of our Group.

All Category 2 interested person transactions must be approved by our Audit Committee prior to entry whereas Category 1 interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a half-yearly basis by our Audit Committee.

Our Audit Committee will review all interested person transactions, if any, on a half-yearly basis to ensure that they are carried out on an arm's length basis. In accordance with the procedures outlined above, our Audit Committee will take into account all relevant non-quantitative factors. In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

INTERESTED PERSON TRANSACTIONS

We shall prepare all the relevant information to assist our Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, our Audit Committee and our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Rules of Catalist (in particular, Chapter 9) and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into. Such transactions will also be subject to the approval of our Shareholders if required by the Rules of Catalist. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

The internal audit reports will be reviewed by our Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. Our Audit Committee shall also, from time to time, review such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice our interests and the interests of our minority Shareholders. Further, if during these periodic reviews by our Audit Committee, our Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to our interests and the interests of our minority Shareholders, our Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

Pursuant to the Rules of Catalist, we will make the required disclosure in relation to our interested person transactions in our annual report during the relevant financial year under review.

POTENTIAL CONFLICTS OF INTERESTS

All our Directors have a duty to disclose their interests in respect of any transaction in which they have any personal material interest or any actual or potential conflicts of interest (including a conflict that arises from their directorship or employment or personal investment in any corporation). Upon such disclosure, such Directors will not participate in any proceedings of the Board and shall abstain from voting in respect of any such transaction where the conflict arises.

None of our Executive Directors has any interests or holds directorships in any company or corporation outside of our Group.

Pursuant to the service agreements (collectively, the “**Service Agreements**” and each a “**Service Agreement**”) entered into between our Company and each of our Executive Directors, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo on 30 May 2014, respectively, each of them had undertaken to our Company not to, save with the express consent of the Board:

- (a) directly or indirectly carry on, or engage in, or be interested in any capacity, or concerned with, the conduct of any other business in competition with any business carried on or proposed to be carried on by our Group; and/or

INTERESTED PERSON TRANSACTIONS

- (b) solicit any customer or any person who is or has been during the preceding three years of their engagement, a customer of our Group for the purpose of offering to that person goods and services similar to or competing with those of the business conducted by our Group.

For more details on the Service Agreements, please refer to the section entitled “Management and Corporate Governance — Service Agreements” of this Offer Document.

For the reasons stated above and the undertakings contained in the Service Agreements, we are of the view that there are no potential conflict of interests.

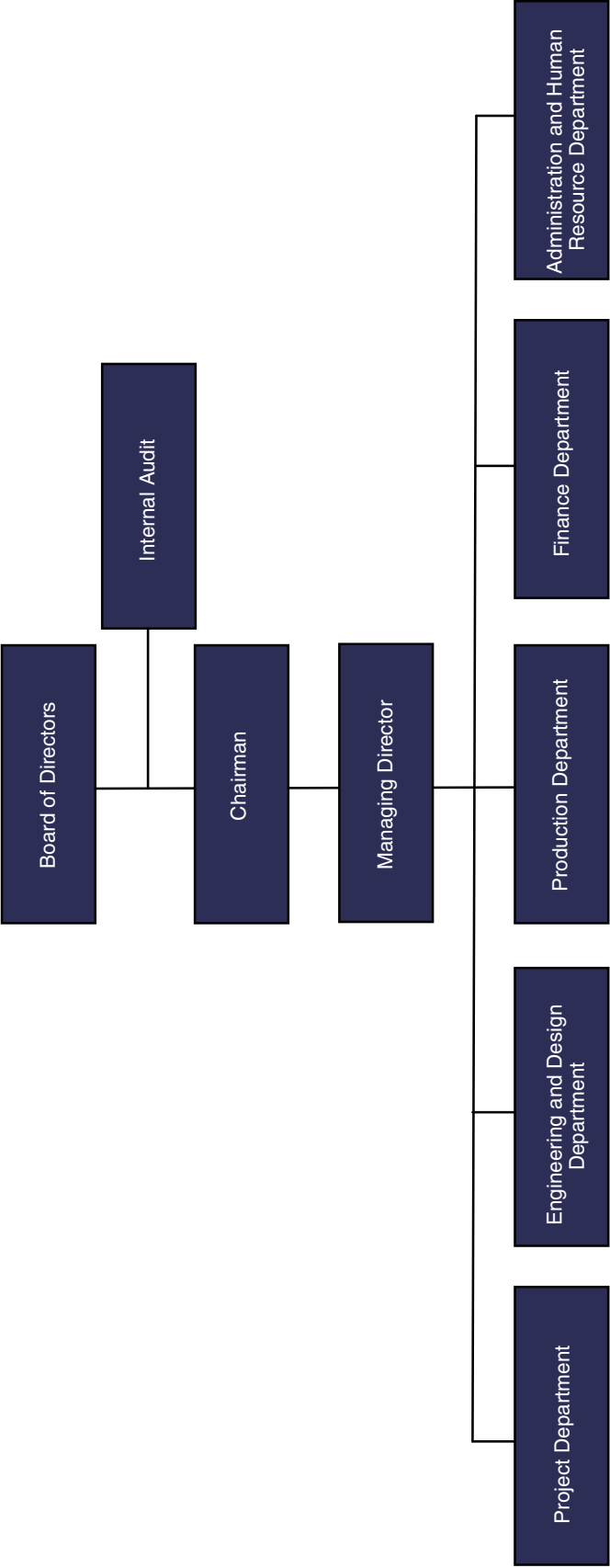
Save as disclosed in the sections entitled “Restructuring Exercise” and “Interested Person Transactions” of this Offer Document:

- (a) none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has or had any interest direct or indirect, in any material transactions to which our Company or our subsidiaries was or is a party;
- (b) none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has any interest, direct or indirect, in any company carrying on the same business or a similar trade which competed or competes materially and directly with the existing businesses of our Group;
- (c) none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has any interest, direct or indirect, in any company that was or is our customer or supplier of goods and services; and
- (d) none of our Directors, Executive Officers, Controlling Shareholders or any of their associates has any interest in any existing contract or arrangement which was or is significant in relation to the business of our Group.

MANAGEMENT AND CORPORATE GOVERNANCE

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



MANAGEMENT AND CORPORATE GOVERNANCE

DIRECTORS

The Board of Directors is entrusted with the responsibility for the overall management of our Group. Our Directors' particulars are listed below:

Name	Age	Address	Position/Occupation
Edward Lim Chin Wah	56	c/o 6 Tuas West Street, Singapore 637442	Executive Director/Chairman
Yap Tin Foo	50	c/o 6 Tuas West Street, Singapore 637442	Executive Director/Managing Director
Gan Lai Chiang	65	c/o 6 Tuas West Street, Singapore 637442	Lead Independent Director and Chairman of Audit Committee
Gopal Perumal	57	c/o 6 Tuas West Street, Singapore 637442	Independent Director
Tan Teng Wee	57	c/o 6 Tuas West Street, Singapore 637442	Independent Director

Save for Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo, who are also our Substantial Shareholders, none of our Directors are related to one another, our Executive Officers or Substantial Shareholders.

None of our Independent Directors sits on the boards of our subsidiaries.

The working, business experience and areas of responsibility of our Directors are set out below:

Mr. Edward Lim Chin Wah is an Executive Director and the Chairman of our Company and has been a Director of our Group since 2005. He is responsible for the engineering activities of our Group and also oversees the technical and engineering aspects of our operations.

From 1980 to 1987, Mr. Lim was a senior engineering assistant (mechanical) at Bethlehem (S) Pte Ltd and was responsible for the design of HVAC systems, painting and corrosion prevention systems including preparations of all specifications for the procurement of machineries for the construction of oil drilling rigs. From 1987 to 1988, Mr. Lim was a project manager at Tri-Co Engineering Pte Ltd and was responsible for the design and project management of HVAC and cold-room systems. From 1988 to 1994, Mr. Lim started up IEC Insulation & Engineering Construction, and as sole-proprietor was involved in the day to day management of its steel structural fabrication business. The business was subsequently incorporated as a private company with the name IEC Insulation & Engineering Construction Pte Ltd, where Mr. Lim was managing director from 1994 to 1997. From 1997 to 2005, Mr. Lim held the position of executive director of IEC Group Pte Ltd and held sole responsibility for the management of the company's steel structural business and coating and aluminium fabrication business. Mr. Lim joined our Group thereafter.

Mr. Lim graduated from Singapore Polytechnic with a Technician Diploma in Mechanical Engineering and is a member of the Singapore Institute of Directors.

MANAGEMENT AND CORPORATE GOVERNANCE

Mr. Yap Tin Foo is an Executive Director and the Managing Director of our Company and has been a director of our Group since 2001. He is responsible for the business development activities and client relationships of our Group.

From 1989 to 1991, Mr. Yap was a quantity surveyor at Caravelle Construction Pte Ltd and was responsible for the preparation of bidding processes and project management. From 1992 to 1994, Mr. Yap was a senior quantity surveyor to the contract manager of TPS Construction Pte Ltd and was responsible for the preparation of bidding processes, contract negotiation and awarding, project management and cost control. In 1996, Mr. Yap was a quality surveyor at Davis Langdon & Seah Costing Consultant and was appointed as a team leader to manage junior quantity surveyors to prepare bills of quantity for tender documents. From 1996 to 1997, Mr. Yap was a director at Veria Engineering & Development Pte Ltd and was responsible for project management and contract administration. In 1998, Mr. Yap was a senior quantity surveyor at Wee Sin Construction & Development Pte Ltd and was responsible for contract administration and project management. From 1998 to 2001, Mr. Yap was an assistant project manager at Nitor Project Asia Pte Ltd and was responsible for project management and contract administration. Mr. Yap joined our Group thereafter.

Mr. Yap graduated from the University of South Australia, Australia with a Bachelor of Building and is a member of the Singapore Institute of Directors.

Mr. Gan Lai Chiang is our Lead Independent Director and Chairman of our Audit Committee and was appointed on 28 May 2014.

Mr. Gan is currently an Independent Director and the Chairman of the Audit Committee on the board of Health Management International Ltd, an SGX-ST Main Board listed company. Prior to this, he was also an Independent Director and the Chairman of the Audit Committee on the board of Mun Siong Engineering Limited, another SGX-ST Main Board listed company, from 2010 to 2013. He is also concurrently the managing director of Swiss Securitas Asia Pte Ltd, a company specialising in providing security services. Mr. Gan has been holding this position in Swiss Securitas Asia Pte Ltd since 2007. He was also the managing director of ISS Hydroculture Pte Ltd from 2006 to 2010 and a director of Elk Security Pte Ltd, a company specialising in security services from 2009 to 2013. In addition, Mr. Gan has previously served as a Member of Parliament for the Marine Parade GRC, an advisor to various Grassroots Organisations as well as a member of various Community Development Councils.

Mr. Gan holds a Bachelor of Commerce degree from the University of Western Australia. He is a fellow member of the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore) and a fellow member of CPA Australia.

Mr. Gopal Perumal is one of our Independent Directors and was appointed on 28 May 2014.

Mr. Perumal has been a practicing lawyer since the beginning of his career. From 1983 to 1985, Mr. Perumal was a legal assistant at JB Jeyaretnam & Co., and joined G. Murugaiyan & Co. as a legal assistant in 1986. Mr. Perumal subsequently left in 1988 and held the position of legal assistant at Yogen & Partners. In 1990, Mr. Perumal then set up a sole proprietorship under the name of Gopal & Associates which subsequently was converted into a partnership under the name of Gopal & Tan in 1994. He had been a partner with Gopal and Tan until 1996, after which the partnership was converted into a sole proprietorship helmed by Mr. Perumal until 1997. From 1997 to 1999, Mr. Perumal was a partner at Bernard, Rada, Barker & Lee. Mr. Perumal then joined Wong, Gopal & Rai as a partner in 1999, subsequently joining P. Tan & Co. as a partner in 2001. From 2005 to 2009, Mr. Perumal worked with Kang Associates as a partner. Since 2009, Mr. Perumal has been the sole proprietor of Gopal Perumal & Co.

MANAGEMENT AND CORPORATE GOVERNANCE

Mr. Perumal graduated from the National University of Singapore with a Bachelor of Laws (with honours) and is a member of the Law Society of Singapore.

Mr. Tan Teng Wee is one of our Independent Directors and was appointed on 28 May 2014.

Mr. Tan is currently the Managing Director of PSC Freyssinet (S) Pte Ltd ("**PSC Freyssinet**"). He joined PSC Freyssinet in 1993 and was appointed managing director in the same year. He is currently responsible for the PSC Freyssinet's overall performance.

Mr. Tan began his career in 1982 at Singapore Airlines as a site engineer responsible for site and project management. After four months he joined VSL Systems Pte Ltd as a design engineer responsible for structural design and technical support. Mr. Tan was then re-designated as marketing manager and was responsible for marketing and business development activities. Mr. Tan held this position until 1988, after which he was a manager involved in general management of Balken Piling (S) Pte Ltd from 1989 to 1991. From 1991 to 1993, Mr. Tan was a regional manager of Freyssinet Far East Pte Ltd, where he was responsible for business development.

Mr. Tan graduated from the National University of Singapore with a Bachelor of Engineering (Civil). He also holds a Graduate Diploma in Marketing, which he obtained from the Marketing Institute of Singapore. Mr. Tan is a professional engineer and also a fellow of the Institution of Engineers Singapore.

Mr. Yap Tin Foo, Mr. Edward Lim Chin Wah, Mr. Gopal Perumal and Mr. Tan Teng Wee have attended the relevant training and have been updated on the roles and responsibilities of a director of a public listed company in Singapore. Mr. Gan Lai Chiang is an Independent Director and the Chairman of the Audit Committee of Health Management International Ltd, and previously an Independent Director and the Chairman of the Audit Committee of Mun Siong Engineering Limited, which are both listed on the Main Board of the SGX-ST and therefore has the appropriate experience to act as our Director and is familiar with the roles and responsibilities of a director of a public listed company in Singapore.

Save as disclosed in the section entitled "Shareholders" of this Offer Document, there are no other relationships between the Directors and Substantial Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

The list of present and past directorships of each Director over the last five years excluding those held in our Company is set out below:

Name	Present directorships	Past directorships
Edward Lim Chin Wah	Starburst Engineering Pte Ltd Starburst Engineering (M) Sdn. Bhd.	Veria Engineering & Development Pte Ltd Searls Range Systems Pte. Ltd. Fast Trade International (S) Pte. Ltd. Ellim Holdings Ltd. Starburst Holdings Limited ⁽¹⁾
Yap Tin Foo	Starburst Engineering Pte Ltd Starburst Engineering (M) Sdn. Bhd.	Veria Engineering & Development Pte Ltd Searls Range Systems Pte. Ltd. Jenjon Holdings Ltd Starburst Holdings Limited ⁽¹⁾
Gan Lai Chiang	Health Management International Ltd Island Services Private Limited Mahkota Medical Centre Sdn Bhd Regency Specialist Hospital Sdn Bhd Mahkota Medical Group Sdn Bhd Regency Medical Centre (Seri Alam) Sdn Bhd Swiss Securitas Asia Pte. Ltd. Aquaculture Management Services Pte. Ltd. Securiton (M) Sdn Bhd	Mun Siong Engineering Limited ERS Bioculture Pte Ltd SM Laundry & Linen Pte Ltd. Swiss Securitas Investments Pte Ltd. ISS Landscaping Pte Ltd. Contador Pte. Ltd. ISS Hydroculture Pte. Ltd. Energy Market Company Pte Ltd Elk Security Pte Ltd
Gopal Perumal	Nil	Blueacres Investment Pte. Ltd.
Tan Teng Wee	PSC Freyssinet (S) Pte Ltd	Nil

Note:

(1) This company was incorporated in the Cayman Islands.

Past Business Relationship with Independent Director

We had previously engaged Mr. Gopal Perumal for the provision of various legal services, such as the submission of applications for registration of trademarks and acting for us in financing agreements. Professional fees paid to Mr. Perumal in FY2012 and FY2013 amounted to S\$3,450 and S\$8,749, respectively. We will not engage Mr. Perumal to perform legal services for our Group in the future.

MANAGEMENT AND CORPORATE GOVERNANCE

Notwithstanding Mr. Perumal's past business relationship with our Group, the Board considers Mr. Perumal to be capable of exercising independent judgment in his appointment as an Independent Director.

EXECUTIVE OFFICERS

The day-to-day operations are entrusted to our Executive Directors who are assisted by a team of Executive Officers. The particulars of our Executive Officers are set out below:

Name	Age	Address	Proposed Position
Samer Sidani	41	c/o 6 Tuas West Street, Singapore 637442	Chief Executive Officer — Abu Dhabi office
Wu Guangyi	36	c/o 6 Tuas West Street, Singapore 637442	Chief Financial Officer
Andrew Popplewell	41	c/o 6 Tuas West Street, Singapore 637442	Regional Director
Ng Eng Long Josiah Lawrence	51	c/o 6 Tuas West Street, Singapore 637442	Senior Project Manager
Desengano Eduardo Espiritu	48	c/o 6 Tuas West Street, Singapore 637442	Technical Manager
Tan Bee Khee	39	c/o 6 Tuas West Street, Singapore 637442	Administration cum Human Resource Manager

None of our Executive Officers is related to one another, our Directors or to our Substantial Shareholders.

The working, business experience and areas of responsibility of our Executive Officers are set out below:

Mr. Samer Sidani is our Chief Executive Officer — Abu Dhabi office and has been responsible for the management of Starburst Middle East as well as sales activities and project management in the Cooperation Council for the Arab States of the Gulf since 2013.

Mr. Sidani began his career in 1998 when he joined Patchi Silver Factory as a production manager for factory products. In 2000, he joined Zublin-AG as area manager and was responsible for the management of various built projects and held that position until 2005. From 2006, Mr. Sidani was a project manager with Advanced Interactive Systems Limited and was responsible for the management of various built projects and was subsequently re-designated as general manager — business development in 2011. Mr. Sidani was responsible for sales and marketing and held this position until 2013, and joined our Group thereafter.

Mr. Sidani graduated from the Lebanese University, Lebanon with a Degree of Higher Studies in Architecture.

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Mr. Wu Guangyi is our Chief Financial Officer and has been responsible for the financial and accounting functions of our Group, including financial reporting, management reporting and internal control since 2012. Mr. Wu also supports the senior management team in their strategic decision making process as well as the Group's corporate finance and corporate risk management policies.

Prior to joining our Group, Mr. Wu was an auditor at several public accounting firms. He began his career as an Audit Assistant at T S Tay & Associate from 2004 to 2005 and subsequently as an Audit Associate at BDO International from 2005 to 2006. He joined Deloitte & Touche LLP in 2006 as an Audit Associate and was promoted to Audit Senior in 2007 and Audit Assistant Manager in 2009 before joining KPMG Services Pte. Ltd. in 2010, where his last held position was Audit Manager. He rejoined Deloitte & Touche LLP as an Audit Assistant Manager in January 2011 and subsequently was promoted to Audit Manager at Deloitte & Touche LLP. He held this position until 2012, and joined our Group thereafter.

Mr. Wu graduated from the Oxford Brookes University, UK with a Bachelor's Degree in Science in Applied Accounting (with honours) in 2005. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants and a member of the Institute of Singapore Chartered Accountants.

Mr. Andrew Popplewell is our regional director and has been responsible for technical and project management of all projects in the Cooperation Council for the Arab States of the Gulf since 2013.

From 1996 to 2000, Mr. Popplewell was a project manager at Woodhouse, UK and was responsible for the management of various design and build projects. Subsequently, Mr. Popplewell was a design and construct co-ordinator at Galliford Midlands from 2000 to 2002, UK and was responsible for the design and management of private finance initiative new build projects. From 2002 to 2003, Mr. Popplewell was a design manager at Galliford Rail, UK and was responsible for the design and management of design and build projects for rail projects. Mr. Popplewell then joined Advanced Interactive Solutions Limited as a project manager in 2004, and was responsible for project management of design and construction projects. Mr. Popplewell was subsequently promoted to senior project manager in 2005. Mr. Popplewell held this position until 2010 and was re-designated as an operations manager having technical oversight and management of design and construction projects. Mr. Popplewell held this position until 2013, and joined our Group thereafter.

Mr. Popplewell graduated from the Coventry University, UK with a Bachelor's Degree in Civil Engineering (with honours) and, subsequently, a Master's Degree in Civil Engineering.

Mr. Ng Eng Long Josiah Lawrence is our Senior Project Manager and joined our Group in 2009. He is responsible for project management and oversees the execution and progress of our projects.

Mr. Ng has over 20 years experience in project management in the construction industry. Mr. Ng began his project management career with Permasteelisa Pacific Ltd in 1993. He later joined Mero Asia Pacific Pte Ltd as a Project Manager from 1998 to 2001. He rejoined Mero Asia Pacific Pte Ltd from 2003 to 2005 in the same capacity after a brief period of self-employment. From 2005 to 2006, he joined Benson Wall System Pte. Ltd. as a Project Manager. Finally, he was with Redwood Interior Pte Ltd as a Project Manager from 2006 to 2009 before joining the Group.

MANAGEMENT AND CORPORATE GOVERNANCE

Mr. Ng holds a Technician Certificate in Architectural Draftsmanship and a Diploma in Architectural Technology from Singapore Polytechnic. He also holds a Diploma in Sales & Marketing from the Marketing Institute of Singapore and a Diploma in Marketing from the Chartered Institute of Marketing-UK.

Mr. Desengano Eduardo Espiritu is our Technical Manager. He joined our Group in 2005 as a Senior Design Engineer. He was later promoted to Technical Manager in 2008. He is now responsible for all our engineering design and fabrication drawing activities.

Mr. Desengano has over 20 years of experience in engineering design and fabrication drawing activities. He began his career as a Project Engineer involved in the supervision of building construction with Marfi Realty & Development Corp from 1989 to 1991. He joined Union Square 1 Condominium Corp. as an Engineering Supervisor in 1991. He joined Tostem Philippines Limited, Inc as a Curtain Wall Engineer responsible in the preparation of structural calculations for building facade works in 1995. He was a Structural Engineer with CAD Solutions Inc. from 1998 to 2000. In 2000, he joined Bescoat Manufacturing Pte Ltd as a Senior Design Engineer before joining us.

Mr. Desengano graduated from the Mapua Institute of Technology in 1987 with a Bachelor of Science in Civil Engineering. He has been also qualified as a civil engineer by the Board of Civil Engineering (Phillippines) since 1989.

Ms. Tan Bee Khee is our Administration cum Human Resource Manager. Ms. Tan joined our Group in 2005 and is responsible for all aspects of human resource and administrative functions of our Group.

Ms. Tan started her career as a sales and purchase officer for Yan Jin (M) Sdn. Bhd. in 1996. In 2000, she joined Eden Floating Palace Sdn. Bhd. as an events marketing executive. In 2001, she joined Liang Huat Group Ltd as a marketing & sales cum administrative executive. In 2003, she joined IEC Group Pte Ltd (presently known as AVA Global Pte Ltd) as a business development & procurement executive before joining us in her current capacity.

Ms. Tan graduated from the University of Portsmouth, UK with a Bachelor of Arts (Honours) in Business and Marketing in 2005. She also holds an Advanced Diploma in Business Administration from Thames Business School, Singapore.

The list of present and past directorships of each Executive Officer over the last five years excluding those held in our Company is set out below:

Name	Present directorships	Past directorships
Samer Sidani	Nil	Nil
Wu Guangyi	Nil	Nil
Andrew Popplewell	Nil	Nil
Ng Eng Long Josiah Lawrence	Nil	Nil
Desengano Eduardo Espiritu	Nil	Nil
Tan Bee Khee	Micropoint Technologies Pte. Ltd.	Nil

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Save for Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo who are also our Substantial Shareholders, none of our Directors and Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers pursuant to which such person was appointed as our Director or Executive Officer.

LEGAL REPRESENTATIVE

Identity of the legal representative

Representative Office	Name	Nationality
Starburst Middle East	Mr. Samer Sidani	Lebanese

Mr. Samer Sidani was appointed after consultations among our senior management personnel, taking into account his experience in operating and managing corporate entities as well as his character and integrity.

Powers and Responsibilities

Pursuant to a resolution of the board of directors of Starburst Singapore, Mr. Samer Sidani is fully authorised to manage and conduct all business activities and to exercise all legal rights and powers, including all rights and powers that may be acquired in the future, with regard to Starburst Middle East. Mr. Samer Sidani's powers include, but are not limited to:

- (a) opening, maintaining or closing all types of bank accounts and other similar accounts with any financial institutions or banks;
- (b) conducting any business with any banking or financial institution with respect to accounts, including but not limited to, making deposits and withdrawals, obtaining bank statements, passbooks, drafts, money orders and certificates or vouchers payable to or by any person, firm or company;
- (c) entering into and signing and terminating a contract with a United Arab Emirates Local Services Agent;
- (d) maintaining, managing and operating Starburst Middle East;
- (e) employing staff and professional and business assistance as may be appropriate, including attorneys, accountants and real estate agents;
- (f) preparing, signing and filing application forms, letters or documents with any governmental body or agency; and
- (g) appointing lawyers and auditors to represent and or defend Starburst Middle East whether in any negotiation or legal action arising in the United Arab Emirates, including the right to arbitrate.

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Under the laws of the United Arab Emirates, a representative office is not permitted to do business and earn profits within the United Arab Emirates and the activities it may undertake in the United Arab Emirates are limited to marketing and/or promoting its foreign parent company products and services. As such, Mr. Sidani's powers may only be exercised in respect of marketing and/or promoting our products and services and do not extend to the conduct of business and earning profits within the United Arab Emirates. Please refer to the section entitled "General Information on our Group — Government Regulations — The United Arab Emirates" of this Offer Document for more information.

Our Group has adopted the following measures in respect of any change of the legal representative of Starburst Middle East:

- (a) implementing an internal control system to ensure that there is proper authorisation for disbursements and delegation of authority;
- (b) implementing measures to safeguard controls over all the company seals (which are kept at our office in Singapore) and cheque books;
- (c) ensuring that bank accounts of Starburst Middle East does not contain cash in excess of three months to be used for operating expenses; and
- (d) ensuring segregation of duties in the cash management process including receipts and disbursements.

Furthermore, under the laws of the United Arab Emirates, the legal representative of Starburst Middle East may be removed and a new legal representative may at the same time be appointed by way of a resolution from the board of directors of Starburst Singapore, our wholly-owned subsidiary.

Taking into consideration the scope of powers of the legal representative of Starburst Middle East under the laws of the United Arab Emirates, we believe that the above measures are reasonably sufficient to safeguard against our legal representative undertaking any unauthorised actions.

In addition, we believe that these measures will help to address the risks involved in the appointment and removal of the legal representative of Starburst Middle East. In this regard, our Directors are of the opinion that there are adequate processes and procedures in place to mitigate the risks associated with the appointment and removal of the legal representative of Starburst Middle East.

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DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The remuneration (including bonus, contributions to CPF and benefits-in-kind) paid or payable to our Directors and Executive Officers and in remuneration bands for FY2012, FY2013 and the estimated remuneration (excluding bonus and contributions to CPF) payable to them on an individual basis and in remuneration bands for FY2014 are as follows:

	FY2012	FY2013	FY2014 (Estimated)
Directors ⁽¹⁾			
Edward Lim Chin Wah	B	B	B
Yap Tin Foo	B	B	B
Gan Lai Chiang	—	—	A
Gopal Perumal	—	—	A
Tan Teng Wee	—	—	A
Executive Officers ⁽¹⁾			
Samer Sidani	—	A	B
Wu Guangyi	A	A	A
Andrew Popplewell	—	A	B
Ng Eng Long Josiah Lawrence	A	A	A
Desengano Eduardo Espiritu	A	A	A
Tan Bee Khee	A	A	A

Note:

- (1) Remuneration bands:
 "Band A" means from S\$0 up to S\$249,999 per annum.
 "Band B" means from S\$250,000 up to S\$499,999 per annum.

Compensation includes benefits in kind and any deferred compensation accrued for the relevant fiscal year and payable at a later date. The estimated amount of compensation payable in the current fiscal year excludes any bonus to be accrued for the current fiscal year.

Performance Bonus Scheme

Pursuant to the terms of their respective letters of appointment, two of our Executive Officers, Mr. Andrew Popplewell and Mr. Samer Sidani, are entitled to a performance bonus to be paid on a quarterly basis, subject to statutory deductions. The performance bonus is calculated based on a 10.0% commission on the net profit of all projects undertaken by Starburst Middle East once a sales target of US\$500,000 (or the local currency equivalent) is reached.

Pension or Retirement

As at the Latest Practicable Date, save for the amounts set aside or accrued in respect of mandatory employee funds, we have not set aside or accrued any amounts to provide pension, retirement or similar benefits to our employees and Directors.

SHARE-BASED INCENTIVE PLANS

On 28 May 2014, our Shareholders approved the Performance Share Plan and the Share Option Scheme (collectively, the "Share-Based Incentive Plans").

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The primary objective of establishing the Share-Based Incentive Plans is to recognise and reward our Directors and employees for their valuable contributions to the growth and success of our Group as well as to retain employees whose services are vital to our success in order to achieve greater growth in our Group. Eligible participants (the “**Participants**”) under the Share-Based Incentive Plans will have the opportunity to participate in the equity of our Company, thereby aligning the interests of the Participants with the interests of our Company and our Shareholders, motivating them towards long-term growth and profitability of our Group and better performance through increased dedication and incentives.

Under the Share Option Scheme, a Participant will be granted the right to subscribe for Shares (the “**Options**”). An Option represents the right of the Participant to receive fully paid Shares upon payment of the Exercise Price (as defined and determined under the Share Option Scheme) within the Exercise Period (as defined in the Share Option Scheme). The Exercise Price and Exercise Period shall be determined by the Administration Committee (as defined below) in its absolute discretion in accordance with the Share Option Scheme. Participants will only be rewarded in the event that the market value of a Share is greater than the Exercise Price, thereby motivating Participants toward improving the market value of the Shares.

The Performance Share Plan aims to promote higher performance goals, and recognise and reward the contributions made by our employees. The Performance Share Plan contemplates the contingent award of fully-paid Shares after certain pre-determined benchmarks have been met (the “**Awards**”). We believe that the Performance Share Plan will be more effective than pure cash bonuses in motivating our employees to work towards pre-determined goals. Under the Performance Share Plan, the size of the Award granted to a Participant will be determined based on, amongst others, his rank, job performance, potential for future development and his contribution to the success and development of the Group as determined by the Administration Committee prior to the date of grant. The performance period here is a forward-looking period for which performance conditions and targets are set and measured over the performance period. The final Award is determined by the performance achievement over the performance period. Awards may comprise fully paid Shares, cash or a combination of fully paid Shares and cash. The performance period, vesting period and other conditions will be determined by the Administration Committee administering the Performance Share Plan.

At any point in time, the aggregate number of Shares which may be issued and/or transferred pursuant to (a) the Share-Based Incentive Plans and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force, shall not exceed 15.0% of the number of all issued Shares (excluding treasury Shares) on the day preceding that date.

The Share-Based Incentive Plans shall continue in force at the discretion of the Administration Committee, subject to a maximum period of 10 years commencing on the date on which the Share-Based Incentive Plans were adopted by our Company in general meeting, provided always that the Share-Based Incentive Plans may continue beyond the above stipulated period with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The reason for having both the Share Option Scheme and Performance Share Plan is to give our Group greater flexibility in structuring compensation packages of eligible Participants, and to provide an additional tool to motivate and retain staff members so that we are able to offer compensation packages that are market-competitive.

As at the date of this Offer Document, no Options or Awards have been granted under the Share-Based Incentive Plans.

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The rules of the Share-Based Incentive Plans may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of this Offer Document. Details of the rules of the Share-Based Incentive Plans are set out in Appendix E to this Offer Document.

Administration of the Share-Based Incentive Plans

The Share-Based Incentive Plans will be administered by a committee comprising of members of our Nominating Committee and Remuneration Committee (the “**Administration Committee**”). In compliance with the requirements of the Listing Manual, a Participant of the Share-Based Incentive Plans who is a member of our Administration Committee shall not be involved in the deliberation or decision in respect of Awards or Options (as the case may be) to be granted or held by that member of the Administration Committee.

Disclosures in Annual Report

The following disclosures (as applicable) will be made by us in our annual report for so long as the Share-Based Incentive Plans continue in operation:

- (a) the names of the members of the Administration Committee administering the Share-Based Incentive Plans;
- (b) in respect of the following Participants of the Share-Based Incentive Plans:
 - (i) Directors;
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the release of Awards released under the Performance Share Plan and/or the exercise of Options under the Share Option Scheme which, in aggregate, represent 5.0% or more of the aggregate of:
 - (A) the total number of new Shares available under the Share-Based Incentive Plans collectively; and
 - (B) the total number of existing Shares delivered pursuant to Awards released under the Share-Based Incentive Plans collectively,

the following information:

- (aa) the name of the Participant;
- (bb) the following particulars relating to Shares delivered pursuant to Awards released under the Performance Share Plan and/or the exercise of Options under the Share Option Scheme:
 - (1) the number of new Shares issued to such Participant during the financial year under review; and
 - (2) the number of existing Shares transferred to each Participant during the financial year under review;

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- (c) in relation to each of the Share-Based Incentive Plans, the following particulars:
- (i) the aggregate number of Shares transferred/issued under the Share-Based Incentive Plans since their commencement to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have been released under the Performance Share Plan and/or the exercise of Options under the Share Option Scheme during the financial year under review and in respect of such Awards, the proportion of:
 - (A) new Shares issued; and
 - (B) existing Shares transferred, and where existing Shares were purchased for transfer, the range of prices at which such Shares have been purchased,upon the release of the vested Awards granted under each of the Share-Based Incentive Plans; and
 - (iii) the aggregate number of Shares comprised in Awards granted under the Performance Share Plan but which have not been released, and Options granted under the Share Option Scheme but which have not been delivered, as at the end of the financial year under review.

Participation by Controlling Shareholders and the associates of our Controlling Shareholders in the Share-Based Incentive Plans

Our Company acknowledges that the services and contributions of employees who are also Controlling Shareholders or associates of our Controlling Shareholders are important to the development and success of our Group. The extension of the Share-Based Incentive Plans to confirmed full-time employees who are also Controlling Shareholders or associates of our Controlling Shareholders allows our Group to have a fair and equitable system to reward employees who have actively contributed to the progress and success of our Group. The participation of employees who are also Controlling Shareholders or associates of our Controlling Shareholders in the Share-Based Incentive Plans will serve both as a reward to them for their dedicated services to our Group and a motivation for them to take a long-term view of our Group.

Although Participants who are Controlling Shareholders or associates of our Controlling Shareholders may already have shareholding interests in our Company, the extension of the Share-Based Incentive Plans to include them ensures that they are equally entitled, with the other employees of our Group who are not Controlling Shareholders or associates of our Controlling Shareholders, to take part and benefit from this system of remuneration. We are of the view that a person who would otherwise be eligible should not be excluded from participating in the Share-Based Incentive Plans solely by reason that he/she is a Controlling Shareholder or an associate of our Controlling Shareholder(s).

The specific approval of our independent Shareholders is required for the participation of such persons as well as the actual number and terms of such Options and/or Awards. A separate resolution must be passed for each such Participant. In seeking such approval from our independent Shareholders, clear rationale for the proposed participation of our Controlling Shareholders and associates of our Controlling Shareholders, the number and terms of the

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Options and/or Awards to be granted to each such person shall be provided. Accordingly, we are of the view that there are sufficient safeguards against any abuse of the Share-Based Incentive Plans resulting from the participation of employees who are Controlling Shareholders or associates of our Controlling Shareholders.

Participation by Non-Executive Directors (including Independent Directors) in the Share-Based Incentive Plans

While the Share-Based Incentive Plans cater principally to employees of our Group, it is recognised that there are other persons who make significant contributions to our Group through their close working relationships with our Group, even though they are not employed within our Group. Such persons include the Directors who are non-executive directors, such as our Independent Directors.

Directors who are non-executive directors, such as our Independent Directors, are persons from different professions and working backgrounds, bringing to our Group their wealth of knowledge, business expertise and contacts in the business community. They play an important role in helping our Group shape its business strategy by allowing our Group to draw on their diverse backgrounds and working experience. It is crucial for our Group to attract, retain and incentivise Directors who are non-executive directors, such as our Independent Directors. By aligning their interests with the interests of the Shareholders, our Company aims to inculcate a sense of commitment on the part of the Directors who are non-executive directors, such as our Independent Directors, towards serving the short- and long-term objectives of our Group.

The Directors are of the view that including Directors who are non-executive directors, such as our Independent Directors, in the Share-Based Incentive Plans will show our Company's appreciation for, and further motivate them in their contribution towards the success of our Group. However, as their services and contributions cannot be measured in the same way as the full-time employees of our Group, while it is desired that participation in the Share-Based Incentive Plans be made open to Directors who are non-executive directors, such as our Independent Directors, any Options or Awards that may be granted to any such Director would be intended only as a token of our Company's appreciation.

Financial Effects of the Share-Based Incentive Plans

Share Capital

The Share-Based Incentive Plans may result in an increase in our Group's issued share capital when new Shares are issued to Participants pursuant to the grant of the Awards or exercise of the Options, as the case may be. However, if existing Shares are purchased for delivery to Participants in lieu of issuing new Shares to them, there will be no impact on our Group's issued share capital.

Net Tangible Assets

As described below, the Share-Based Incentive Plans will result in a charge to our Group's statement of comprehensive income equal to the market value at which the new Shares are issued or liability recognised. For cash-settled Share-Based Incentive Plans, the Net Tangible Assets of our Group will decrease by the amount of expenses charged to the statement of comprehensive income. For equity-settled Share-Based Incentive Plans, there will be no effect on the Net Tangible Assets of our Group due to the offsetting effect of expenses recognised and increased share capital or reserves.

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It should be noted that the delivery of Shares to Participants is contingent upon the Participants meeting prescribed performance targets and conditions. Accordingly, it will result in significant added value to the Net Tangible Assets of our Group before our Shares are delivered.

Costs to our Group

Equity-settled share-based payments are measured at fair value at the date of grant, whereas cash-settled share-based payments are measured at current fair value at the end of each reporting period. In estimating the fair value of the compensation costs, market-based performance conditions are taken into account. The cost is charged to the statement of comprehensive income on a basis that fairly reflects the manner in which the benefits will accrue to the employees under the respective plans over the vesting period.

Our Company has made an application to the SGX-ST for permission to deal in and for quotation of the Shares which may be issued pursuant to the grant of Awards or exercise of Options under the Share-Based Incentive Plans. The approval of the SGX-ST is not to be taken as an indication of the merits of our Company, our subsidiaries or the Shares.

SERVICE AGREEMENTS

Our Company entered into Service Agreements with each of our Executive Directors, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo on 30 May 2014, respectively.

The Service Agreements are for an initial period of three years (the “**Initial Term**”) commencing with effect from the date of admission of our Company to the, subject to automatic renewal on a yearly basis thereafter unless otherwise agreed in writing between our Company and the Executive Directors or terminated in accordance with the Service Agreements. During the Initial Term, the parties may terminate the respective Service Agreement by either party giving not less than six months’ notice in writing to the other. The parties may by mutual agreement waive or vary the notice requirement. We may also terminate the Service Agreements by notice upon the occurrence of certain events such as serious misconduct, bankruptcy or criminal conviction. Upon termination, the Executive Director concerned shall immediately resign from all positions and offices held and shall delivery to us, in proper order and condition, all books, documents, papers, materials and any other property or assets relating to our business or affairs which may then be in his possession or control.

Pursuant to the terms of the Service Agreements, each of Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo will receive an annual salary of approximately S\$360,000 and an annual wage supplement of 3 months’ salary. In addition, each of them is entitled to an annual performance bonus in respect of each financial year commencing from FY2014, such bonus to be computed on the basis of our Group’s audited consolidated profit before income tax (“**CPBT**”) for each financial year (before deducting for such performance bonus payments and excluding any gains earned from extraordinary and exceptional items), as follows:

CPBT	Bonus
CPBT is less than S\$5 million	Nil
CPBT is between S\$5 million and S\$10 million	1.25% of CPBT
CPBT is between S\$10 million and S\$15 million	1.50% of CPBT
CPBT exceeds S\$15 million	1.75% of CPBT

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The remuneration of our Executive Directors is subject to review by our Remuneration Committee within one month from the Board's approval of the audited consolidated accounts of the Group for the immediate preceding financial year and may be revised thereafter by such amount. Such revision shall take effect from the date as may be determined by the Board in its absolute discretion. The relevant Executive Director shall abstain from voting, if applicable, in respect of any resolution or decision to be made by our Board in relation to the terms and renewal of his Service Agreement.

The Executive Directors shall also be entitled to participate in the Performance Share Plan and Share Option Scheme at our Company's discretion based on their personal performance as well as the performance of our Group for that year.

Our Group will also extend to each of the Executive Directors, among others, medical benefits in line with our Group's prevailing policy. All entertainment expenses, travelling, accommodation and other out-of-pocket expenses incurred by them in connection with our Group's business will also be reimbursed by our Company. Each of our Executive Directors will also be entitled to the use of a vehicle to be provided by our Company or a fixed allowance of S\$6,000 per month in lieu of the use of such vehicle (or such amount as may from time to time be agreed in writing between with the Executive Directors). On 30 November 2012, we entered into two hire purchase agreements with Hong Leong Finance Limited in connection with the hire purchase of two motor vehicles registered in the name of Starburst Singapore for the use of our Executive Directors, respectively. The value of each of the hire purchase agreements is S\$300,000 with a fixed rate of hire purchase of 1.88% per annum. For more information on these hire purchase agreements, please refer to the section entitled "Capitalisation and Indebtedness — Indebtedness" of this Offer Document. The Executive Directors are also entitled to all other remuneration and benefits generally available to our employees, or as the Board shall from time to time determine.

Under the terms of the Service Agreements, each of the Executive Directors is subject to certain restrictive covenants as described below. Each of them is also prohibited, during the term of their Service Agreements and their termination thereof, to disclose any information, which they know or ought to reasonably know to be confidential concerning the business of our Group, so far as the information had come to their knowledge during their appointment with our Company.

Each of our Executive Directors shall not at any time during the period of his employment and for a period of three years after the expiry or termination of his employment for whatever reason, do or permit, the doing of, amongst others, the following without the prior written consent of the Board:

- (a) directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation whatsoever, except in a business, trade or occupation which does not compete with any business carried on or proposed to be carried on by our Group or except as disclosed or declared in writing to our Group prior to the date hereof, provided always that this shall not prohibit his holding or him being interested in shares or debentures of not more than 5.0% of the total issued share capital of any other company listed on any stock exchange; or
- (b) either solely or jointly with or on behalf of any person, firm or corporation directly or indirectly carry on or be engaged or interested in any business competing with any

MANAGEMENT AND CORPORATE GOVERNANCE

business carried on or proposed to be carried on by our Group, provided always that this shall not prohibit his holding or him being interested in shares or debentures of not more than 5.0% of the total issued share capital of any other company listed on any stock exchange; or

- (c) be directly or indirectly engaged or concerned in the conduct of any business competing directly with the business carried on or proposed to be carried on by our Group at any time during the period of his employment; or
- (d) carry on for his own account either alone or in partnership (or be concerned as a director in any company engaged in) any business competing directly with the business carried on or proposed to be carried on by our Group; or
- (e) assist any person, firm or company with technical advice in relation to any business competing directly with the business carried on or proposed to be carried on by our Group; or
- (f) otherwise be interested, directly or indirectly, in any business competing directly with the business carried on or proposed to be carried on by our Group, provided always that this shall not prohibit his holding or him being interested in shares or debentures of not more than 5.0% of the total issued share capital of any other company listed on any stock exchange; or
- (g) either on his own account or for any person, firm, company or organisation solicit or entice or endeavour to solicit or entice away from our Group, or directly or indirectly employ, any person who has at any time during the preceding three years of the employment been a Director, manager, servant or consultant whether or not such person would commit any breach of his contract of employment by reason of leaving the service of the relative Group Company; or
- (h) either on his own account or for any person, firm, company or organisation solicit business from any person firm company or organisation which at any time during the preceding three years of his employment, has been a customer, client, agent or correspondent of our Group or in the habit of dealing with us.

Had the Service Agreements been in place with effect from 1 January 2013, the aggregate remuneration paid to our Executive Directors for FY2013 would have been approximately S\$1.22 million instead of approximately S\$0.87 million and our profit before tax for FY2013 would have decreased from approximately S\$10.11 million to approximately S\$9.76 million.

Save as disclosed above, there are no other existing or proposed service agreements between our Company or our subsidiaries and any of our Directors. There are no existing or proposed service agreements entered into or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment without cause.

We have also entered into letters of employment with our Executive Officers. Such letters typically provide for the remuneration payable to these Executive Officers, their working hours, annual leave entitlements and grounds of termination.

CORPORATE GOVERNANCE

Audit Committee

Our Audit Committee comprises Mr. Gan Lai Chiang, Mr. Gopal Perumal and Mr. Tan Teng Wee. The Chairman of our Audit Committee is Mr. Gan Lai Chiang. Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will meet periodically and will, amongst others, carry out the following functions:

- (i) assist our Board in the discharge of its responsibilities on financial and reporting matters;
- (ii) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and our management's response, and results of our audits compiled by our internal and external auditors;
- (iii) review the half-yearly and annual financial statements and results announcements before submission to our Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Rules of Catalist and any other statutory/regulatory requirements;
- (iv) review the effectiveness and adequacy of our internal control and procedures, including accounting and financial controls and procedures and ensure coordination between our internal and external auditors, and our management, reviewing the assistance given by our management to the independent auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the independent auditors may wish to discuss (in the absence of our management where necessary);
- (v) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (vi) review and discuss with the 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 our Group's operating results or financial position, and our management's response;
- (vii) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- (viii) review significant financial reporting issues and judgments with the financial controller and the external auditors so as to ensure the integrity of the financial statements of our Group and any formal announcements relating to our Group's financial performance before their submission to our Board of Directors;

MANAGEMENT AND CORPORATE GOVERNANCE

- (ix) to review and report to the Board at least annually the adequacy and effectiveness of our Group's material internal controls with the financial controller and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditors;
- (x) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Rules of Catalist (if any);
- (xi) review any potential conflicts of interest;
- (xii) review and approve all hedging policies and instruments (if any) to be implemented by our Group;
- (xiii) undertake such other reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;
- (xiv) review and establish procedures for receipt, retention and treatment of complaints received by our Group, amongst others, criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on our Group; and
- (xv) generally to undertake such other functions and duties as may be required by statute or the Rules of Catalist, and by such amendments made thereto from time to time.

In addition to the duties listed above, our Audit Committee shall also commission an annual internal controls audit to be undertaken by third party internal auditors until such time that it is satisfied that the internal controls of our Group are sufficiently robust and effective in mitigating any key internal control weaknesses our Group may have. Prior to decommissioning such annual internal controls audit, our Board shall report to the Sponsor and the SGX-ST the basis for deciding to decommission the annual internal controls audit, as well as the measures taken to rectify our key weaknesses in and/or strengthen the internal controls of our Group. Thereafter, our Audit Committee shall commission such audits as and when it deems fit for the purposes of satisfying itself that the internal controls of our Group have remained robust and effective. Upon the completion of an internal control audit, our Board shall make the appropriate disclosures via SGXNET of any weaknesses in our Group's internal controls which may be material or of a price-sensitive nature, as well as any follow-up actions to be taken by our Board.

Our Audit Committee and the Sponsor after having (i) interviewed Mr. Wu Guangyi, our Chief Financial Officer; (ii) considered his qualifications and past working experience (as described in the section entitled "Management and Corporate Governance — Executive Officers" of this Offer Document); and (iii) noted the absence of any negative feedback from Deloitte & Touche LLP, our Independent Auditors and Reporting Accountants, are of the view that Mr. Wu is suitable for the position of Chief Financial Officer of our Group.

After making all reasonable enquiries and to the best of their knowledge and belief, nothing has come to the attention of the members of our Audit Committee to cause them to believe that Mr. Wu does not have the competence, character and integrity expected of a Chief Financial Officer of a listed issuer.

Our Audit Committee 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

MANAGEMENT AND CORPORATE GOVERNANCE

infringement of any Singapore law, rules or regulations which has or is likely to have a material impact on our results of our Group's operating results and/or financial position. Each member of our Audit Committee shall abstain from reviewing any particular transaction or voting on any such resolution in respect of which he is interested in.

In preparation for our Listing, our Audit Committee has held discussions with our Chief Financial Officer together with our Independent Auditors and Reporting Accountants in relation to our internal controls. During the course of discussions, our Audit Committee was briefed on our Group's current internal control procedures, with emphasis on our Group's internal controls of cash and bank balances and procedures on the reconciliation and confirmation of bank balances.

Our Board of Directors has also noted that no material internal control weaknesses have been raised by our Independent Auditors and Reporting Accountants in the course of their audit of the financial statements of our Group for the past three financial years ended 31 December 2011, 2012 and 2013.

Following our Listing on Catalist, our Audit Committee will continually review the effectiveness of the internal control procedures within our Group and, if necessary, outsource our Group's internal audit function to ensure the adequacy and sufficiency of internal controls procedures within our Group.

Based on the foregoing, our Board, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address the financial, operational and compliance risks.

Nominating Committee

Our Nominating Committee comprises Mr. Gan Lai Chiang, Mr. Gopal Perumal and Mr. Tan Teng Wee. The Chairman of our Nominating Committee is Mr. Tan Teng Wee. Our Nominating Committee will be responsible for the following functions:

- (i) to recommend to the Board on board appointments, including re-nominations of existing directors for re-election in accordance with our Articles of Association, taking into account the director's contribution and performance;
- (ii) to review and approve any new employment of related persons and proposed terms of their employment;
- (iii) to determine on an annual basis whether or not a Director of our Company is independent;
- (iv) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such 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;
- (v) to decide whether or not a Director of our Company is able to and has been adequately carrying out his duties as a director; and

MANAGEMENT AND CORPORATE GOVERNANCE

- (vi) to develop a process for evaluation of the performance of our Board, its committees and our 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 addition, our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board.

Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as Director of our Company. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Remuneration Committee

Our Remuneration Committee comprises Mr. Gan Lai Chiang, Mr. Gopal Perumal and Mr. Tan Teng Wee. The Chairman of our Remuneration Committee is Mr. Gopal Perumal. Our Remuneration Committee shall recommend to our Board a framework of remuneration for the Directors and Executive Officers, as well as specific remuneration packages for each Executive Director. The quantum of the bonus of our Executive Directors and Managing Director will be subject to the approval of our Remuneration Committee. The bonus for our other Executive Officers will be determined solely by our Executive Directors and Managing Director.

The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire Board. The scope of responsibilities of our Remuneration Committee encompasses all aspects of remuneration, including but not limited to our Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. Our Remuneration Committee shall also review the remuneration of senior management and employees related to our Directors, if any. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his or her remuneration package.

If necessary, our Remuneration Committee shall seek expert advice inside and/or outside our Company on remuneration matters. Our Remuneration Committee shall ensure that existing relationships, if any, between our Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Board Practices

Our Directors are to be appointed by our Shareholders at a general meeting and an election of Directors is held annually. One third (or the number nearest to one third) of our Directors are required to retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Further details on the appointment and retirement of Directors can be found in Appendix B to this Offer Document. Mr. Gan Lai Chiang will be appointed as the Lead Independent Director to serve as the principal point of contact for Shareholders when they have concerns that contact through the normal channels of the Executive Chairman has failed to resolve or for which such contact is inappropriate.

DESCRIPTION OF OUR SHARES

The following are summaries of our capital structure and the more important rights and privileges of our Shareholders as conferred by the laws of Singapore and our Memorandum and Articles of Association. These statements summarise material provisions of our Articles of Association but are qualified in entirety by reference to our Articles of Association and the laws of the Singapore. A copy of our Memorandum and Articles of Association will be available for inspection at our office during normal business hours for a period of six months from the date of the registration of this Offer Document with the SGX-ST.

Shares

Our Articles provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations. Our Shares do not have a par value.

As at the Latest Practicable Date, our issued ordinary share capital is S\$25,887,741 comprising 200,000,000 Shares.

As at the date of this Offer Document, all the Shares have been issued and fully paid. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the Rules of Catalist, purchase our own Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

Shareholders

Only persons who are registered on our register of shareholders and, in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the depository register for that Share. We may close our register of members for any time or times if we provide the Accounting and Corporate Regulatory Authority of Singapore with at least 14 days' notice and the SGX-ST at least 10 clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Rules of Catalist or the rules or by-laws of the SGX-ST. Our Directors may, in their discretion, decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed S\$2.0 and furnishes any evidence and indemnity that our Directors may require.

DESCRIPTION OF OUR SHARES

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Directors may convene an extraordinary general meeting whenever they think fit and must do so if our Shareholders representing not less than 10.0% of the total voting rights of all our Shareholders, request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10.0% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the Chairman of the meeting in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits. We may satisfy dividends by the issue of Shares to our Shareholders. Please refer to the sub-section entitled “— Bonus and Rights Issue” below. All dividends are paid *pro rata* amongst our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

DESCRIPTION OF OUR SHARES

Bonus and Rights Issue

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Take-overs

Under the Take-over Code issued by the Authority pursuant to Section 321 of the SFA, any person acquiring an interest, either on his own or together with persons acting in concert with him, in 30.0% or more of our voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with persons acting or presumed to be acting in concert with him, between 30.0% and 50.0% of the voting Shares acquires additional voting Shares representing more than 1.0% of the voting Shares in any six-month period.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, Director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in the sub-sections entitled “— Voting Rights” and “— Take-overs” above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote ordinary Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

DESCRIPTION OF OUR SHARES

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) in the case of a purchase of Shares by our Company, provide for a reduction accordingly of our Company's capital; or
- (f) provide that we be wound up.

Treasury Shares

Our Articles of Association expressly permit our Company to purchase or acquire Shares or stocks of our Company and to hold such Shares or stocks (or any of them) as treasury shares in accordance with requirements of Section 76 of the Companies Act. Our Company may make a purchase or acquisition of our own Shares (a) on a securities exchange if the purchase or acquisition has been authorised in advance by our Company in general meeting; or (b) otherwise than on a securities exchange if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by our Company in general meeting. The aggregate number of Shares held as treasury shares shall not at any time exceed 10.0% of the total number of Shares of our Company at that time. Any excess shares shall be disposed or cancelled before the end of a period of six months beginning with the day on which that contravention of limit occurs, or such further period as the Registrar may allow. Where Shares or stocks are held as treasury shares by our Company through purchase or acquisition by our Company, our Company shall be entered in the register as the member holding those Shares or stocks.

Our Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. Such rights include any right to attend or vote at meetings and our Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

DESCRIPTION OF OUR SHARES

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of our Company's assets (including any distribution of assets to members on a winding up) may be made to our Company in respect of the treasury shares. However, this would not prevent an allotment of Shares as fully paid bonus Shares in respect of the treasury shares or the subdivision or consolidation of any treasury share into treasury share of a smaller amount, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where Shares are held as treasury shares, our Company may at any time (i) sell the Shares (or any of them) for cash; (ii) transfer the Shares (or any of them) for the purposes of or pursuant to an employees' share scheme; (iii) transfer the Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person; or (iv) cancel the Shares (or any of them).

TAXATION

Singapore Taxation

The following is a discussion of certain tax matters arising under the current tax laws in Singapore on the tax consequences in relation to the purchase, ownership and disposal of the Shares. The discussion is based on current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice.

While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this Offer Document, no assurance can be given that the courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such law, which may be retrospective, will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of the Shares by Shareholders, and does not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a Shareholder's decision with regard to the Invitation.

Shareholders should consult their own tax advisors regarding Singapore income tax and other consequences of owning and disposing of the Shares. It is emphasised that neither we, the Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

Singapore Income Tax

Corporate income tax

A Singapore tax resident corporate taxpayer is subject to Singapore income tax on:

- income accrued in or derived from Singapore; and
- foreign sourced income received or deemed received in Singapore, unless otherwise exempted.

Foreign sourced income in the form of branch profits, dividends and service fee income received or deemed received in Singapore by a Singapore tax resident corporate taxpayer are exempted from Singapore tax subject to meeting the qualifying conditions.

A non-Singapore tax resident corporate taxpayer, subject to certain exceptions, is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore.

A company is regarded as tax resident in Singapore if the control and management of the company's business is exercised in Singapore. Normally, control and management of the company is vested in its board of directors and the place of residence of the company is where its directors meet.

The corporate tax rate in Singapore is 17.0% with effect from Year of Assessment ("YA") 2010. In addition, three-quarters of up to the first S\$10,000, and one-half of up to the next S\$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. For YAs 2013 to 2015, companies are given a 30.0% corporate tax rebate capped at S\$30,000 for each YA.

TAXATION

Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed received by a Singapore tax resident individual is generally exempt from income tax in Singapore (except for such income received through a partnership in Singapore) and if the Comptroller of income tax is satisfied that the tax exemption would be beneficial to the individual. Certain Singapore-sourced investment income received or deemed received by individuals is also exempt from tax.

Currently, a Singapore tax resident individual is subject to tax at the progressive rates, ranging from 0.0% to 20.0%.

A non-Singapore tax resident individual is normally taxed at the tax rate of 20.0% except that Singapore employment income is taxed at a flat rate of 15.0% or at resident rates, whichever yields a higher tax.

An individual is regarded as a tax resident in Singapore if in the calendar year preceding the YA, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Dividend Distributions

Under the one-tier corporate tax system, the tax paid by a resident company is a final tax and the distributable profits of the company can be paid to shareholders as tax exempt (one-tier) dividends. Dividends paid by us will be exempt from tax in the hands of Shareholders, regardless of the tax residence status or the legal form of the Shareholders. However, foreign Shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Capital Gains Tax

Any gains considered to be in the nature of capital made from the disposal of the Shares will not be taxable in Singapore. However, any gains derived by any person from the disposal of the Shares which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

In addition, the Inland Revenue Authority of Singapore has issued a circular entitled "Certainty of Non-taxation of Companies' Gains on Disposal of Equity Investments" in order to provide greater upfront certainty to companies which derive gains from disposal of equity investments ("**Certainty of Non-taxation Circular**"). According to the Certainty of Non-taxation Circular, gains derived from the disposal of ordinary shares by companies will not be taxed if the divesting company has immediately prior to the date of the share disposal held at least 20.0% of the ordinary shares in the investee company for a continuous period of at least 24 months. This tax treatment will only apply to disposals made during the period from 1 June 2012 to 31 May 2017 (both dates inclusive) and will not apply to divesting companies whose gains or profits from the disposal of shares are included as part of their income under section 26 of the Income Tax Act (Chapter 134 of Singapore), as well as disposals in unlisted investee companies that are in the business of trading or holding Singapore immoveable properties (other than the business of property development).

TAXATION

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2%, computed on the consideration paid or market value of our Shares, whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently received in Singapore.

Goods and Services Tax

The sale of our Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt sale not subject to GST. Any GST directly or indirectly incurred by the investor in respect of this exempt sale is a cost to the investor.

Where our Shares are sold by a GST-registered investor in the course of or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging to a country other than Singapore, the sale should generally, subject to the satisfaction of certain conditions, be considered a zero-rated sale (i.e., subject to GST at a zero tax rate). Any GST incurred by the investor in the making of this sale, if the same is a supply in the course of or furtherance of a business, may be claimable as a refund from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 7.0%. Similar services rendered contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to the satisfaction of certain conditions, be taxed at a zero tax rate (i.e., zero-rated).

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents and Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Articles of Association and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S\$10.0 for each withdrawal of 1,000 Shares or less and a fee of S\$25.0 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.0 or such other amount as our Directors may decide, is payable to the Share Registrar and Share Transfer Office for each share certificate issued and a stamp duty of S\$10.0 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S\$0.2 per S\$100.0 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.0 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer of stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7.0% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP Depository Agent. The CDP Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers and Controlling Shareholders:
 - (a) has, at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction 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 two years from the date he ceased to be a partner;
 - (b) has, at any time during the last 10 years, had an application or a petition under any law of any jurisdiction 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 two 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;
 - (c) has any unsatisfied judgement against him;
 - (d) 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;
 - (e) 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;
 - (f) has, at any time during the last 10 years, had judgement 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, nor has he 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;
 - (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (h) 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;
 - (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
 - (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

GENERAL AND STATUTORY INFORMATION

- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
- (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;
- (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
- (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 the period when he was so concerned with the entity or business trust; or

- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Our Executive Directors, Mr. Yap Tin Foo and Mr. Edward Lim Chin Wah, were executive directors of several companies that were voluntarily liquidated in the period between 2009 to 2013. Mr. Yap Tin Foo was an executive director of Veria Engineering & Development Pte Ltd, Searls Range Systems Pte. Ltd., Jenjon Holding Ltd and Starburst Holdings Limited¹ while Mr. Edward Lim Chin Wah was an executive director of Fast Trade International (S) Pte Ltd, Veria Engineering & Development Pte Ltd, Searls Range Systems Pte. Ltd., Ellim Holdings Ltd and Starburst Holdings Limited¹. Fast Trade International (S) Pte Ltd and Veria Engineering & Development Pte Ltd were both voluntarily liquidated in 2009 and 2010, respectively, while Searls Range Systems Pte. Ltd., Ellim Holdings Ltd, Jenjon Holding Ltd and Starburst Holdings Limited¹ were all voluntarily liquidated in 2013. These companies were voluntarily liquidated based on commercial considerations. In particular, Veria Engineering & Development Pte Ltd and Searls Range Systems Pte. Ltd. were voluntarily liquidated as their businesses were consolidated with that of Starburst Singapore. All three companies were in net assets position as at the time of voluntary liquidation. Jenjon Holding Ltd, Ellim Holdings Ltd and Starburst Holdings Limited¹ were investment holding companies incorporated in anticipation of a restructuring exercise. The Group ultimately did not proceed with the restructuring exercise, and the said companies were accordingly voluntarily liquidated.

Our Executive Directors, Mr. Yap Tin Foo and Mr. Edward Lim Chin Wah, were executive directors in Veria Engineering & Development Pte Ltd (a company unrelated to our Group and which has since been voluntarily wound up), which was summoned by the Subordinate Courts in Singapore in relation to the late filing of its annual income tax returns (as required under Section 62(8) of the Income Tax Act 2001, Chapter 134 of Singapore) at various times in the past. In each such instance, Veria Engineering & Development Pte Ltd compounded the offence and subsequently filed its annual tax return. The composition fees ranged from S\$200 to S\$800.

¹ This company was incorporated in Cayman Islands.

GENERAL AND STATUTORY INFORMATION

Mr. Gan Lai Chiang, our Lead Independent Director, was an executive director of Elk Security Pte Ltd (“**Elk Security**”), a limited exempt private company. Elk Security was incorporated in 2001 and is primarily engaged in providing security personnel services. Mr. Gan was appointed as a director of Elk Security in 2009. Elk Security has five shareholders, including Mr. Gan. In 2012, Elk Security commenced an expansion in its business in anticipation of a S\$5.0 million investment from a third party, which ultimately did not materialise. Due to the business expansion and the capital intensive nature of its business, Elk Security incurred substantial costs (mostly in relation to the salaries of security personnel) which resulted in it having insufficient funds for its working capital. Although Elk Security was able to obtain bank facilities, these funds were insufficient for Elk Security’s purposes. As a result, Elk Security became insolvent and had to engage in discussions with its creditors (which also included some of the shareholders of Elk Security) following which the board of directors of Elk Security decided to liquidate Elk Security in May 2013 to avoid incurring more costs. We have also been informed by Mr. Gan Lai Chiang that the liquidator had indicated that the winding up of Elk Security is expected to be completed by July 2014.

In 2005, a former client of Mr. Gopal Perumal, our Independent Director, commenced a legal proceeding against him for an amount of S\$17,500. The former client had commenced proceedings to dispute the professional fees that were invoiced by Mr. Gopal Perumal for services rendered. The claim was subsequently dismissed by the courts on the ground that there was no reasonable cause of action.

In 2006, Mr. Gopal Perumal, our Independent Director, was subject to an inquiry from the Law Society of Singapore (the “**LSS**”) in connection with a complaint by the same former client. The client’s allegation was that Mr. Gopal Perumal had acted without his authorisation and instructions in respect of his engagement. The complaint against him was investigated by an inquiry panel and eventually dismissed by the LSS without any sanction on him.

2. There is no shareholding qualification for Directors under our Articles of Association.
3. No option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers.
4. None of our Directors is interested, directly or indirectly, in the promotion of, or in any property or assets which have, within the two years preceding the date of this Offer Document, been acquired or disposed of by or leased to us or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to us or any of our subsidiaries.
5. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

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SHARE CAPITAL

6. As at the Latest Practicable Date, there is only one class of shares in the capital of our Company. There are no founder, management or deferred shares. The rights and privileges attached to our Shares are stated in our Articles of Association.
7. Save as disclosed in the section entitled “Share Capital” of this Offer Document, there are no changes in the share capital of our Company or our subsidiaries within the three years preceding the Latest Practicable Date.
8. Save as disclosed in the section entitled “Restructuring Exercise” of this Offer Document, no shares in, or debentures of, our Company or any of our subsidiaries have been issued, or are proposed to be issued, as fully or partly paid for cash or for a consideration other than cash, during the last three years preceding the date of lodgement of this Offer Document.
9. As at the Latest Practicable Date, no person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

MEMORANDUM AND ARTICLES OF ASSOCIATION

10. Our Company is registered in Singapore with the Accounting and Corporate Regulatory Authority with a registration number 201329079E.

A summary of our Articles of Association relating to, amongst others, Directors’ powers to vote on contracts in which they are interested, Directors’ remuneration, Directors’ borrowing powers, Directors’ retirement, Directors’ share qualification, rights pertaining to Shares, convening of general meetings and alteration of capital are set out in Appendix B to this Offer Document. Our Articles of Association are available for inspection at our registered office in accordance with paragraph 34 in the section entitled “General and Statutory Information — Documents Available for Inspection” of this Offer Document.

MATERIAL CONTRACTS

11. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Offer Document and are or may be material:
 - (a) the sale and purchase agreements entered into in relation to the Restructuring Exercise as described in the section entitled “Restructuring Exercise” of this Offer Document;
 - (b) in respect of a proposed listing of Starburst Singapore on the Taiwan Stock Exchange, which was contemplated to take place in 2013:
 - (i) a stock listing consultancy agreement dated 27 July 2012 (the “**Stock Listing Consultancy Agreement**”) entered into between Starburst Singapore and the Grand Cathay Securities Corporation (“**Grand Cathay**”) pursuant to which Grand Cathay agreed to assist with and underwrite a proposed listing of Starburst Singapore in Taiwan for certain fees payable, including a monthly consultancy fee of NTD150,000; and

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- (ii) the termination agreement dated 26 March 2013 entered into between Starburst Singapore and Grand Cathay pursuant to which the parties agreed to the mutual termination of the Stock Listing Consultancy Agreement.

LITIGATION

- 12. As at the Latest Practicable Date, neither us nor any of our subsidiaries is engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of lodgement of the Offer Document, a material effect on our financial position or profitability and/or the financial position or profitability of our subsidiaries.

SPONSORSHIP, MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

- 13. Pursuant to the Management and Sponsorship Agreement, our Company appointed DBS Bank to sponsor and manage the Invitation, subject to the terms and conditions of the Management and Sponsorship Agreement. DBS Bank will receive a management fee from our Company for such services rendered.
- 14. Pursuant to the Underwriting and Placement Agreement, our Company appointed DBS Bank to underwrite the subscription and the payment of the Offer Shares and to subscribe and pay for and/or procure subscriptions for and payment of the Placement Shares on the terms and subject to the conditions of the Underwriting and Placement Agreement. DBS Bank will receive a selling and underwriting commission from our Company on the aggregate gross proceeds raised under the Invitation of 3.0% for such services rendered. DBS Bank shall be at liberty at its own expense to make sub-underwriting arrangements for the Offer Shares, and to make sub-placement arrangements for the Placement Shares.
- 15. Subscribers of the Placement Shares may be required to pay brokerage or selling commission of up to 1.0% (and any applicable taxes such as GST as applicable) of the Issue Price to the Placement Agent or any sub-placement agent.
- 16. The Management and Sponsorship Agreement may be terminated by DBS Bank at any time before the close of the Application List on the occurrence of certain events including:
 - (a) DBS Bank becoming aware of any breach by us of any warranties or undertakings given by us to DBS Bank in the Management and Sponsorship Agreement;
 - (b) there shall have been in the reasonable opinion of DBS Bank (following consultation with our Company) since the date of the Management and Sponsorship Agreement, any introduction or prospective introduction of or any change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authorities) in Singapore, which event or events shall in the reasonable opinion of DBS Bank (1) result or be likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or elsewhere; or (2) be likely to materially prejudice the success of the Invitation (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Management and Sponsorship Agreement; or (4) be such that no reasonable manager or sponsor would have

GENERAL AND STATUTORY INFORMATION

- entered into the Management and Sponsorship Agreement; or (5) make it uncommercial or otherwise contrary to or outside the usual commercial practices of management or sponsorship in Singapore for DBS Bank to observe or perform or be obliged to observe or perform the terms of the Management and Sponsorship Agreement; or
- (c) the Underwriting and Placement Agreement is terminated pursuant to its provisions.
17. The Underwriting and Placement Agreement may be terminated by DBS Bank at any time before the close of the Application List on the occurrence of certain events including:
- (a) DBS Bank becoming aware of any breach by us of any warranties or undertakings given by us to DBS Bank in the Underwriting and Placement Agreement;
- (b) there shall have been in the reasonable opinion of DBS Bank (following consultation with our Company) since the date of the Underwriting and Placement Agreement, any introduction or prospective introduction of or any change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Authority, the Securities Industry Council of Singapore, the SGX-ST or any other relevant authorities) in Singapore, which event or events shall in the reasonable opinion of DBS Bank (1) result or be likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or elsewhere; or (2) be likely to materially prejudice the success of the Invitation (whether in the primary market or in respect of dealings in the secondary market); or (3) make it impracticable, inadvisable, inexpedient or uncommercial to proceed with any of the transactions contemplated in the Underwriting and Placement Agreement; or (4) be such that no reasonable underwriter or placement agent would have entered into the Underwriting and Placement Agreement; or (5) make it uncommercial or otherwise contrary to or outside the usual commercial practices of underwriting or placement agency in Singapore for DBS Bank to observe or perform or be obliged to observe or perform the terms of the Underwriting and Placement Agreement; or
- (c) the Management and Sponsorship Agreement is terminated pursuant to its provisions.
18. In the event that the Management and Sponsorship Agreement or the Underwriting and Placement Agreement is terminated, we reserve the right, at the absolute discretion of our Directors, to cancel the Invitation.
19. In the reasonable opinion of our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, DBS Bank, does not have a material relationship with our Company, save as disclosed below and in the sections entitled “Plan of Distribution” and “Capitalisation and Indebtedness” of this Offer Document:
- (a) DBS Bank is the Sponsor, Issue Manager, Underwriter and Placement Agent of the Listing and the Receiving Banker and Principal Banker; and
- (b) DBS Bank will be the continuing Sponsor of our Company for a period of three years from the date our Company is admitted and listed on Catalist.

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MISCELLANEOUS

20. There has been no previous issue of Shares by us or offer for sale of our Shares to the public within the two years preceding the date of this Offer Document.
21. There has not been any public take-over offer by a third party in respect of our Shares or by us in respect of shares of another corporation or units of a business trust which has occurred between the date of the incorporation of our Company to the Latest Practicable Date.
22. Save as disclosed in this Offer Document, no amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.
23. Save as disclosed in the section entitled “General and Statutory Information — Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.
24. No expert employed on a contingent basis by our Company or any of our subsidiaries, has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.
25. Application monies received by us in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with DBS Bank (the “**Receiving Bank**”). In the ordinary course of business, the Receiving Bank will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
26. Save as disclosed in this Offer Document, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits and the profits of our subsidiaries.
27. Save as disclosed in this Offer Document, our financial condition and operations are not likely to be affected by any of the following:
 - (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure;
 - (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

GENERAL AND STATUTORY INFORMATION

- (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.
- 28. Save as disclosed in this Offer Document, our Directors are not aware of any event which has occurred since the end of FY2013 to the Latest Practicable Date which may have a material effect on our financial position and results or the financial information provided in this Offer Document.
- 29. Deloitte & Touche LLP is our current auditors. We currently have no intention of changing our auditors after the listing of our Company on the Official List of Catalist.

CONSENTS

- 30. The Sponsor, Issue Manager, Underwriter and Placement Agent, DBS Bank, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and references thereto in the form and context in which they are included in this Offer Document and to act in such capacity in relation to this Offer Document.
- 31. The Independent Auditors and Reporting Accountants, Deloitte & Touche LLP, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto and the “Independent Auditors’ Report on the Combined Financial Statements for the Financial Years ended 31 December 2011, 2012 and 2013” (as reproduced on pages A-1 and A-2 of the Appendix A), in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.
- 32. The Industry Consultant, Converging Knowledge Pte Ltd, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto and the report entitled “Independent Market Research on the Engineering and Construction of Training Facilities for the Defence Industry — Southeast Asia and the GCC” as set out in Appendix C and the statements made in the section entitled “General Information on our Group — Trend and Prospects” of this Offer Document, in the form and context in which they are included in this Offer Document, and to act in such capacity in relation to this Offer Document.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

- 33. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

GENERAL AND STATUTORY INFORMATION

DOCUMENTS AVAILABLE FOR INSPECTION

34. The following documents or copies thereof may be inspected at our registered office during normal business hours for a period of six months from the date of registration of this Offer Document with the SGX-ST (acting as agent on behalf of the Authority):

- (a) our Memorandum and Articles of Association;
- (b) the Independent Auditors' Report on the Combined Financial Statements for the Financial Years Ended 31 December 2011, 2012 and 2013 as set out in Appendix A to this Offer Document;
- (c) the respective audited financial statements of our Company and our subsidiaries for the financial years ended 31 December 2011, 2012 and 2013;
- (d) the Service Agreements referred to in this Offer Document;
- (e) the report entitled "Independent Market Research on the Engineering and Construction of Training Facilities for the Defence Industry — Southeast Asia and the GCC" as set out in Appendix C to this Offer Document;
- (f) the rules of the Share Option Scheme as set out in Appendix E to this Offer Document;
- (g) the rules of the Performance Share Plan as set out in Appendix E to this Offer Document;
- (h) the letters of consent referred to in this Offer Document; and
- (i) the material contracts as set out in paragraph 11 of the section entitled "General and Statutory Information — Material Contracts" of this Offer Document.

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APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

2 July 2014

The Board of Directors
Starburst Holdings Limited
6 Tuas West Street
Singapore 637442

Dear Sirs

We have audited the combined financial statements of Starburst Holdings Limited (the "Company") and its subsidiaries (the "Group"). The combined financial statements comprise the combined statements of financial position as at December 31, 2011, 2012 and 2013, and the related combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the years ended December 31, 2011, 2012 and 2013 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes, as set out on pages A-3 to A-50.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with the Singapore Financial Reporting Standards 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with the Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the combined financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

Opinion

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at December 31, 2011, 2012 and 2013 and of the results, changes in equity and cash flows of the Group for the Relevant Periods.

Restriction on Distribution and Use

These combined financial statements have been prepared solely in connection with the proposed listing of Starburst Holdings Limited on the Catalist Board of the Singapore Exchange Securities Trading Limited and for no other purposes. This report is made solely to you, as a body and for no other purpose, we do not assume responsibility towards or accept liability to any other person for the contents of this report.

Yours faithfully

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants

Singapore

Lee Boon Teck
Partner

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

COMBINED STATEMENTS OF FINANCIAL POSITION
December 31, 2011, 2012 and 2013

	<i>Note</i>	2013 \$'000	2012 \$'000	2011 \$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	7	478	6,450	1,797
Fixed deposits	7	—	354	667
Trade and other receivables	8	10,478	2,719	5,443
Contract work-in-progress	9	10,595	2,273	5,021
Inventories	10	3,139	1,338	2,543
Total current assets		<u>24,690</u>	<u>13,134</u>	<u>15,471</u>
Non-current assets				
Fixed deposits pledged	7	5,514	3,000	2,977
Prepayment	8	1,155	—	—
Property, plant and equipment	11	8,853	2,516	1,843
Total non-current assets		<u>15,522</u>	<u>5,516</u>	<u>4,820</u>
Total assets		<u><u>40,212</u></u>	<u><u>18,650</u></u>	<u><u>20,291</u></u>
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trust receipts, bank overdrafts and loans	12	3,208	273	4,954
Trade and other payables	13	3,837	1,245	3,921
Current portion of finance leases	14	86	86	71
Contract work-in-progress	9	282	—	—
Income tax payable		1,540	1,319	1,124
Total current liabilities		<u>8,953</u>	<u>2,923</u>	<u>10,070</u>

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

	<i>Note</i>	2013 \$'000	2012 \$'000	2011 \$'000
Non-current liabilities				
Bank loans	12	3,796	1,666	1,939
Finance leases	14	421	507	2
Deferred tax liabilities	15	<u>1,161</u>	<u>—</u>	<u>—</u>
Total non-current liabilities		<u>5,378</u>	<u>2,173</u>	<u>1,941</u>
Capital and reserves				
Share capital	16	450	450	450
Asset revaluation reserve	17	5,218	—	—
Currency translation reserve		—*	—	—
Retained earnings		<u>20,213</u>	<u>13,104</u>	<u>7,836</u>
Equity attributable to owners of the Company		25,881	13,554	8,286
Non-controlling interests		<u>—</u>	<u>—</u>	<u>(6)</u>
Total equity		<u>25,881</u>	<u>13,554</u>	<u>8,280</u>
Total liabilities and equity		<u><u>40,212</u></u>	<u><u>18,650</u></u>	<u><u>20,291</u></u>

* This represents \$176.

See accompanying notes to combined financial statements.

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2011, 2012 and 2013

	<i>Note</i>	2013 \$'000	2012 \$'000	2011 \$'000
Revenue	18	21,045	17,337	22,734
Other operating income	19	1,211	131	11
Project and production costs	20	(8,412)	(6,682)	(11,558)
Employee benefits expenses		(2,058)	(1,752)	(1,212)
Depreciation expense		(422)	(140)	(236)
Other operating expenses	21	(1,175)	(1,118)	(2,286)
Finance costs	22	<u>(82)</u>	<u>(135)</u>	<u>(308)</u>
Profit before income tax		10,107	7,641	7,145
Income tax expense	23	<u>(1,378)</u>	<u>(1,177)</u>	<u>(1,132)</u>
Profit for the year	24	<u>8,729</u>	<u>6,464</u>	<u>6,013</u>
Other comprehensive income (net of tax):				
<u>Items that will not be reclassified to profit or loss:</u>				
Gain on revaluation of property	11	6,287	—	—
Deferred tax arising from the revaluation of property	15	<u>(1,069)</u>	<u>—</u>	<u>—</u>
Other comprehensive income for the year, net of tax		<u>5,218</u>	<u>—</u>	<u>—</u>
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Exchange differences on translation of foreign operation		<u>—*</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year		<u><u>13,947</u></u>	<u><u>6,464</u></u>	<u><u>6,013</u></u>
Profit attributable to:				
Owners of the Company		8,729	6,468	6,059
Non-controlling interests		<u>—</u>	<u>(4)</u>	<u>(46)</u>
		<u><u>8,729</u></u>	<u><u>6,464</u></u>	<u><u>6,013</u></u>

* This represents \$176

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

	<i>Note</i>	2013 \$'000	2012 \$'000	2011 \$'000
Total comprehensive income attributable to:				
Owners of the Company		13,947	6,468	6,059
Non-controlling interests		<u>—</u>	<u>(4)</u>	<u>(46)</u>
		<u>13,947</u>	<u>6,464</u>	<u>6,013</u>
Basic and diluted earnings per share (cents)	28	4.36	3.23	3.03

See accompanying notes to combined financial statements.

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

COMBINED STATEMENTS OF CHANGES IN EQUITY

Years ended December 31, 2011, 2012 and 2013

	Share Capital \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total \$'000
Balance at January 1, 2011	<u>450</u>	<u>—</u>	<u>—</u>	<u>1,777</u>	<u>2,227</u>	<u>—</u>	<u>2,227</u>
Transactions with owners, recognised directly in equity							
Non-controlling interest arising during the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>40</u>	<u>40</u>
Profit for the year, representing total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,059</u>	<u>6,059</u>	<u>(46)</u>	<u>6,013</u>
Balance at December 31, 2011	<u>450</u>	<u>—</u>	<u>—</u>	<u>7,836</u>	<u>8,286</u>	<u>(6)</u>	<u>8,280</u>
Transactions with owners, recognised directly in equity							
Effects on disposal of interest in subsidiary (Note 25)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>10</u>	<u>10</u>
Dividend (Note 26)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>—</u>	<u>(1,200)</u>
Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>10</u>	<u>(1,190)</u>
Profit for the year, representing total comprehensive income for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,468</u>	<u>6,468</u>	<u>(4)</u>	<u>6,464</u>
Balance at December 31, 2012	<u>450</u>	<u>—</u>	<u>—</u>	<u>13,104</u>	<u>13,554</u>	<u>—</u>	<u>13,554</u>
Total transactions with owners, recognised directly in equity							
Dividend (Note 26)	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,620)</u>	<u>(1,620)</u>	<u>—</u>	<u>(1,620)</u>
Total comprehensive income for the year:							
Profit for the year	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,729</u>	<u>8,729</u>	<u>—</u>	<u>8,729</u>
Other comprehensive income	<u>—</u>	<u>5,218</u>	<u>—*</u>	<u>—</u>	<u>5,218</u>	<u>—</u>	<u>5,218</u>
Total	<u>—</u>	<u>5,218</u>	<u>—*</u>	<u>8,729</u>	<u>13,947</u>	<u>—</u>	<u>13,947</u>
Balance at December 31, 2013	<u>450</u>	<u>5,218</u>	<u>—*</u>	<u>20,213</u>	<u>25,881</u>	<u>—</u>	<u>25,881</u>

* This represents \$176

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

COMBINED STATEMENT OF CASH FLOWS

Years ended December 31, 2011, 2012 and 2013

	2013	2012	2011
	\$'000	\$'000	\$'000
Operating activities			
Profit before income tax	10,107	7,641	7,145
Adjustments for:			
Increase in (Writeback of) allowance for inventories	72	(1)	—
Bad debts written off	1	—	—
Allowance for doubtful receivables	—	16	1,382
Writeback of allowance of doubtful trade receivables	(1,145)	—	—
Provision for foreseeable losses	—	—	142
Depreciation expense	422	140	236
Interest expense	82	135	308
Interest income	(14)	(22)	(1)
Gain on disposal of subsidiary	—	(16)	—
Amortisation of prepaid insurance	15	—	—
Gain on disposal of property, plant and equipment	—	(85)	—
Operating cash flows before movements in working capital	9,540	7,808	9,212
Trade and other receivables	(7,785)	2,676	(5,206)
Inventories	(1,873)	1,206	(2,393)
Contract work-in-progress	(8,040)	2,748	(4,583)
Trade and other payables	<u>2,592</u>	<u>(2,467)</u>	<u>2,618</u>
Cash (used in) generated from operations	(5,566)	11,971	(352)
Income tax paid	(1,065)	(982)	(214)
Interest paid	(82)	(135)	(308)
Interest received	<u>14</u>	<u>22</u>	<u>1</u>
Net cash (used in) from operating activities	<u>(6,699)</u>	<u>10,876</u>	<u>(873)</u>
Investing activities			
(Increase) Decrease in fixed deposits (Note 7)	(2,160)	290	(3,645)
Purchase of property, plant and equipment (Note A)	(472)	(96)	(107)
Proceeds from disposal of property, plant and equipment	—	85	—
Disposal of subsidiary (Note 25)	—	(151)	—
Proceeds from non-controlling interests in subsidiary	<u>—</u>	<u>—</u>	<u>40</u>
Net cash (used in) from investing activities	<u>(2,632)</u>	<u>128</u>	<u>(3,712)</u>

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

	2013	2012	2011
	\$'000	\$'000	\$'000
Financing activities			
Repayment of finance lease	(86)	(197)	(136)
Trust receipts	1,290	(2,402)	2,402
Proceeds from bank loans	3,000	—	—
Repayment of bank loans	(459)	(294)	(240)
Dividend paid	<u>(1,620)</u>	<u>(1,200)</u>	<u>—</u>
Net cash from (used in) financing activities	<u>2,125</u>	<u>(4,093)</u>	<u>2,026</u>
Net (decrease) increase in cash and cash equivalents	(7,206)	6,911	(2,559)
Cash and cash equivalents at beginning of year	6,450	(461)	2,098
Effect of foreign exchange rate charges on the balance of cash held in foreign currencies	<u>—*</u>	<u>—</u>	<u>—</u>
Cash and cash equivalents at end of year (Note B)	<u><u>(756)</u></u>	<u><u>6,450</u></u>	<u><u>(461)</u></u>

* This represents \$176

Note A: PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

In the financial year 2013, the Group acquired equipment with an aggregate cost of \$472,000 (2012 : \$813,000, 2011: \$190,000) of which \$Nil (2012 : \$717,000, 2011 : \$83,000) was acquired under finance lease arrangement. Cash payments of \$472,000 (2012 : \$96,000, 2011 : \$107,000) was made to purchase of property, plant and equipment.

Note B: CASH AND CASH EQUIVALENTS

	2013	2012	2011
	\$'000	\$'000	\$'000
Cash at bank (Note 7)	478	5,114	91
Fixed deposits (Note 7)	5,514	4,690	5,350
Bank overdraft (Note 12)	<u>(1,234)</u>	<u>—</u>	<u>(2,258)</u>
	4,758	9,804	3,183
Fixed deposits with maturity date that is more than 3 months from the end of the reporting period (Note 7)	—	(354)	(667)
Fixed deposits pledged (Note 7)	<u>(5,514)</u>	<u>(3,000)</u>	<u>(2,977)</u>
	<u><u>(756)</u></u>	<u><u>6,450</u></u>	<u><u>(461)</u></u>

See accompanying notes to combined financial statements.

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2011, 2012 and 2013

1 GENERAL

The Company (Registration No. 201329079E) is incorporated in Singapore on October 28, 2013 with its principal place of business and registered office at 6 Tuas West Street, Singapore 637442. The combined financial statements are expressed in Singapore dollars, which is also the functional currency of the Company.

The combined financial statements have been prepared solely in connection with the proposed listing of the Company on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed below.

Pursuant to the group restructuring (the "Restructuring Exercise") to rationalise the structure of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") in preparation for the proposed listing of the Company, the Company underwent a Restructuring Exercise involving the following:

Restructuring Exercise

On May 23, 2014, the Company entered into a sale and purchase agreement with the Substantial Shareholders to acquire 100.0% of the shares of Starburst Engineering Pte Ltd for a consideration of \$25,887,739, based on the net tangible assets of Starburst Engineering Pte Ltd as at December 31, 2013, paid in full with the allotment and issue of 199,999,998 new shares of the Company, and became the sole shareholder of Starburst Engineering Pte Ltd with effect from May 27, 2014.

On May 23, 2014, the Company entered into a sale and purchase agreement with Starburst Engineering Pte Ltd to acquire 100.0% of the shares of Starburst Engineering (M) Sdn. Bhd. for a consideration of \$40, based on the original cost of investment of Starburst Engineering Pte. Ltd in Starburst Engineering (M) Sdn. Bhd., and became the sole shareholder of Starburst Engineering (M) Sdn. Bhd. with effect from June 2, 2014.

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Upon the completion of the Restructuring Exercise and up to the date of this report, the Company has the following subsidiaries:

Name of subsidiaries	Country of incorporation and operations	Effective proportion of ownership interests and voting power held %	Principal activities
Starburst Engineering Pte Ltd	Singapore	100	Manufacture of ordinary accessories, training, protection and containment system; and building construction including major upgrading works
Starburst Engineering (M) Sdn. Bhd.	Malaysia	100	Dormant

Basis of preparation of the combined financial statements

The Group resulting from the Restructuring Exercise as disclosed in Note 1 is regarded as a continuing entity throughout the years ended December 31, 2011, 2012 and 2013 (the "Relevant Periods") as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company is only incorporated on October 28, 2013, the combined financial statements of the Group for the Relevant Periods have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entities under the common control to the Company has been effected as at the beginning of the Relevant Periods presented in these combined financial statements, or since their respective dates of establishment or acquisition whichever is the shorter period.

The combined financial statements of the Group for the years ended December 31, 2011, 2012 and 2013 were authorised for issue by the Board of Directors on 2 July 2014.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The combined financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2013, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to FRS 1 *Presentation of Items of Other Comprehensive Income* retrospectively for the first time in the current year. Under the amendments to FRS 1, the Group also grouped items of other comprehensive income into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes, the application of the amendments to FRS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

FRS 113 *Fair Value Measurement*

The Group has applied FRS 113 for the first time in the current year. FRS 113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The fair value measurement requirements of FRS 113 apply to both financial instrument items and non-financial assets for which other FRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of FRS 102 *Share-based*

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Payment, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

FRS 113 includes extensive disclosure requirements, although specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Consequently the Group has not made any new disclosures required by FRS 113 for the comparative period.

Other than the additional disclosures, the application of FRS 113 has not had any material impact on the amounts recognised in the combined financial statements.

At the date of authorisation of these combined financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*

FRS 110 *Consolidated Financial Statements* and FRS 27 *Separate Financial Statements*

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation — Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after January 1, 2014, with full retrospective application subject to transitional provisions.

When the Group adopts FRS 110, entities it currently consolidates may not qualify for consolidation, and entities it currently does not consolidate may qualify for consolidation. The Group is currently estimating the effects of FRS 110 on its investments in the period of initial adoption.

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

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BASIS OF COMBINATION — The combined financial statements incorporate the financial statements of the Company and its subsidiaries and had been prepared using the principles of merger accounting and on the assumption that the re-organisation of entities controlled by the same shareholders has been effected as at the beginning of the Relevant Periods presented in these combined financial statements.

All significant intercompany transactions and balances between group enterprises are eliminated on combination.

The acquisition of subsidiaries, other than those involving entities under common control, is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 Business Combinations are recognised at their fair values at the acquisition date. Acquisition-related costs are recognised in profit or loss as incurred.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

FINANCIAL INSTRUMENTS — Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

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Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing trust receipts, bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

CONTRACT WORK-IN-PROGRESS - Where the outcome of a contract work-in-progress can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

LEASES — Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to

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profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

INVENTORIES — Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a first in, first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT — Leasehold land and building held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of such leasehold land and building is recognised in other comprehensive income and accumulated in asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such leasehold land and building is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

Property, plant and equipment (except for revalued leasehold land and building as disclosed above) are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is charged so as to write off the cost over their estimated useful lives using the straight-line method, on the following bases:

Office equipment	— 3 years
Plant and machinery	— 5 years
Motor vehicles	— 5 years
Furniture and fittings	— 3 years
Computers	— 3 years
Leasehold land and building	— over the remaining lease period of 37 years
Renovation	— 5 years

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Depreciation on revalued leasehold land and building is charged to profit or loss. On subsequent sale or retirement of a revalued leasehold buildings and land, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to accumulated profits.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

IMPAIRMENT OF TANGIBLE ASSETS — At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

PROVISIONS — Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event where, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION — Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Contract revenue

Contract revenue is recognised by reference to the stage of completion of the contract which is stated in Note 2 to the combined financial statements.

Maintenance service revenue

Revenue from maintenance services is recognised upon the completion of the services rendered.

Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS — Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS — Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT — Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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INCOME TAX — Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS — The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The combined financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the combined financial statements.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in

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profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS — Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the entity's accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates which are dealt with below.

(ii) Key sources of estimation uncertainties

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

Allowances for inventories

Allowance for inventories of the Group is based on management's judgement on the realisable value of the inventories. The carrying amount of the Group's inventories is disclosed in Note 10 to the combined financial statements.

Allowances for receivables

Allowance for doubtful receivables of the Group is based on the evaluation of collectibility and age analysis of accounts and on management's estimates. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current credit worthiness and the past collection history of each customer. The carrying amounts of the Group's trade and other receivables are disclosed in Note 8 to the combined financial statements.

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Carrying amount of contract work-in-progress

The recognition of profits or losses and the carrying amount of work-in-progress on a percentage completion basis involves a considerable amount of management's estimates and judgement. These judgements include but are not limited to the projected total cost to completion, including post completion warranty cost and the likely amounts at which additional claims from subcontractors or additional claims to customer would eventually be settled. The carrying amounts of contract work-in-progress stated in Note 9 to the combined financial statements have been determined by management after considering the latest available information relating to individual contracts.

Leasehold land and buildings carried at revalued amounts

During the year, an independent professional valuer was engaged to assist management in deriving the fair value of the leasehold land and building.

In deriving the fair value, the independent professional valuer used market evidence of recent transactions for broadly similar properties and estimated the fair value after taking into consideration differences including the different remaining lease terms for these comparable properties.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2013 \$'000	2012 \$'000	2011 \$'000
Financial assets			
Loans and receivables (including cash and bank balances)	<u>25,997</u>	<u>14,755</u>	<u>15,752</u>
Financial liabilities			
Amortised cost	<u>11,348</u>	<u>3,777</u>	<u>10,887</u>

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

(c) Financial risk management policies and objectives

The Group is exposed to various financial risks arising in the normal course of business. It has adopted risk management policies and utilises a variety of techniques to manage its exposure to these risks.

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There has been no change to the Group's exposure to these financial risks or the manners in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including United States dollar, Canadian dollar, Malaysian ringgit, United Arab Emirates Dirhams and Qatari Riyal and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Assets			Liabilities		
	2013	2012	2011	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States dollar	54	608	—	(12)	—	—
Canadian dollar	64	368	—	—	—	—
Malaysian ringgit	—	—	—	(194)	—	—
United Arab Emirates Dirham	261	—	—	—	—	—
Qatari Riyal	<u>6,594</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, profit or loss will increase (decrease) by approximately:

	2013	2012	2011
	\$'000	\$'000	\$'000
United States dollar	2	30	—
Canadian dollar	3	18	—
Malaysian ringgit	(10)	—	—
United Arab Emirates Dirham	13	—	—
Qatari Riyal	<u>330</u>	<u>—</u>	<u>—</u>

The impact will be vice-versa if the relevant foreign currencies weaken by 5.0% against the functional currency of each Group entity.

(ii) Interest rate risk management

The Group is exposed to interest rate risk arising from changes in interest rates for interest-earning cash balances and fixed deposits, and interest-bearing debts.

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The interest rates for bank overdrafts, bank loans and trust receipts are disclosed in Note 12 to the combined financial statements. No hedging has been taken by the Group for borrowings which bear floating interest rates.

Interest rate sensitivity

The sensitivity analyses below have been determined on the exposure to interest rates for the Group's bank overdrafts, bank loans and trust receipts throughout the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of possible change in interest rates.

If interest rates increase/decrease by 100 basis points with all other variables held constant, the Group's profit for the year would have been lower/higher by approximately \$70,000 (2012 : \$18,000, 2011 : \$66,000), respectively, as a result of higher/lower interest expense on floating rate bank borrowings.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk is primarily attributable to its cash and cash equivalents, trade and other receivables.

Cash and cash equivalents are placed with reputable financial institutions.

The carrying amount of financial assets recorded in the combined financial statements, which are net of any allowances for losses, represents the Group's maximum exposure to credit risk.

Further details of credit risks on trade and other receivables are disclosed in Note 8.

At the end of the reporting period, the Group has a certain concentration of credit risk as about 77.0% (2012 : 90.0%, 2011 : 86.0%) of the total trade and other receivables were due from the Group's 3 largest customers.

(iv) Liquidity risk management

The objective of liquidity management is to ensure that the Group has sufficient funds to meet its contractual and financial obligations. To manage this risk, the Group monitors its net operating cash flow and maintains a level of cash and cash equivalents deemed adequate by management for working capital purposes so as to mitigate the effects of fluctuations in cash flows.

The Group also utilises overdrafts and loans from financial institutions for working capital purposes.

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Non-derivative financial liabilities

	Weighted average effective interest rate %	On demand or within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000	Adjustment \$'000	Total \$'000
2013						
Non-interest bearing	—	3,837	—	—	—	3,837
Variable interest rate instruments	3.74	3,320	2,959	1,130	(410)	6,999
Fixed interest rate instruments	3.58	102	388	89	(67)	512
		<u>7,259</u>	<u>3,347</u>	<u>1,219</u>	<u>(477)</u>	<u>11,348</u>
2012						
Non-interest bearing	—	1,245	—	—	—	1,245
Variable interest rate instruments	2.62	139	557	1,241	(159)	1,778
Fixed interest rate instruments	3.88	256	393	186	(81)	754
		<u>1,640</u>	<u>950</u>	<u>1,427</u>	<u>(240)</u>	<u>3,777</u>
2011						
Non-interest bearing	—	3,921	—	—	—	3,921
Variable interest rate instruments	5.57	4,815	557	1,380	(201)	6,551
Fixed interest rate instruments	4.59	270	166	—	(21)	415
		<u>9,006</u>	<u>723</u>	<u>1,380</u>	<u>(222)</u>	<u>10,887</u>

Non-derivative financial assets

All financial assets of the Group are on demand or due within one year except for retention trade receivables of \$347,000 (2012 : \$1,485,000, 2011 : \$1,455,000) and the pledged fixed deposits of \$5,514,000 (2012 : \$3,000,000, 2011 : \$2,977,000) which is due within 2 to 5 years.

- (v) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the combined financial statements approximate their fair values.

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(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in Notes 12 and 14, issued capital and retained earnings. The Group is required to maintain specified gearing ratio in order to comply with covenants in loan agreements with banks.

The Group is in compliance with externally imposed capital requirements. The Group's overall strategy remains unchanged from the preceding year.

5 RELATED COMPANY TRANSACTIONS

Related companies in these combined financial statements refer to the subsidiaries of the Company. There are transactions and arrangements with the subsidiaries in the Group and the effect of these on the basis determined between the parties is reflected in these combined financial statements. The intercompany balances are unsecured, interest-free, repayable on demand unless stated otherwise.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are therefore not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with a related party and the effect of these on the basis determined between the party is reflected in these combined financial statements. The related party is an entity with common direct shareholder. Balances due to a related party are unsecured, interest-free, repayable on demand.

Other than those disclosed elsewhere, significant transactions with related parties was as follows:

	2013	2012	2011
	\$'000	\$'000	\$'000
Professional and consultancy fees paid to a related party which a director had interests	<u>—</u>	<u>125</u>	<u>190</u>

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Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2013	2012	2011
	\$'000	\$'000	\$'000
Short-term benefits	1,405	932	492
Post-employment benefits	<u>36</u>	<u>36</u>	<u>52</u>
	<u>1,441</u>	<u>968</u>	<u>544</u>

7 CASH AND CASH EQUIVALENTS

	2013	2012	2011
	\$'000	\$'000	\$'000
Fixed deposits	5,514	4,690	5,350
Cash on hand and at bank	<u>478</u>	<u>5,114</u>	<u>91</u>
	5,992	9,804	5,441
Less: Fixed deposits with maturity date that is more than 3 months from the end of the reporting period	—	(354)	(667)
Less: Fixed deposits pledged (non-current)	<u>(5,514)</u>	<u>(3,000)</u>	<u>(2,977)</u>
	478	6,450	1,797
Less: Bank overdrafts	<u>(1,234)</u>	<u>—</u>	<u>(2,258)</u>
Cash and cash equivalents in the combined statement of cash flows	<u>(756)</u>	<u>6,450</u>	<u>(461)</u>

Fixed deposits bear interest at an average effective interest rate of 0.28% (2012 : 0.26%, 2011 : 0.35%) per annum and for a weighted average tenure of approximately 325 days (2012 : 318 days, 2011 : 329 days).

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8 TRADE AND OTHER RECEIVABLES

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Unbilled revenue	913	1,382	1,382
Retention sum receivable	1,280	1,901	1,725
Trade receivables from outside parties	595	741	3,439
Bills receivable	6,594	—	—
Allowance for doubtful receivables	(16)	(16)	—
Allowances for doubtful unbilled revenue	<u>—</u>	<u>(1,382)</u>	<u>(1,382)</u>
	9,366	2,626	5,164
Prepayment	2,223	41	153
Staff loans	—	—	59
Other receivables	7	17	40
Deposits	<u>37</u>	<u>35</u>	<u>27</u>
	11,633	2,719	5,443
Less: Prepayment (non-current)	<u>(1,155)</u>	<u>—</u>	<u>—</u>
Trade and other receivables (current)	<u><u>10,478</u></u>	<u><u>2,719</u></u>	<u><u>5,443</u></u>

The credit period on trade receivables ranges from 30 to 60 days (2012 : 30 to 60 days, 2011 : 30 to 60 days). No interest is charged on the overdue trade receivables.

As at December 31, 2013, the Group has retention monies held by customers for contract work totalling \$347,000 (2012 : \$1,485,000, 2011 : \$1,455,000) that is due for settlement after more than 12 months. These amounts have been classified as current because they are expected to be realised in the normal operating cycle.

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The table below is an analysis of trade receivables as at December 31:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Not past due and not impaired	9,183	2,425	1,754
Past due but not impaired (i)	<u>183</u>	<u>201</u>	<u>3,410</u>
	<u>9,366</u>	<u>2,626</u>	<u>5,164</u>
Impaired receivables - individually assessed (ii)			
- Customer placed under liquidation	—	1,382	1,382
- Past due more than 12 months and no response to repayment demands	16	16	—
Less: Allowance for impairment	<u>(16)</u>	<u>(1,398)</u>	<u>(1,382)</u>
	<u>—</u>	<u>—</u>	<u>—</u>
Total trade receivables, net	<u><u>9,366</u></u>	<u><u>2,626</u></u>	<u><u>5,164</u></u>

(i) Aging of receivables that are past due but not impaired

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
< 3 months	146	162	3,146
3 months to 6 months	28	23	18
> 6 months	<u>9</u>	<u>16</u>	<u>246</u>
Total	<u><u>183</u></u>	<u><u>201</u></u>	<u><u>3,410</u></u>

(ii) These amounts are stated before any deduction for impairment losses.

In determining the recoverability of a receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Included in the Group's trade and other receivables balance are debtors with a carrying amount of \$183,000 (2012 : \$201,000, 2011 : \$3,410,000) which are past due at the end of the reporting period for which the Group has not made any allowance as there has not been a significant change in credit quality and these amounts, including those not past due and not impaired, are still considered recoverable.

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Movements in allowances for doubtful trade receivables were as follows:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at beginning of year	1,398	1,382	—
Writeback of allowance through recovery	(1,145)	—	—
Amount written off	(237)	—	—
Increase in allowance recognised in profit or loss	<u>—</u>	<u>16</u>	<u>1,382</u>
Balance at end of year	<u><u>16</u></u>	<u><u>1,398</u></u>	<u><u>1,382</u></u>

9 CONTRACT WORK-IN-PROGRESS

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Contracts in progress at end of the reporting period:			
Amounts due from contract customers	10,595	2,415	5,163
Amounts due to contract customers	(282)	—	—
Provision for foreseeable losses	<u>—</u>	<u>(142)</u>	<u>(142)</u>
	<u><u>10,313</u></u>	<u><u>2,273</u></u>	<u><u>5,021</u></u>
Contract costs incurred plus recognised profits (less recognised losses to date)	17,254	31,380	22,213
Less: Progress billings	(6,941)	(28,965)	(17,050)
Less: Provision for foreseeable losses	<u>—</u>	<u>(142)</u>	<u>(142)</u>
	<u><u>10,313</u></u>	<u><u>2,273</u></u>	<u><u>5,021</u></u>

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Movements in the provision for foreseeable losses:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at beginning of year	142	142	—
Increase in provision recognised in profit or loss	—	—	142
Amount written off during the year	<u>(142)</u>	<u>—</u>	<u>—</u>
Balance at end of year	<u>—</u>	<u>142</u>	<u>142</u>

10 INVENTORIES

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Materials	<u>3,139</u>	<u>1,338</u>	<u>2,543</u>

The cost of inventories recognised as an expense (Note 24) includes a charge to allowance of \$72,000 (2012 : reversal of allowance of \$1,000, 2011 : \$Nil) to write down inventories based on management's assessment that certain raw materials cannot be used in production.

Movements in allowance for inventories:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at beginning of year	170	171	171
Reversal to profit or loss	(6)	(1)	—
Increase in allowance recognised in profit or loss	<u>78</u>	<u>—</u>	<u>—</u>
Balance at end of year	<u>242</u>	<u>170</u>	<u>171</u>

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11 PROPERTY, PLANT AND EQUIPMENT

	Office equipment \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Computers \$'000	Leasehold land and building \$'000	Renovation \$'000	Total \$'000
Cost or valuation:								
At January 1, 2011	37	388	561	48	181	1,924	220	3,359
Additions	—	59	101	2	28	—	—	190
At December 31, 2011	37	447	662	50	209	1,924	220	3,549
Additions	7	57	717	3	29	—	—	813
Disposals	—	—	(348)	—	—	—	—	(348)
Write-off	(33)	—	—	(48)	(139)	—	(220)	(440)
At December 31, 2012	11	504	1,031	5	99	1,924	—	3,574
Revaluation increase	—	—	—	—	—	5,976	—	5,976
Additions	13	316	—	12	131	—	—	472
Write-off	—	—	—	—	(5)	—	—	(5)
At December 31, 2013	24	820	1,031	17	225	7,900	—	10,017

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STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013**

	Office equipment \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Computers \$'000	Leasehold land and building \$'000	Renovation \$'000	Total \$'000
Comprising:								
At cost at December 31, 2011	37	447	662	50	209	1,924	220	3,549
At cost at December 31, 2012	11	504	1,031	5	99	1,924	—	3,574
At cost	24	820	1,031	17	225	—	—	2,117
At valuation	—	—	—	—	—	7,900	—	7,900
At December 31, 2013	24	820	1,031	17	225	7,900	—	10,017
Accumulated depreciation:								
At January 1, 2011	28	310	545	48	151	211	177	1,470
Depreciation	7	89	28	1	25	43	43	236
At December 31, 2011	35	399	573	49	176	254	220	1,706
Depreciation	2	17	52	1	26	42	—	140
Disposals	—	—	(348)	—	—	—	—	(348)
Write-off	(33)	—	—	(48)	(139)	—	(220)	(440)
At December 31, 2012	4	416	277	2	63	296	—	1,058
Depreciation	3	54	164	4	40	157	—	422
Write-off	—	—	—	—	(5)	—	—	(5)
Reversal on revaluation of property	—	—	—	—	—	(311)	—	(311)
At December 31, 2013	7	470	441	6	98	142	—	1,164

**APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL
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	Office equipment \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Computers \$'000	Leasehold land and building \$'000	Renovation \$'000	Total \$'000
Carrying amount:								
At December 31, 2013	17	350	590	11	127	7,758	—	8,853
At December 31, 2012	7	88	754	3	36	1,628	—	2,516
At December 31, 2011	2	48	89	1	33	1,670	—	1,843
Carrying amount of assets that would have been included in the financial statements had the assets been carried at cost less depreciation:								
At December 31, 2013	17	350	590	11	127	1,585	—	2,680
At December 31, 2012	7	88	754	3	36	1,628	—	2,516
At December 31, 2011	2	48	89	1	33	1,670	—	1,843

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Leasehold land and building held by the Group as at December 31, 2013 refers to a leasehold building located at 6 Tuas West Street, Singapore 637442 with an unexpired leasehold tenure of approximately 37 years (2012 : 38 years, 2011 : 39 years). The property was revalued at \$7,900,000 as of May 3, 2013 based on a valuation provided by an independent valuer who has an appropriate professional qualification. The valuation was based on the open market value, by reference to market evidence of recent transactions for broadly similar properties after taking into consideration differences including the different remaining lease terms for these comparable properties.

In prior periods, the leasehold land and building is carried at cost less depreciation.

Management considers that certain unobservable inputs used in the fair value measurement of the Group's leasehold land and building are sensitive to the fair value measurement. A change in these inputs will have a corresponding increase / decrease in the fair valuation as follows:

- 1) An increase in the transacted price of broadly similar properties will lead to an increase in the fair value of the leasehold land and building.
- 2) A decrease in the lease term of the land will lead to a decrease in the fair value of the leasehold land and building.

Details of valuation techniques and significant unobservable inputs used in the fair value measurement as at December 31, 2013 are as follows:

Description	Fair value as at May 3, 2013 \$'000	Valuation technique(s)	Significant unobservable input(s)	Range \$
Leasehold land and building	7,900	Direct comparison method	price per square meter	1,387 to 2,049

Management has assessed and classified the Group's leasehold land and buildings as level 3 of the fair value hierarchy.

The Group has motor vehicles with carrying amounts of \$550,000 (2012 : \$706,000, 2011 : \$75,000) under finance leases (Note 14).

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12 TRUST RECEIPTS, BANK OVERDRAFTS AND LOANS

	2013	2012	2011
	\$'000	\$'000	\$'000
<u>Secured - at amortised cost</u>			
Bank overdrafts	1,234	—	2,258
Bank loans	4,480	1,939	2,233
Trust receipts	<u>1,290</u>	<u>—</u>	<u>2,402</u>
	7,004	1,939	6,893
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(3,208)</u>	<u>(273)</u>	<u>(4,954)</u>
Amount due for settlement after 12 months	<u><u>3,796</u></u>	<u><u>1,666</u></u>	<u><u>1,939</u></u>

The Group has four principal bank loans:

- a) A loan of \$1,660,000 (2012 : \$1,778,000, 2011 : \$1,891,000) that bears interest ranging from 1.26% to 1.65% (2012 : 1.26% to 5.25%, 2011 : 5.00% to 5.25%) per annum. It is repayable in 216 monthly instalments from June 2008.
- b) A loan of \$Nil (2012 : \$102,000, 2011 : \$232,000) that bears interest at fixed rate of 5.00% per annum. It is repayable in 48 monthly instalments from October 2009.
- c) A loan of \$5,000 (2012 : \$59,000, 2011 : \$110,000) that bears interest at fixed rate of 5.00% per annum. It is repayable in 48 monthly instalments from February 2010.
- d) A loan of \$2,815,000 (2012 : \$Nil, 2011 : \$Nil) that bears interest ranging from 3.37% to 3.39% (2012 : Nil, 2011 : Nil) per annum. It is repayable in 60 monthly instalments from August 2013.

In the financial year 2013, the bank overdrafts bear interest at 1.50% (2012 : Nil, 2011: fixed rates of 1.50% and 1.75%) per annum above the bank's prime rate. The bank overdrafts are repayable on demand.

In the financial year 2013, the trust receipts bear interest at rates of 1.25% plus prime rate (2012: Nil, 2011: 5.75%) per annum. The trust receipts have maturity dates of approximately 6 months.

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

The average effective interest rates were as follows:

	2013	2012	2011
Trust receipts	5.50%	—	5.74%
Bank overdrafts	5.90%	—	6.17%
Bank loans	<u>2.67%</u>	<u>2.45%</u>	<u>5.13%</u>

The trust receipts, bank overdrafts and loans are secured on the Group's:

- (1) First legal mortgage of the leasehold property;
- (2) Fixed and floating charge on all assets and undertakings, both present and future, including goodwill and uncalled capital;
- (3) Fixed deposits of not less than \$1,700,000 shall be placed with the bank to offset all liabilities owed;
- (4) Joint and several personal guarantee from the directors of the Company; and
- (5) A first legal assignment of all the rights, title, interest and benefits under and arising out of the life insurance policy taken out on the life of the directors for a minimum sum insured of US\$1,000,000 each.

Management is of the view that the fair values of the trust receipts, bank overdrafts and loans approximate the carrying amounts.

13 TRADE AND OTHER PAYABLES

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Trade payables due to outside parties	1,629	209	2,285
Trade payables due to a related party (Note 6)	<u>—</u>	<u>—</u>	<u>190</u>
	1,629	209	2,475
Other payables	188	3	102
Accrued expenses	<u>2,020</u>	<u>1,033</u>	<u>1,344</u>
	<u>3,837</u>	<u>1,245</u>	<u>3,921</u>

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The credit period on trade payables ranges from 30 to 60 days (2012 : 30 to 60 days, 2011 : 30 to 60 days).

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

14 FINANCE LEASES

	Minimum lease payments			Present value of minimum lease payments		
	2013	2012	2011	2013	2012	2011
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Amounts payable under finance leases:						
Within one year	97	97	75	86	86	71
In the second to fifth years inclusive	388	388	3	343	343	2
After fifth year	89	186	—	78	164	—
	<u>574</u>	<u>671</u>	<u>78</u>	<u>507</u>	<u>593</u>	<u>73</u>
Less: Future finance charges	<u>(67)</u>	<u>(78)</u>	<u>(5)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Present value of lease obligations	<u>507</u>	<u>593</u>	<u>73</u>	<u>507</u>	<u>593</u>	<u>73</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)				<u>(86)</u>	<u>(86)</u>	<u>(71)</u>
Amount due for settlement after 12 months				<u>421</u>	<u>507</u>	<u>2</u>

It is the Group's policy to lease motor vehicles under finance leases. The average lease term is 7 years (2012 : 6 years, 2011 : 4 years). For the year ended December 31, 2013, the average effective borrowing rate was 3.57% (2012 : 3.58%, 2011 : 6.52%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

15 DEFERRED TAX LIABILITY

The movements for the year in deferred tax liability position were as follows:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at beginning of year	—	—	26
Charged (credited) to profit or loss for the year (Note 23)	92	—	(26)
Adjustment on revaluation of property charged to other comprehensive income	<u>1,069</u>	<u>—</u>	<u>—</u>
Balance at end of year	<u><u>1,161</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

The balance comprises mainly the tax effect of revaluation gains on property and excess of depreciation for tax purposes over book depreciation of property, plant and equipment.

16 SHARE CAPITAL

The Company has one class of ordinary shares which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

The Company was incorporated on October 28, 2013. Accordingly, the share capital in the combined statements of financial position as at December 31, 2011, 2012 and 2013 represent the Group's share of the paid up capital of the subsidiaries as at the respective dates.

17 ASSET REVALUATION RESERVE

The property revaluation reserve arises on the revaluation of land and building. Where revalued land or building are sold, the portion of the property revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to retained earnings.

The revaluation reserves are not available for distribution to the Company's shareholders.

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Movement in asset revaluation reserve:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Balance at beginning of year	—	—	—
Revaluation changes during the year recognised in other comprehensive income	6,287	—	—
Related income tax	(1,069)	—	—
Balance at end of year	<u>5,218</u>	<u>—</u>	<u>—</u>

18 REVENUE

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Contract revenue	18,099	16,188	21,562
Maintenance services and others	<u>2,946</u>	<u>1,149</u>	<u>1,172</u>
	<u>21,045</u>	<u>17,337</u>	<u>22,734</u>

19 OTHER OPERATING INCOME

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Interest income	14	22	1
Gain on disposal of property, plant and equipment	—	85	—
Gain on disposal of subsidiary (Note 25)	—	16	—
Writeback of allowance of doubtful trade receivables	1,145	—	—
Others	<u>52</u>	<u>8</u>	<u>10</u>
	<u>1,211</u>	<u>131</u>	<u>11</u>

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

20 PROJECT AND PRODUCTION COSTS

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Materials costs	3,284	3,423	8,304
Fabrication costs	2,093	2,291	1,932
Sub-contracting costs	1,022	417	218
Overhead costs	<u>2,013</u>	<u>551</u>	<u>1,104</u>
	<u>8,412</u>	<u>6,682</u>	<u>11,558</u>

21 OTHER OPERATING EXPENSES

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Professional fees	221	312	17
Rental expense	275	239	164
Allowance for doubtful receivables	—	16	1,382
Provision for foreseeable losses	—	—	142
Sales and marketing expenses	313	248	198
Others	<u>366</u>	<u>303</u>	<u>383</u>
	<u>1,175</u>	<u>1,118</u>	<u>2,286</u>

22 FINANCE COSTS

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Interest on bank overdrafts and loans	60	90	198
Letter of credit and trust receipts interests	10	43	91
Interest on finance leases	<u>12</u>	<u>2</u>	<u>19</u>
	<u>82</u>	<u>135</u>	<u>308</u>

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

23 INCOME TAX EXPENSE

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Current tax	1,408	1,177	1,157
Adjustments recognised in the current year in relation to the current tax of prior years	(122)	—	1
Deferred tax	<u>92</u>	<u>—</u>	<u>(26)</u>
	<u>1,378</u>	<u>1,177</u>	<u>1,132</u>

The income tax is calculated at 17.0% (2012 : 17.0%, 2011 : 17.0%) of the estimated assessable profit for the year. The total charge for the year can be reconciled to the accounting profit as follows:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Profit before income tax	<u>10,107</u>	<u>7,641</u>	<u>7,145</u>
Income tax charge at statutory rate of 17.0%	1,718	1,299	1,215
Effect of non-deductible expenses (non-taxable income)	65	(98)	(52)
Exempt income	(26)	(26)	(26)
Tax concession	(279)	—	—
(Over) Under provision in prior years	(122)	—	1
Others	<u>22</u>	<u>2</u>	<u>(6)</u>
Total income tax expense for the year	<u>1,378</u>	<u>1,177</u>	<u>1,132</u>

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

24 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Costs of inventories recognised as expense	3,283	3,478	8,304
Directors' remuneration	870	968	544
Employee benefits expense (inclusive of directors' remuneration)	2,058	1,752	1,212
Cost of defined contribution plans included in employee benefit expense	134	138	122
Allowance for inventories	72	(1)	—
Allowance for doubtful trade receivables	—	16	1,382
Bad debts written off	1	—	—
Writeback of allowance of doubtful trade receivables	(1,145)	—	—
Depreciation	422	140	236
Amortisation of prepaid insurance	15	—	—
Provision for foreseeable losses	<u>—</u>	<u>—</u>	<u>142</u>

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25 DISPOSAL OF SUBSIDIARY

In the financial year 2012, the Group disposed its interests in its subsidiary.

Details of the disposal are as follows:

Carrying amount of net assets disposed

	Group \$'000
Current assets	
Cash and cash equivalents	151
Trade and other receivables	<u>32</u>
Total current assets	<u><u>183</u></u>
Current liabilities	
Trade and other payables	<u>(209)</u>
Net liabilities derecognised	<u><u>(26)</u></u>
Consideration received:	
Total consideration received	<u><u>—</u></u>
Gain on disposal:	
Consideration received	—
Net liabilities derecognised	26
Non-controlling interest derecognised	<u>(10)</u>
Gain on disposal (Note 19)	<u><u>16</u></u>
Net cash outflow arising on disposal:	
Cash consideration received	—
Cash and cash equivalents disposed of	<u>(151)</u>
Net cash outflow on disposal	<u><u>(151)</u></u>

26 DIVIDEND

In the financial year 2012, a subsidiary declared and paid an interim one-tier tax exempt dividend of \$2.6667 per ordinary share to its shareholders prior to the completion of the Restructuring Exercise, totalling \$1,200,000 in respect of the financial year ended December 31, 2012.

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During the financial year, a subsidiary declared and paid a final one-tier tax exempt dividend of \$3.60 per ordinary share to its shareholders prior to the completion of the Restructuring Exercise, totalling \$1,620,000 in respect of the financial year ended December 31, 2012.

Subsequent to the financial year, a subsidiary declared a final one-tier tax exempt dividend of \$5.0 per ordinary share to its shareholders prior to the completion of the Restructuring Exercise, totalling \$2,250,000 in respect of the financial year ended December 31, 2013. The dividend is not accrued as a liability for the current financial year in accordance with Financial Reporting Standard 10 — Events After The Reporting Period.

27 OPERATING LEASE ARRANGEMENTS

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Minimum lease payments under operating lease included in the profit or loss	<u>275</u>	<u>234</u>	<u>160</u>

At the end of the reporting period, the outstanding commitments in respect of operating leases for the rental of office premises and residential premises were as follows:

	2013	2012	2011
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Within one year	202	135	87
In the second to fifth years inclusive	277	235	222
After five years	<u>2,092</u>	<u>1,937</u>	<u>1,835</u>
	<u>2,571</u>	<u>2,307</u>	<u>2,144</u>

Leases are negotiated for a term ranging from 1 to 45 years and rentals are fixed for a period ranging from 1 to 2 years.

28 EARNINGS PER ORDINARY SHARE

For illustrative purposes, earnings per ordinary share for the Relevant Periods have been calculated based on the profit attributable to the owners of the Company for each of the Relevant Periods and pre-invitation share capital of 200,000,000 shares.

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no effect of dilutive ordinary shares.

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29 SEGMENT INFORMATION

The Group operates in two principal geographical areas — Southeast Asia and the Middle East.

The Group is organised into three principal business segments namely the firearm shooting ranges, tactical training mock-ups and maintenance services and others.

The firearm shooting ranges business segment pertains to the design, fabrication and installation of firearm shooting ranges for military and law enforcement organisations. This includes the design, fabrication and installation of indoor, outdoor and modular live-firing ranges as well as close quarters battle house and method of entry training facilities.

The tactical training mock-ups business segment pertains to design, fabrication and installation live-firearm and non-live-firearm, full sized tactical training mock-ups which simulate specific training scenarios, including rescue and evacuation operations, aviation, maritime and other counter-terrorism operations and sniper operations.

The maintenance services and other business segment provide maintenance services for completed firearm shooting ranges and tactical training mock-ups; and design, supply and/or fabricate steel struts and steel beams for temporary or permanent structural and architectural steel works on an *ad hoc* basis. Additionally, the Group design, construct and install ballistic protection and security systems for various facilities, including high-security detention facilities.

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(a) Analysis by Segments

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue and finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

	Revenue		Net profit	
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
Firearm shooting ranges	14,639	16,188	21,211	10,067
Tactical training mock-ups	3,460	—	351	—
Maintenance services and others	2,946	1,149	1,172	588
Total	21,045	17,337	22,734	10,655
Other operating income			1,211	131
Other operating expenses			(3,655)	(3,010)
Profit from operations			10,189	7,776
Finance costs			(82)	(135)
Profit before income tax			10,107	7,641
Income tax expenses			(1,378)	(1,177)
Total			8,729	6,464
				6,013

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2012 : \$Nil, 2011 : \$Nil).

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(b) Analysis by Geographical Segments

Segment revenue: Segment revenue is analysed based on the location of customers regardless of where the goods are produced.

Segment assets: Segment assets (non-current assets) are analysed based on the location of those assets.

	Revenue		
	2013	2012	2011
	\$'000	\$'000	\$'000
Southeast Asia	14,386	17,337	20,827
Middle East	<u>6,659</u>	<u>—</u>	<u>1,907</u>
	<u>21,045</u>	<u>17,337</u>	<u>22,734</u>
	Non-current assets		
	2013	2012	2011
	\$'000	\$'000	\$'000
Southeast Asia	15,495	5,516	4,820
Middle East	<u>27</u>	<u>—</u>	<u>—</u>
	<u>15,522</u>	<u>5,516</u>	<u>4,820</u>

Information about major customers

Included in revenues arising from the firearm shooting ranges segment of \$14,639,000 (2012 : \$16,188,000, 2011 : \$21,211,000) are revenues of \$14,639,000 (2012 : \$16,188,000, 2011 : \$21,211,000) which arose from services rendered to the Group's two largest customers (2012 and 2011 : Group's one largest customer).

30 EVENTS AFTER THE REPORTING PERIOD

At an extraordinary general meeting held on May 28, 2014, the Shareholders approved, inter alia, the following:

- (a) the conversion of the Company into a public limited company and the change of the name to "Starburst Holdings Limited";
- (b) the adoption of a new set of Articles of Association;

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- (c) the allotment and issue of the Invitation Shares which are the subject of the Invitation, on the basis that the Invitation Shares, when allotted, issued and fully-paid, will rank *pari passu* in all respects with the existing Shares;
- (d) the adoption of the Share Option Scheme and the Performance Share Plan and the authorisation of the Directors, pursuant to Section 161 of the Companies Act, to allot and issue Shares upon the exercise of Options granted under the Share Option Scheme and the grant of Awards under the Performance Share Plan;
- (e) the approval of the listing and quotation of all the issued Shares (including the Invitation Shares to be allotted and issued pursuant to the Invitation) on Catalist;
- (f) the authorisation to the Directors, pursuant to Section 161 of the Companies Act and by way of ordinary resolution in a general meeting, to:

- (A) (i) issue Shares whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued during the continuance of this authority or thereafter, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures, convertible securities or other instruments convertible into Shares; and/or
 - (iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

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) issue Shares in pursuance of any Instrument made or granted by the Directors pursuant to (A)(ii) and/or (A)(iii) above, while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution), provided that:
 - (i) the aggregate number of Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to this authority but excluding Shares which may be issued pursuant to any adjustments ("Adjustments") effected under any relevant Instrument, which Adjustment shall be made in compliance with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company for the time being), shall not exceed 100.0% of the post-Invitation issued share capital excluding treasury shares, and provided further that the aggregate number of Shares to be issued other than on a *pro rata* basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such authority but excluding Shares which may be issued pursuant to any Adjustments effected under any relevant Instrument) shall not exceed 50.0% of the post-Invitation issued share capital excluding treasury shares;

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

- (ii) in exercising such authority, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

unless revoked or varied by the Company in general meeting by ordinary resolution, the authority so conferred shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier; and

- (g) without prejudice to the generality of, and pursuant and subject to the approval of the general mandate to issue Shares set out in paragraph (f) above, authorisation of the Directors, pursuant to Section 161 of the Companies Act, to issue Shares other than on a *pro rata* basis, at a discount not exceeding 10.0% of the weighted average price of the Shares for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed (or if not available, the weighted average price based on trades done on the preceding market day up to the time the placement or subscription agreement is signed), 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, provided that:

- (i) in exercising such authority so conferred in this paragraph (g), the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (ii) unless revoked or varied by the Company in general meeting, the authority so conferred in this paragraph (g) shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier.

APPENDIX A — INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2011, 2012 AND 2013

STATEMENT OF DIRECTORS

In the opinion of the directors, the combined financial statements as set out on pages A-3 to A-50 are drawn up so as to give a true and fair view of the state of affairs of the Group as at December 31, 2011, 2012 and 2013, and of the results, changes in equity and cash flows of the Group for the financial years ended December 31, 2011, 2012 and 2013, and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts when they fall due.

ON BEHALF OF THE DIRECTORS

Edward Lim Chin Wah

Yap Tin Foo

2 July 2014

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APPENDIX B — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides information about certain provisions of our Memorandum and Articles of Association and certain aspects of Singapore company law. This description is only a summary and is qualified by reference to the Companies Act and our Memorandum and Articles of Association. The instruments that constitute and define us are our Memorandum and Articles of Association.

SUMMARY OF OUR ARTICLES OF ASSOCIATION

1. Directors

(a) Ability of Interested Directors to Vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to Non-Executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director shall be fixed by the Directors and may be by way of salary, commission, participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153 of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of our Company or authorised to continue in office as a director of our Company by way of an ordinary resolution passed at an annual general meeting of our Company.

APPENDIX B — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of our Company.

2. Share Rights and Restrictions

Our Company currently has one class of shares, namely, ordinary shares.

Only persons who are registered on our register of shareholders are recognised as our shareholders. In cases where the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares are recognised as our shareholders.

(a) Dividends and Distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of profits available for distribution. We may capitalise any sum standing to the credit of any of our Company's reserve accounts and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid *pro rata* amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other monies payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of our Company. Any dividend unclaimed after a period of six years after having been declared may be forfeited and shall revert to our Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other monies payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting Rights

A holder of our ordinary shares is entitled to attend and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP at least 48 hours before the general meeting.

APPENDIX B — SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

There are no limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the shares.

3. Change in Capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. General meetings at which ordinary resolutions are proposed to be passed shall be called by at least 14 days' notice in writing. The notice must be given to each of our shareholders who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. The reduction of our share capital is subject to the conditions prescribed by law.

4. Variation of Rights of Existing Shares or Classes of Shares

Subject to the Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of our Articles of Association relating to general meetings of our Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Article does not impose more significant conditions than the Companies Act in this regard.

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APPENDIX C — INDEPENDENT MARKET RESEARCH ON THE ENGINEERING AND CONSTRUCTION OF TRAINING FACILITIES FOR THE DEFENCE INDUSTRY — SOUTHEAST ASIA AND THE GCC

The following section is a report prepared by Converging Knowledge Pte Ltd, as the Industry Consultant, for the inclusion in this offer document. All of the information and data presented in this section of this Offer Document has been provided by the Industry Consultant. The Industry Consultant has advised that although it has made every reasonable effort to ensure that the information in the following section of this Offer Document is accurate, the Industry Consultant, its agent, officers and employees do not accept liability (save as may be required by applicable laws and regulations (including the Securities and Futures Act)) for any loss suffered in consequence of reliance on such information or in any other manner. While we believe that the information and data are reliable, we cannot ensure the accuracy of the information or data, and neither our Company nor the Sponsor nor any of our respective affiliates or advisors have independently verified this information or data. You should not assume that the information and data contained in this section of this Offer Document is accurate as of any date other than the date of this Offer Document except as otherwise indicated. You should also be aware that since the date of this Offer Document there may have been changes in the ECTF industry and the various other sectors therein which could affect the accuracy or completeness of the information in this section of this Offer Document.



Delivering Research Intelligence To Business

**Independent Market Research
on the Engineering and Construction of
Training Facilities for the Defence Industry
– Southeast Asia and the GCC**

This report is prepared for
Starburst Holdings Limited
19 March 2014

Singapore

Malaysia

Hong Kong

APPENDIX C — INDEPENDENT MARKET RESEARCH ON THE ENGINEERING AND CONSTRUCTION OF TRAINING FACILITIES FOR THE DEFENCE INDUSTRY — SOUTHEAST ASIA AND THE GCC

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DISCLAIMER

Converging Knowledge has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report represents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. We note that the opinions expressed are opinions of human sources and caution as to the subjective nature of such information.

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RESEARCH SCOPE

The Client wishes to conduct a research on the Engineering and Construction of Training Facilities ("ECTF") industry for the Defence Industry in Southeast Asia and Middle East for the purpose of an Initial Public Offering ("IPO"). Our objective is to assist the Client in conducting primary and secondary research to gain insights into the above focus areas and sector.

The research will be compiled in the form of a report, covering an overview of the ECTF industry in Southeast Asia and Middle East. The report will include the following:

1. Overview of the Economy
 - a. A brief macroeconomic overview
 - i. Southeast Asia (focus on Singapore, Brunei, Thailand and Malaysia)
 - Statistics limited to GDP, GDP growth rate and general economic outlook in the region
 - ii. Middle East (focus on U.A.E., Qatar, Saudi Arabia and Kuwait)
 - Statistics limited to GDP, GDP growth rate and general economic outlook in the region
 - b. Overview of the Defence Industry
 - i. Defence spending in Southeast Asia and the Middle East
 - Note that information will be based on latest official data available
 - ii. Other relevant statistics, where available
 - Statistics will be based on latest reported figures from government and industry associations
2. Market Overview of the ECTF Industry
 - a. A general introduction to the ECTF industry for the Defence Industry
 - i. Defence includes military, police and civil defence
 - b. Differing segments in the ECTF industry
3. Opportunities, Threats and Barriers to Entry
 - a. Opportunities
 - b. Threats
 - c. Barriers to entry
 - i. For example, regulatory restrictions (if any)

Note that we will provide condensed information on opportunities, threats and barriers to entry in general for Southeast Asia and the Middle East. We will not provide specific opportunities, threats and barriers to entry on a by-country basis.
4. Competitive Landscape in Singapore
 - a. Overview of competitive landscape
 - i. To include examples of publicly disclosed projects on ECTF industry in Southeast Asia and the Middle East, where available
 - b. Major players in the industry
 - ii. To focus on ultimate client's closest competitors, with brief description of each

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5. Prospects of ECTF in the Defence Industry
 - a. To focus on prospects in Southeast Asia and the Middle East

In this research, we have amended the focus from the Middle East to the Gulf Cooperation Council (“GCC”). The Middle East consists of 14 countries, six of which are part of the GCC. The Client’s key interests in this region are U.A.E., Saudi Arabia, Qatar and Kuwait, all of which form part of GCC.

RESEARCH APPROACH

The research will be conducted on a best effort basis through a combination of primary and desktop (published resources) research, to address the scope of research.

Primary research involves discreet interviews tapping on the knowledge, experience and opinions of relevant companies, industry associations, technical institutions, government bodies and academic institutions.

Desktop research includes, but is not limited to, a review of the following:

- Local newspapers and news wires/agencies;
- Leading industry and trade publications;
- Websites of regulatory authority as well as relevant government agencies; and
- Websites of companies.

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1. OVERVIEW OF THE ECONOMY

1.1 Brief Macroeconomic Overview

1.1.1 Southeast Asia, with focus on Singapore, Brunei, Thailand and Malaysia

Southeast Asian economies are expected to maintain its growth momentum, with domestic demand growth being the main driver. The International Monetary Fund ("IMF") estimates Gross Domestic Product ("GDP") in Southeast Asia to grow by 5.0% from 2012 to 2013¹. The four Southeast Asian nations in this study – Singapore, Brunei, Thailand and Malaysia - saw overall positive performance from 2008 to 2012, posting Compound Annual Growth Rate ("CAGR") of 3.9%.

¹ International Monetary Fund, World Economic Outlook Database October 2013 -
<http://www.imf.org/external/pubs/ft/weo/2013/02/weodata/weorept.aspx?pr.x=42&pr.y=3&sy=2012&ey=2013&scsm=1&ssd=1&sort=country&ds=.&br=1&c=511&s=NGDPD&grp=1&a=1>

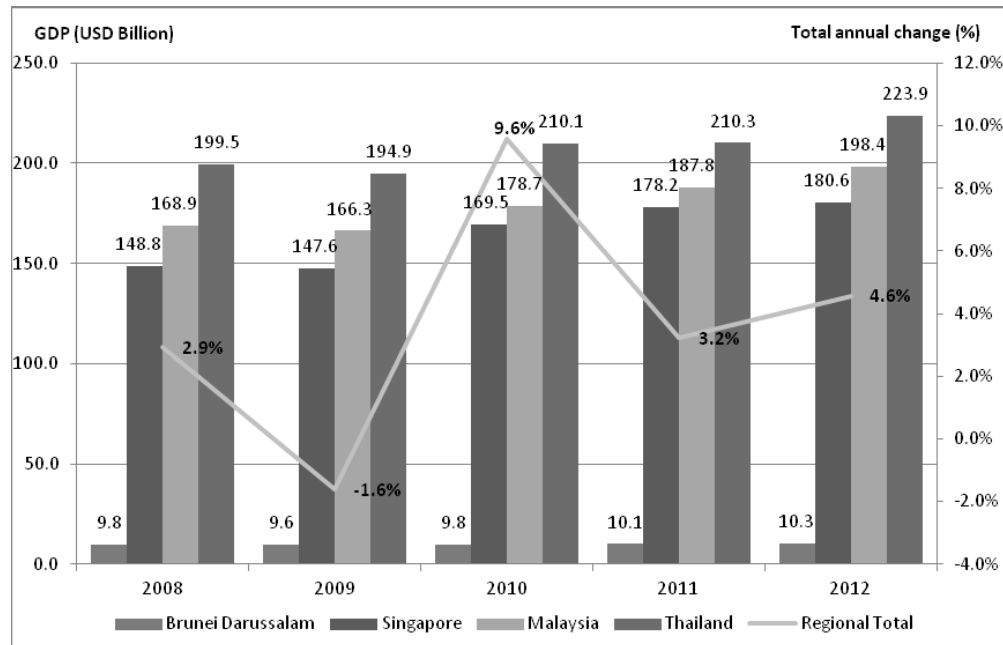
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Figure 1: Real GDP and GDP Growth Rates of Southeast Asian Countries (Singapore, Brunei, Thailand and Malaysia) from 2008 to 2012



Source: World Bank and Converging Knowledge

The Southeast Asian economies are forecasted to grow in tandem with growth in trade partner countries such as China, India and the US. Singapore, Brunei, Thailand and Malaysia, collectively, are projected to have an average growth of 3.2% and 4.6% in 2013 and 2014 respectively².

The Ministry of Trade and Industry Singapore announced that Singapore's economy grew by 4.1% in 2013. Economic growth is expected to range between 2.0% and 4.0% in 2014. Externally-oriented sectors such as manufacturing, wholesale trade and transportation & storage are likely to support the country's economic growth, in line with global economy pick-up.³

Brunei is expected to experience a slowdown in GDP at 1.5% in 2013, and 1.9% in 2014. Overall, the marginal growth projections, up until 2014, is due to decelerating growth in the

² Please refer to Figure 1: Real GDP and GDP Growth Rates of Southeast Asian Countries (Singapore, Brunei, Thailand and Malaysia) from 2008 to 2012

³ 0 February 2014, Ministry of Trade and Industry Singapore, MTI Maintains 2014 GDP Growth Forecast at 2.0 to 4.0 Per Cent – http://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2013/PR_4Q2013.pdf

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services sector, together with sluggish activity in export markets, and low private and public expenditure⁴.

The Thai economy posted real GDP growth of 2.9% in 2013, down from 6.5% in 2012. The slowdown in 2013 was partly due to lower-than-expected economic growth in the first half of 2013. However, in 2014, the Thai economy is expected to increase by 3.0% to 4.0%, supported by private consumption expansion, export revival and substantial investments by the government sector.⁵

Malaysia's GDP is expected to continue its moderate growth in 2013 and 2014. Bank Negara Malaysia anticipates Malaysia's real GDP growth rate to range from 5.0% to 5.5% in 2014⁶, supported by pickup in private investment and stronger exports.

1.1.2 The GCC Countries, with focus on UAE, Qatar, Saudi Arabia and Kuwait

The Gulf Cooperation Council ("GCC") economic bloc is expected to have an aggregate growth of 3.7% in 2013 for all six constituent countries, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates ("UAE"). The IMF has also forecasted a 4.1% growth in 2014 for the GCC bloc.⁷ The four countries in focus, namely U.A.E, Qatar, Saudi Arabia and Kuwait, posted a CAGR of 4.6% from 2008 to 2012. Figure 2 summarises the performance of the four countries profiled under the GCC market.

⁴ Asian Development Outlook 2013 Update - <http://www.adb.org/sites/default/files/pub/2013/ado2013-update.pdf>

⁵ 17 February 2014, Office of National Economic and Social Development Board, Thai Economy in Q4/2013 and Outlook for 2014

⁶ Malaysia Ministry of Finance, Economic Report 2013/2014 –
<http://www.treasury.gov.my/pdf/economy/er/1314/chapter3.pdf>

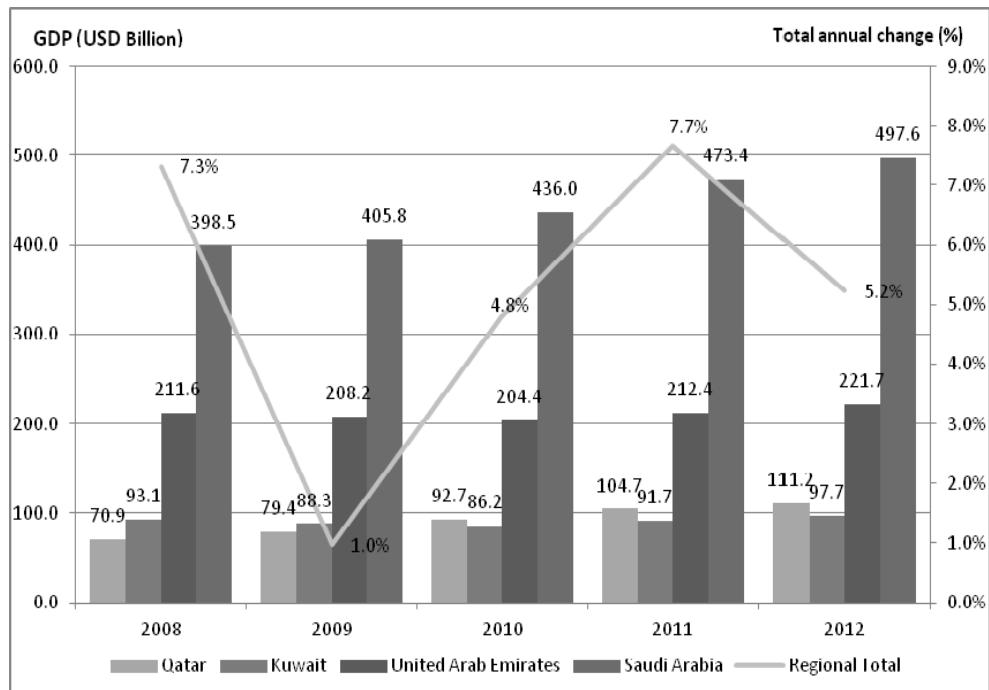
⁷ 5 October 2013, IMF Deputy Managing Director Nemat Shafik Highlights the Strong Macroeconomic Performance of GCC Countries and Encourages Further Reforms – <http://www.imf.org/external/np/sec/pr/2013/pr13391.htm>

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Figure 2: Real GDP and GDP Growth rates of GCC Countries (UAE, Qatar, Saudi Arabia and Kuwait) from 2008 to 2012



Note:

- 2012 data for Kuwait is provided based on a forecast by the IMF.

Source: World Bank and International Monetary Fund

The GCC economies are expected to continue growing, albeit at a slower pace. Average annual real GDP growth in the region is projected to reach 3.7% and 4.1% in 2013 and 2014 respectively⁸.

The UAE economy is projected to grow by 4.5% in 2013 and 2014, supported by expansion in the tourism, hospitality and real estate sectors⁹.

⁸ 5 October 2013, IMF Deputy Managing Director Nemat Shafik Highlights the Strong Macroeconomic Performance of GCC Countries and Encourages Further Reforms – <http://www.imf.org/external/np/sec/pr/2013/pr13391.htm>

⁹ 30 January 2014, Statement at the Conclusion of the January 2014 IMF Staff Visit to the United Arab Emirates – <http://www.imf.org/external/np/sec/pr/2014/pr1433.htm>

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Qatar's economy will see real GDP rise by 6.1% in 2013, before falling slightly to 5.1% in 2014, with growth mainly brought about by increased momentum in the non-hydrocarbon segment such as cement and metal production¹⁰.

Meanwhile, Saudi Arabia's economy is expected to grow by 3.6% in 2013, mainly spurred by increased contribution from the government and private sectors. It is projected that real GDP will increase to 4.4% in 2014, as oil revenues have successfully been used to support growth in the non-oil sector¹¹.

Due to reduction in oil production, growth in Kuwait's economy is expected at 0.8% in 2013, a slowdown from 2012's growth rate of 6.2%. In 2014, economic growth is estimated at 2.6%, as a result of increasing domestic consumption, brought about by a public wage raise in 2012 as well as more government capital spending.¹²

1.2 Overview of the Defence Industry

The defence industry consists of government and commercial organisations that are involved in research and development ("R&D"), design, production, delivery and maintenance of military facilities, weapons systems, subsystems and other components to meet military requirements.

1.2.1 Defence Spending in Southeast Asia and the GCC

Defence spending, also known as military expenditure, is the amount of financial resources dedicated by a country to raise and maintain an armed forces. Such expenditure includes military and civil personnel, operations and maintenance, procurement, military research and development, as well as providing military aid. Law enforcement and disabled veteran rehabilitation are usually excluded from this budget. The global military expenditure in 2012 was estimated at USD1,756 billion, approximately 2.5% of the Global World Product.¹³

¹⁰ 20 February 2014, Qatar—2014 Article IV Consultation Concluding Statement of the IMF Mission <http://www.imf.org/external/np/ms/2014/030714.htm>

¹¹ 5 December 2013, Statement by IMF Deputy Managing Director Min Zhu at the Conclusion of his Visit to Saudi Arabia – <http://www.imf.org/external/np/sec/pr/2013/pr13489.htm>

¹² 2 December 2014, International Monetary Fund, World Economic Outlook Database - <http://www.imf.org/external/np/sec/pr/2013/pr13480.htm>

¹³ SIPRI 2013 Year Book, Military Expenditure in 2012 - <http://www.sipri.org/yearbook/2013/03>

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Southeast Asia (Singapore, Brunei, Thailand and Malaysia)

Singapore, Brunei, Thailand and Malaysia's total defence spending in 2012 amounted to USD20.2 billion, accounting for 59.9% of the USD33.7 billion spent on defence in Southeast Asia. Defence spending in these nations have also grown by a CAGR of 5.4% from 2008 to 2012. Singapore leads the region, with the highest spending in defence. The country allocated, on average, 3.8% of its GDP on defence spending between 2008 and 2012. In 2012, the country was reported to have had allocated USD9.6 billion for its defence budget. Thailand and Malaysia spent USD5.4 billion and USD4.7 billion respectively in 2012, and are among the highest defence spending countries in Southeast Asia¹⁴.

In 2013, Singapore's defence expenditure was estimated at SGD12.2 billion. The defence budget has been increased to SGD12.6 billion in 2014, 3% higher than the previous year¹⁵.

Table 1 summarises the defence spending of each country from 2008 to 2012.

Table 1: Defence Spending by Southeast Asian Countries (Singapore, Brunei, Thailand and Malaysia) from 2008 to 2012

	Defence Budget (USD millions)					
	2008	2009	2010	2011	2012	CAGR
Singapore	6,978.0	7,765.2	7,602.0	8,575.8	9,614.5	8.3%
Brunei	4,388.8	4,045.0	3,960.5	4,917.4	4,575.5	1.0%
Thailand	359.8	354.2	395.8	409.0	406.9	3.1%
Malaysia	4,361.2	3,955.7	6,059.2	5,530.8	5,489.5	5.9%
Total	16,087.8	16,120.1	18,017.6	19,433.0	20,086.4	5.7%

Source: Stockholm International Peace Research Institute and World Bank Data Bank, Compiled by Converging Knowledge

Table 2 shows the defence spending as a percentage of GDP by the four Southeast Asian countries. Singapore and Brunei lead the group, with annual average spending of 3.7% and 2.8% respectively, while Thailand and Malaysia spent below 2.0% of their GDP.

¹⁴ Stockholm International Peace Research Institute Military Expenditure database

¹⁵ Extracted on 26 February 2014, Ministry of Finance, Analysis of Revenue and Expenditure – http://www.singaporebudget.gov.sg/data/budget_2014/download/FY2014_Analysis_of_Revenue_and_Expenditure.pdf

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Table 2: Defence Spending as a Percentage of GDP by Southeast Asian Countries (Singapore, Brunei, Thailand and Malaysia) from 2008 to 2012

	Defence Spending as Percentage of GDP					
	2008	2009	2010	2011	2012	Average %
Singapore	3.9%	4.0%	3.5%	3.5%	3.5%	3.7%
Brunei	2.5%	3.3%	3.2%	2.5%	2.5%	2.8%
Thailand	1.9%	2.0%	1.6%	1.7%	1.5%	1.7%
Malaysia	1.6%	1.5%	1.9%	1.6%	1.5%	1.6%

Source: Stockholm International Peace Research Institute and World Bank Data Bank, Compiled by Converging Knowledge

The GCC

The GCC countries allocate a higher budget proportion towards defence. Collectively, the GCC countries spent USD132.0 billion in 2012, while the UAE, Qatar, Saudi Arabia and Kuwait collectively spent USD88.2 billion in 2012, representing 57.2% of the GCC bloc's total defence expenditure¹⁶. The average CAGR of defence spending in the four countries amounted to 10.4% from 2008 to 2012¹⁷.

The UAE has seen tremendous increase in their defence budget, with a CAGR of 18.1%. On the other hand, Qatar, Saudi Arabia and Kuwait have seen a combined modest increase in defence spending of between 5.8% and 10.3%. At USD56.9billion, Saudi Arabia has one of the highest military spending in the world. The country has placed significant emphasis on defence, by allocating 8.0% of the nation's GDP towards defence, making it the state with the highest defence expenditure, per GDP, among the four countries.

Table 3: Defence Spending by GCC Countries (UAE, Qatar, Saudi Arabia and Kuwait) from 2008 to 2012

	Defence Budget (USD millions)					CAGR
	2008	2009	2010	2011	2012	
UAE	11,649.2	13,787.0	17,532.7	19,172.7	22,636.6*	18.1%
Qatar	2,300.4	1,951.7	1,876.8	2,572.1**	2,883.0**	5.8%
Saudi Arabia	38,464.9	41,193.3	45,305.7	48,204.4	56,883.9	10.3%
Kuwait	4,422.1	4,236.4	4,317.6	5,471.0	5,873.3*	7.4%
Total	56,836.6	61,168.4	69,032.9	75,420.3	88,276.8	10.4%

¹⁶ Stockholm International Peace Research Institute Military Expenditure database

¹⁷ Tabulated based on data from Stockholm International Peace Research Institute

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Notes:

- Due to a lack of data from official sources:
 - * The 2012 U.A.E and Kuwait figures are estimated through its CAGR from 2008 to 2011.
 - ** The 2011 and 2012 Qatar figures have been estimated based on an assumption of the defence budget as 1.5% of GDP.

Source: Stockholm International Peace Research Institute and World Bank Data Bank, and Converging Knowledge

Based on the percentages stated in Table 4, the UAE, Saudi Arabia and Kuwait spent between 3.2% and 8.0 % of the nation's GDP on defence in 2012. Qatar's defence budget, as a percentage of GDP, is comparatively lower at 1.5% in 2012.

Table 4: Defence Spending as a Percentage of GDP by GCC Countries (UAE, Qatar, Saudi Arabia and Kuwait) from 2008 to 2012

	Defence Spending as Percentage of GDP					Average %
	2008	2009	2010	2011	2012	
UAE	3.7%	5.1%	6.1%	5.5%	*5.9%	5.3%
Qatar	2.0%	2.0%	1.5%	**1.5%	**1.5%	1.7%
Saudi Arabia	7.4%	9.6%	8.6%	7.2%	8.0%	8.2%
Kuwait	3.0%	4.0%	3.6%	3.4%	*3.2%	3.2%

Note:

- Due to a lack of data from official sources:
 - * The 2012 U.A.E and Kuwait figures are estimated through its CAGR from 2008 to 2011.
 - ** The 2011 and 2012 Qatar figures have been estimated based on an assumption of the defence budget as 1.5% of GDP.

Source: Stockholm International Peace Research Institute and World Bank Data Bank, and Converging Knowledge

1.2.2 Armed Forces Personnel in Southeast Asia and the GCC

The number of armed forces personnel is the total number of active military personnel in active duty, which includes paramilitary forces. Active armed forces tend to vary slightly from year to year. However, it is unlikely that there will be drastic changes to a country's size of active military personnel. In general, new armed forces recruits go through basic military training as well as a combination of assessments yearly to ensure that these personnel are competent. As such, the number of armed forces personnel would have direct impacts on the number of training institutions in each country.

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Southeast Asia (Singapore, Brunei, Thailand and Malaysia)

Singapore's armed forces personnel vary, as it is highly dependent on the number of male national service conscripts who are required to complete a two-year service. The nation has maintained a force of 147,600 in 2011, and along with its high defence budget, Singapore can be recognised as one of the most advanced militaries in the region. Brunei maintains one of the smallest forces in the region, with just over 9,250 personnel.

In 2011, Malaysia has about 133,600 armed forces personnel. The country has, in recent years, been modernising its military by increasing their defence budget. Comparatively, Thailand has one of the largest military forces in Southeast Asia. In Thailand, men between the age of 21 and 30 years old have to go through a random selection process to determine if they have to serve in the military.

Table 5: Armed Forces Personnel in Southeast Asia (Singapore, Brunei, Thailand and Malaysia) from 2008 to 2011.

	2008	2009	2010	2011
Singapore	167,000	147,500	147,500	147,600
Brunei	9,000	9,250	9,250	9,250
Thailand	421,000	419,560	419,560	474,550
Malaysia	134,000	133,600	133,600	133,600

Note:

- Latest data is for 2011.

Source: World Bank Data Bank

The GCC (UAE, Qatar, Saudi Arabia and Kuwait)

As of 2011, the UAE has a force of 51,000 military personnel. In January 2014, the Prime Minister announced compulsory military service for men in the country¹⁸. The conscripts will serve as a self-sufficient force to maintain military systems that have been procured over the years. In 2011, Qatar maintained a small military force of about 11,800 personnel, which is the smallest among the four GCC countries. Following a cabinet decision by the Qatari government, conscription service will commence in 2014, thus, building a reserve force for the country¹⁹.

¹⁸ 20 January 2014, United Arab Emirates Cabinet, Cabinet endorses compulsory national service, reserve law – <http://uaecabinet.ae/en/MOCANews/Pages/MediaDetails.aspx?ItemId=304#Uwq6KmKSzwsJanuary>

¹⁹ 14 November 2013, Qatar e-Government Website, Cabinet approves draft law on national service.

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Saudi Arabia has the largest armed forces within the GCC, with approximately 249,000 personnel in 2011. The Kuwaiti military is relatively small, of approximately 22,600 active military personnel the same year.

**Table 6: Armed Forces Personnel in the GCC (UAE, Qatar, Saudi Arabia and Kuwait)
from 2008 to 2011**

	2008	2009	2010	2011
UAE	51,000	51,000	51,000	51,000
Qatar	12,000	11,800	11,800	11,800
Saudi Arabia	238,000	249,000	249,000	249,000
Kuwait	23,000	22,600	22,600	22,600

Note:

- Latest data is for 2011.

Source: World Bank Data Bank

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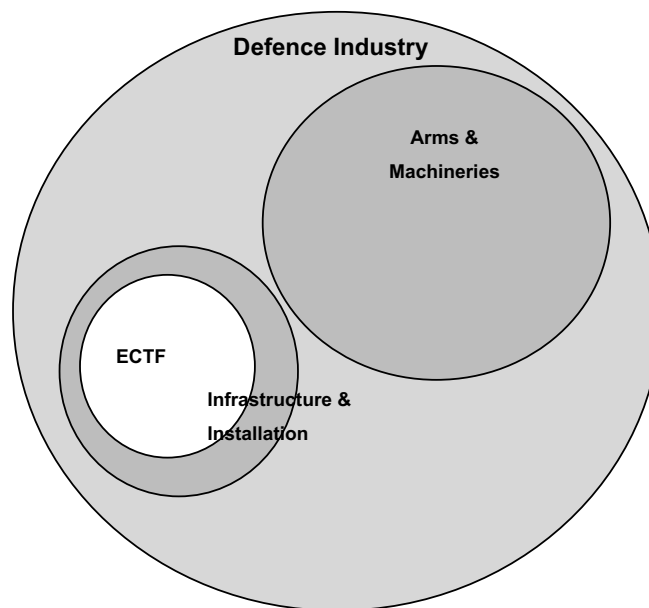
2. MARKET OVERVIEW OF THE ECTF INDUSTRY

2.1 Introduction to the ECTF industry of the Defence Industry

The Engineering and Construction of Training Facilities ("ECTF") industry for the Defence industry comprises companies with specialised capabilities in architecture, engineering, design and/or construction of military, police and special forces training facilities.

The ECTF industry is a sub-segment of the Infrastructure and Installation sector within the defence industry.

Figure 3: ECTF Industry in the Defence Industry



Notes:

- Only the key sub-segments of the Defence Industry are denoted in this figure.
- ECTF is a sub-segment of Infrastructure & Installation.

Source: Converging Knowledge

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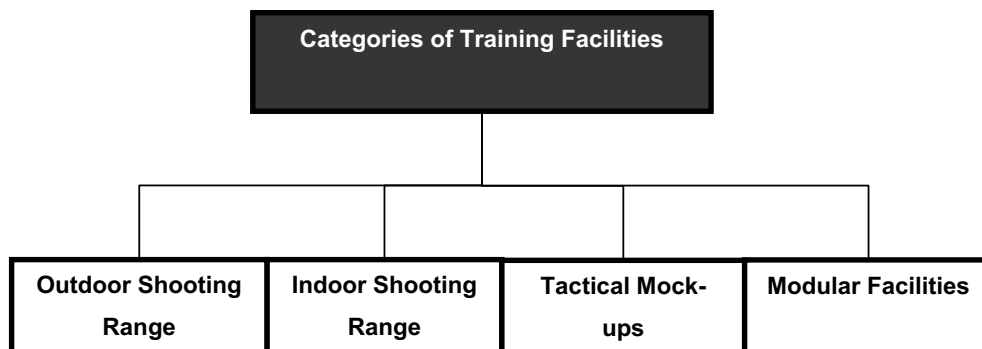
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The broader defence industry involves the supply of equipment, arms and machinery, among others, and the provision of training, support and auxiliary services mostly to government military, police and special forces organisations. Market players within the ECTF industry are, however, primarily engaged in providing infrastructural support for training, which involves the design, construction, "fit-out" and maintenance of shooting ranges and military training facilities. Activities in this industry include engineering, procurement construction, fabrication, installation and commissioning of component equipment and infrastructure.

The facilities are typically designed for training on marksmanship, equipment handling proficiency, combat tactics and situational awareness, among others. The training conducted within these facilities carry the objective of enhancing the overall competency and tactical skills of military and police personnel, so as to prepare them for modern combat operations. As such, an increasingly important requirement for training facilities is the ability to provide a realistic experience in handling firearms whilst being in a safe and controlled environment. A realistic experience can be achieved with a combination of high-technology targetry systems and landscape features. Training facilities also need to be incorporated with an assessment system for instructors to evaluate the performance of the trainees. The ability to assess an individual's proficiency allows for a progression into more advanced combat training that can be conducted in a more sophisticated training facility.

Figure 4: Categories of Training Facilities



Source: Converging Knowledge

In general, fire-arms training facilities may accommodate either 'static' or 'dynamic' modes of training programmes. Static firearms training involve little to no movement by the shooters. They are standardised for all combat units across a range of firearms, and represent the basic proficiency level for military and police personnel. Dynamic trainings, on the other hand, are

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modelled on real combat situations, i.e. simulated, and are focused on the overall tactical and combat effectiveness of a team of shooters. As such, dynamic training scenarios require the shooters to move around the facility. Simulated training facilities are designed around real buildings and civil structures, where targets can be placed anywhere within the training area to simulate the dynamism and unpredictability of real-combat.

Shooting ranges are facilities designed mainly to improve marksmanship and firearms handling proficiency. In a shooting range, shooters are assembled in a straight line (commonly known as the firing line) and shoot "downrange", within their "lanes" at targets that are either static or moving. Although the designs of shooting ranges differ based on the requirements, they usually consist of several key components and features such as 'backstops' and 'berms' to restrict bullet travel, firing line enclosures to shelter the shooters and their gears, ricochet-absorbing lining to control ricocheting projectiles, and sound absorbing linings to limit the noise produced. In addition, 'bullet-catchers' are placed behind targets to deflect bullets safely, and 'baffles' are installed overhead and in-front of the firing line to contain stray bullets and suppress sound waves when the weapons are fired.

Training facilities may be categorised as follows:

- **Outdoor shooting range** - Outdoor shooting ranges are not enclosed within a building or structure. These shooting ranges typically do not require complex engineering, and are simpler to design and construct. The more basic outdoor shooting ranges may employ sturdy construction of commonly-found materials such as earthen berms, concrete core backstops or wooden baffles. Outdoor ranges can accommodate a wider variety of firearms that are usually prohibited in most indoor ranges due to safety and infrastructural limitations. Examples of firearms usually prohibited in indoor shooting ranges include high-powered rifles, which produce a loud report (the explosive sound made by a firearm when triggered), and black powder ammunition, which discharges excessive smoke. Outdoor ranges also have the added advantage over space constraints in indoor shooting ranges. While outdoor shooting ranges can be constructed for long-range shooting, most indoor shooting facilities are limited to short range shooting.
- **Indoor shooting range** - Indoor shooting ranges are enclosed within a building structure. Indoor shooting ranges, while more suited for video-simulated shooting, may also accommodate live-firing.

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Indoor shooting ranges have several advantages. Operations in indoor shooting ranges are least affected by adverse weather conditions, as compared to outdoor shooting ranges. With controllable lighting systems, daytime or night time firing can be conducted, regardless of the time of the day. Indoor shooting ranges occupy a smaller area than outdoor shooting ranges, and thus, present a more practical option in urbanised countries, where land is often a constraint. Building indoor shooting ranges, however, can be more costly due to the need to incorporate additional safety features. They require a heating, ventilation and air-conditioning ("HVAC") system to expel lead vapour and toxic gas from the weapons fired. Indoor shooting ranges also need to have noise dissipating structures, or have its walls installed with robust noise absorbing material. Specialised lightings are also required to be installed to provide acceptable visibility during shooting exercises.

Indoor shooting ranges can be integrated with specialist facilities and mock-ups to become a multi-mission training facility. This training facility houses many aspects of firearms and equipment training within the same building, promising to maximise limited training time. The Multi-Mission Range Complex ("MMRC") located in Singapore is an example of an integrated complex that can accommodate marksmanship training together with realistic scenario-based shooting²⁰.

- **Tactical Mock-ups** - Tactical mock-ups are advanced training facilities for specialised skills such as Close Quarter Battle, Military Operations on Urban Terrain, Fighting in Built-Up Areas and Methods of Entry. These facilities provide training in stressful scenarios such as a hostage situation, thus, helping in the development of:
 - Individual specialisation
 - Combat instincts
 - Judgement (for example 'shoot' or 'don't shoot' decisions)
 - Combined movement and team communications
 - Strengthen unit cohesiveness and morale

Tactical mock-ups are generally constructed to mimic the environment of a real combat situation. These specialised skills are often taught and practiced in a "kill-house", a training facility with rooms and limited access points, which constrains manoeuvring space. For training to be safe and effective, the integration of the targetry system in these facilities may require a higher degree of planning, to take into account combat situation dynamism and unpredictability that is to be achieved.

²⁰ Interviews

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Ballistic and anti-ricochet linings are safety features within a range, which protect the trainees from refraction of bullets. The linings also afford some protection to the structure, so as to ensure a long life-span of the facility. Training conducted in these facilities would also allow trainees to battle "live" opponents using Multiple Integrated Laser Engagement System or "Simunition", a form of non-lethal ammunition.

Training facilities may also take on larger dimensions and can be constructed to resemble towns and cities. Facilities like the King Abdullah II Special Operations Training Center ("KASOTC") in Jordan are constructed as a mock-up of an entire neighbourhood to accommodate a comprehensive suite of special operations and urban warfare training²¹. Tactical mock-ups may also be designed to simulate very-high-risk combat situations in aircrafts, ships and trains.

- **Modular Facilities** - Modular training facilities are based on prefabricated modules that can be quickly installed, combined with other modules or removed to create a training complex. Modules are constructed from containers, and each individual module is usually self-contained with all the required fittings, including linings, shooting booths, bullet traps, lighting, HVAC system, and targetry system. The modules typically have a shooting range of up to 100 metres. Modular facilities can be expanded with additional modules to create extra shooting lanes. The advantages of modular facilities include ease of customisation and change in the training layout within a short period of time. Outdated and old modules can be easily replaced with newer modules. It is also mobile and can be placed anywhere, making it a natural solution for any military or law enforcement organisation that does not prefer to have a purpose-built training range in the location. Modular facilities, however, have a lifespan of 30 years, which is relatively shorter than a typical fixed training facility.

²¹ Interviews

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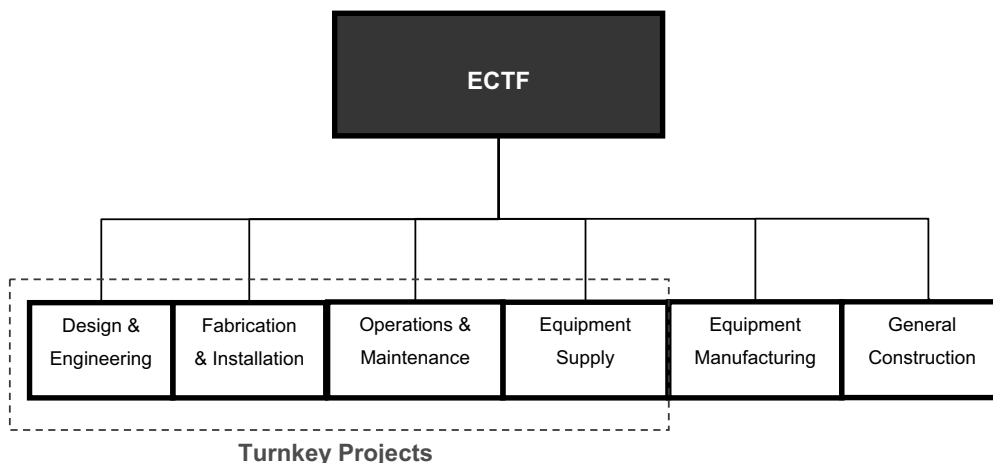
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2.2 Differing Segments in the ECTF Industry

The ECTF Industry can be segmented based on the key specialisations of industry participants, as shown in Figure 5.

Figure 5: Segments within the ECTF Industry



Note:

- Starburst Engineering Pte Ltd is involved in turnkey projects.

Source: Converging Knowledge

The following sections describe the segments within the ECTF industry.

- **Design & Engineering** - Design and engineering companies, which include architectural and mechanical engineering companies, specialise in producing conceptual and engineering design of training facilities. Sometimes, they also serve as project consultants. This segment includes consultants and architects who work on the floor plans and features of the structure. Design and engineering work for training facilities require a high degree of experience and technical knowledge, as it involves the safety and functional aspects of the training facility. For example, the location of a control room is crucial, as constant supervision on the training floor can be conducted. Also, the infrastructure must be able to accommodate a complex targetry system, sometimes within the small confines of a mock-up facility. The design and engineering teams set out a blueprint for the subsequent stages of the ECTF project, and play an important role in setting the requirements for the training facility.

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- **Fabrication & Installation** – Fabrication and installation refer to Bullet Containment Systems, which are specialised constructs that ensure the safety of the firing range by way of trapping and preventing bullets from ricocheting. This segment includes a very niche group of engineers who are able to develop and fabricate sophisticated solutions to cater to the needs of different ranges.
- **Operations and Maintenance** - Companies in this segment provide contractual service of routine maintenance for training facilities. While some military and law enforcement organisations conduct their own facility operations and maintenance, these functions may also be outsourced to the private sector. Shooting ranges and mock-ups are subject to a high rate of wear and tear, as a result of damage caused by projectiles and explosions. Maintenance is, thus, crucial in the upkeep of training facilities. Typically, maintenance work includes the replacement of ballistics linings, inspection and repair of berms and backstops, retrieval of lead and bullet, inspection of bullet pockets and bullet catchers, replacement of air filters, and basic cleaning. Maintenance work differs across various types of training facilities.
- **Equipment Supply** – Equipment suppliers specialise in sourcing and supplying various targetry systems, range equipment and software to the end-users or integrators. These suppliers may also work as integrators, who procure the products based on end-user requirements. In general, these companies are required to fully understand the needs of the end-users, and engage other parties or integrators to deliver the other components that are required.
- **Equipment Manufacturing** - Some industry players specialise in the manufacturing and distribution of targetry systems, range equipment and software to the end-users or integrators. Equipment manufacturers may compete based on technological advantage, that is, by introducing newer features and incorporating cutting edge technology into their products. As such, equipment manufacturers undertake R&D as one of their core activities. Equipment manufacturers may also specialise in a specific product platform, for example, dynamic, virtual simulators, live-fire score electronic evaluators or laser training systems. Equipment manufacturers may distribute directly or work through a partner.
- **General Construction** - Companies in this segment are engaged in the general construction of training facilities and erection of permanent buildings. General construction companies usually work with integrators, project managers and/or consultants on the construction and delivery of the infrastructure. Examples of general

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construction work include the construction of berms, backstops and baffles. General construction companies may also be involved in carrying out demolition work, after the decommissioning of the facility.

- **Turnkey Projects** – Turnkey project companies are typically integrators or project managers who manage and oversee the work done by various subcontractors. Turnkey project companies can be seen as a one-stop solution provider – vertically integrated companies with comprehensive capabilities to undertake all the necessary functions. One-stop solution providers are involved in the whole value chain of ECTF, from the initial conceptual designing to the commissioning of facilities. These companies integrate the individual components and deliver facilities that are ready for use. The main advantage of contracting turnkey project companies is cost effectiveness, achieved by reducing the transactional cost of engaging different individual parties for setting up and day-to-day maintenance of training facilities.

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3. OPPORTUNITIES, THREATS AND BARRIERS TO ENTRY

3.1 Opportunities

Changes in the global political, economic and social landscapes have presented opportunities for the ECTF industry. The following are some of the opportunities of the industry:

Increasing Adoption of Technology

Modern military and law-enforcement agencies are embracing and incorporating technology into their doctrines, and this will influence the demand for newer and more advanced training techniques. Virtual simulations have been gradually adopted by the military in countries such as Saudi Arabia, Kuwait and Singapore. The trend in technology adoption presents an opportunity for ECTF players to innovate and move towards higher value projects. Not only do virtual simulations eliminate the cost of live ammunition, they are expected to become even more realistic with advanced software computing. The use of video projections and motion sensors allow a trainee to enact a real-life scenario with life-like virtual opponents, all within a small stage. The use of video in military training drastically reduces the costs of physically recreating a combat simulation.

Modernisation initiatives on military and law enforcement organisations around the world have also led to the use of advanced communication networks between soldiers, including shared-situational awareness system within a larger tactical network. The implications of network connectivity between soldiers mean that the soldier would be able to have superior tactical knowledge in the battlefield. This is expected to have a positive effect on the demand to upgrade existing facilities to accommodate training with new equipment or design future training facilities to factor in tactical network connectivity.

Outsourcing of Military Support Services

Increasingly, certain non-core functions such as logistics and supply chain management in the military, police or special forces organisations are being outsourced to private

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contractors²². However, tasks that were traditionally considered as core military activities, like management and maintenance of shooting ranges and simulation systems training, are being outsourced as well²³. For example, in the US, outsourcing of services was argued to have freed up manpower and resources to focus on more essential and key functions of the military, and the United States Department of Defense has seen an increasing number of service acquisitions for the military²⁴. Despite the reduction in the overall nominal defence budget worldwide, the military spending in real terms have remained stable in most countries, as upkeep cost of existing military assets remain a fundamental concern for defence and national security²⁵. Military and law enforcement organisations are also looking to engage one-stop solutions provider (i.e. design, build and manage) to mitigate the expected increasing cost of repair and maintenance of facilities in the future, in view of the additional transaction cost of engaging different parties for different services. The trend in military services outsourcing represents an opportunity for the ECTF players to provide complementing services, namely repair and maintenance of training facilities.

Emergence of Threats to National Security

The world has seen an emergence of security threats from terrorist organisations, which can strike anywhere in the world when it is least expected. Terrorist organisations tend to target areas with large civilian population in commercial districts, with recent examples such as the Westgate shopping mall attack in Kenya, suicide attacks in London, Beslan School hostage crisis in Russia, and the Khobar Massacre in Saudi Arabia. As such, military and law enforcement organisations have heightened security measures and prepared doctrines to quickly respond to such crisis. This includes intensifying training of personnel for combat in urban areas, with emphasis on achieving a swift and decisive resolution to the crisis.

A history of political volatility in a region will also mean a higher level of military vigilance to deter potential aggressors. In such a political landscape, a highly-trained armed force is important to domestic and regional stability. Threats may also come from social unrests, as witnessed in the Arab Spring. Failure to achieve a peaceful solution can develop into a prolonged civil conflict. As such, investments into the training of military and police organisations will help equip personnel to deal with such situations.

²² U. Petersohn (2010). Privatising Security The Limits of Military Outsourcing. Centre for Securities Studies ETH Zurich, CSS Analysis in Security Policy, No.80

²³ S.P. Freeman & E. Skons (2008). The Private Military Services Industry. SIPRI Insights on Peace and Security, No. 2008 (1) – <http://books.sipri.org/files/insight/SIPRIInsight0801.pdf>

²⁴ United States Government Accountability Office. – <http://www.gao.gov/assets/270/261042.pdf>

²⁵ Interviews with industry players

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Global Events

Global events such as the Olympics or the World Cup are prestige events for a state and/or country, and they provide opportunities for people around the world to come together. However, these, too, serve as potential platforms for radicals to undermine the security of the state. The Munich massacre, which happened in the 1972 Summer Olympics, demonstrated the vulnerability of global events as a terrorist target, with fatal consequence. The Munich massacre and subsequent terrorist threats on global events pressured governments to train and develop counter-terrorist units to deal with similar situations. This means that extensive training of security teams that are being deployed to safeguard the events become crucial. The ECTF players can realise the training goals of the military and law enforcement organisations with mock-ups of buildings and structures (for example, stadiums, athletes' village) designated for use in global events.

3.2 Threats

Substitutes for training facilities in the defence industry are limited. As training forms an essential activity in military and law enforcement organisations, the role of safe and effective training facilities is not readily replaceable, except where training in the natural environment is preferred. For example, in some countries, live-firing exercises are conducted in the jungle.

Threats to the industry may arise as a result of government policies. A possible threat to the industry lies in the change of status between trade partners and countries' common defence and technology trade agreements. In addition, an arms embargo or deteriorating trade relations between the supplying and the recipient country will be detrimental to ECTF companies.

3.3 Barriers to Entry

The barriers to entry in the ECTF industry are high, with the exacting requirement for technical expertise, and a good track record in the industry. While there is no single universal regulatory authority governing the ECTF industry, companies must adhere to strict safety standards, as set out by the client, and best practices when designing and constructing the training facilities. Acts that compromise on safety, like using poor building materials and

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substandard construction, may potentially lead to fatal consequences. Additionally, companies may be required to observe the basic building safety rules as stipulated by the building and civil engineering authority in each individual country.

The contracts awarding process by each individual government may also serve to restrict the number of players, as it acts as a point of entry into the industry. Also, there may be restrictions on foreign companies, on the basis of national security issues. Under the World Trade Organization's ("WTO") Agreement on Government Procurement, the purchase of arms, ammunitions, and other materials and services otherwise considered indispensable for national defences by governments are exempted from being subject to non-discriminatory conditions in international competitive tendering of government contracts²⁶. Therefore, each individual government is not obliged to award contracts based on the company's merits. Countries like the US and those in Europe restrict the exports of military equipment, including training systems. As such, ECTF companies are required to identify and document the ultimate recipient of these equipments with the Department of Defense in the US or Europe.

Companies may also establish long-term working relationships with equipment suppliers and project managers, and the advantage goes to companies that are well connected in the value chain. A good relationship with suppliers and experience with the suppliers' products will contribute to the credentials of the integrators, while a strong network with consultants and project managers can lead towards sales opportunities.

²⁶ World Trade Organization – http://trade.ec.europa.eu/doclib/docs/2012/march/tradoc_149240.pdf

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4. COMPETITIVE LANDSCAPE IN SINGAPORE

4.1 Overview of the Competitive Landscape

The ECTF industry in Singapore is characterised by a very small number of specialised industry players serving a focused pool of high value clients in the government, for example, the Ministry of Defence and the Ministry of Home Affairs, among others. Scopes and specifications of projects may differ – they may be design and construction of new facilities, upgrading of existing facilities or routine maintenance. Main contractors are appointed to carry out and manage the overall project, and they, in turn, will identify and work with partners and sub-contractors to complete different segments of the projects. The involvement of collaborative efforts is high in the ECTF industry.

In acquiring government contracts, industry players usually compete by positioning themselves as a one-stop solution provider. Upon securing the contract(s), these main contractors will identify partners or sub-contractors to complete specific segments, which require specialisation.

Outside Singapore, due to differences in policies and regulations, industry players may compete differently. Competitors may focus on selected geographical markets where they have built strong relationships with their clients. In countries where civilian possession of firearms is legal, private shooting range operators may also choose to engage ECTF specialists to design and construct shooting ranges for civilian use.

The industry has also seen restructuring, as major players with large government contracts and ready access to capital acquire smaller firms with niche capabilities. These industry players may also create spinoffs to penetrate new product/service market. The trend is more pronounced in major arms exporting regions like the US and Europe. For example, Cubic Corporation Inc acquired a stake in Advanced Interactive Systems in July 2013 to increase its exposure in the simulated training range market²⁷.

²⁷ Interviews

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4.2 Major Players in the Industry

There are few major players specialising in the ECTF industry in Singapore. These players usually compete during the initial tender phase of a project, assuming the role of a main contractor. Once the tender is awarded, the main contractor may partner with different players to supply different products and services for this specific project. The selected partners may also have participated in the initial tender phase of the same project, as main contractors.

Table 7: Major Players in the ECTF Industry in Singapore

Company	HQ	Service Capabilities			
		Design & Engineering	Fabrication & Installation of Bullet Containment Systems*	Supply of Targetry and Simulation Equipment**	Operations & Maintenance
Starburst Engineering Pte Ltd.	Singapore	✓	✓	✓	✓
Cubic Range Design Solutions	USA	✓		✓	✓
Meggitt Training Systems Inc.	United Kingdom	✓		✓	✓
Microcircuit Systems Pte Ltd	Singapore	✓		✓	✓

Notes:

The list may not be exhaustive.

* Fabrication of Bullet Containment Systems refers to companies specialising in constructs, which ensure the safety of the firing range by way of trapping and preventing bullets from ricocheting.

** Targetry and Simulation Equipment refer to specialised systems that are installed in a firing range. This list includes industry players that manufacture, fabricate, supply and install these equipment.

*** Companies profiled are not involved in general construction,

Source: Desktop research and interviews compiled by Converging Knowledge

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Starburst Engineering Pte Ltd (“Starburst”)

Starburst focuses on the design, fabrication, installation and maintenance of shooting ranges and tactical training mock-ups for military and security forces. The company specialises in the design and installation of ballistics protection technologies, and also designs and builds indoor, outdoor, and modular live-fire ranges. Headquartered in Singapore, Starburst operates a factory in Singapore, where products are manufactured, as well as an office in Abu Dhabi to serve the GCC market. The company is a partner of Terran Corporation, US, which supplies Sacon, a ballistic absorbing concert, and works closely with Shooting Ranges Industries LLC on the fabrication and supply of modular ranges.

Cubic Range Design Solutions (“CRDS”)

Cubic Range Design Solutions specialises in the design and construction of training facilities, as well as manufacturing and supply of training systems. In Singapore, CRDS designs shooting ranges and provides targetry equipment and systems software, as well as lighting for training facilities. The company is able to develop training solutions such as laser-based firearms training simulators, which allow military personnel to train in highly realistic environments. Firing ranges and training facilities are designed to suit both general armed forces as well as special forces. Headquartered in the US, the company serves the Asia Pacific region from its Singapore office.²⁸

Meggitt Training Systems Inc. (“Meggitt”)

Meggitt, a UK based company, supplies integrated live-fire and simulation weapons training systems to military and law enforcement organisations. In Singapore, Meggitt specialises in the design and construction of both indoor and outdoor ranges, as well as the building of modular ranges. The company is a business unit of Meggitt PLC’s Equipment Group Division, and has operations in the US, Australia, Canada, Netherlands, UK and UAE. The company also has a manufacturing facility in the US²⁹.

Microcircuit Systems Pte Ltd (“Microcircuit”)

Microcircuit is a Singapore based company, with a division specialising in the design and engineering of ranges, with respect to installation of targetry and simulation systems. The company is a partner of Polytronic International AG, a Swiss based simulation and targetry equipment manufacturer. Apart from the defence industry, the company also provides

²⁸ Interviews

²⁹ Interviews

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integrated electronic systems to a variety of industries, including the electronics and telecommunications industry, oil & gas industry, and the healthcare industry.³⁰

4.2.1 International Competition

Akin to the Singapore market, industry players in the ECTF industry also compete mainly during tenders. However, industry players compete for projects as range designers rather than main contractors. When a contract is secured, these industry players will select partners to supply different parts and components, as well as installation services, for the completion of the project.

Some of the major industry players that are actively involved in international tenders include:

- Action Target, a company based in the US, which designs and manufactures targetry and simulation products and equipment.
- CDRS, a US company that specialises in the design and construction of training facilities, as well as the manufacturing and supply of targetry and simulation equipment and systems.
- Meggitt, a UK based company, which supplies integrated live-fire and simulation weapons training systems to military and law enforcement organisations.
- Shooting Range Industries LLC, a US-based company that specialises in the design and manufacturing of modular training facilities.
- Starburst, a Singapore company that focuses on the design, fabrication, installation and maintenance of shooting ranges, with specialised capabilities in fabrication and installation of ballistic containment systems.
- Teletarget Co. LLC, a company based in the UAE, and provides shooting training systems, range equipment, and range fit-outs.

³⁰ Interviews

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5. PROSPECTS OF ECTF IN THE DEFENCE INDUSTRY

Growth of the ECTF industry is correlated to defence spending and the economic performance of a country. Political volatility, increasing security needs, technological development, and the changing nature of modern combat will have an impact on government defence spending.

5.1 Prospects in Southeast Asia

Adoption of Technology in Military and Law Enforcement Organisations

The defence strategy and doctrines of a country have a direct implication on the prospects of the ECTF industry. Over the years, the defence doctrines of individual countries have evolved to suit the changing political, economical and social climates, and as such, the training regime of the military is shaped by these doctrines. For example, the Singapore Armed Forces' defence philosophy of establishing forward defence, conducting pre-emptive strike and strategic mobility to limit the collateral damage on the country's economic assets require a highly mobile force that is also technologically superior³¹. Singapore's strategy to adopt technically-advanced weaponry and technology means that the training of military and special-operations personnel becomes more sophisticated. As a result, more advanced training facilities are required to meet the needs of the army.

Furthermore, Singapore relies on an army of conscripts and reservists to supplement its regular resources. Singapore's demographics, with a highly educated and IT savvy population, means that the country can harness the strength of its soldiers' knowledge, complemented with the use of technology, to influence the outcome in the battlefield. The combination of factors transforming the defence industry of Singapore has given rise to the concept of a 3rd

³¹ Transformation in Global Defense Markets and Industries, Singapore, Extracted 25 February 2014–
<http://www.fas.org/irp/nic/battilega/singapore.pdf>

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Generation (3G) army of highly educated and trained soldiers, with advanced weaponry and equipment able to fight and operate in a networked battlefield. Similar transformations in the military, police and special forces may mean that ECTF industry players can offer a wider range of higher value products and services to meet the security requirements of the 'next-generation'. This may include more dynamic training that simulates simultaneously occurring scenarios, with more complex targetry systems and IT infrastructure, so as to develop the combat skills of a "technologically endowed" soldier. The use of computer-generated imagery and video targetry systems at law enforcement and defence-related training centres is an example of the adoption of technology in military training to supplement standardised training methods.

Besides Singapore, the armed forces of countries in the region have also each pursued varying levels of modernisation programmes, following key domestic and external events. While Thailand's modernisation programmes appear to be driven by domestic issues, for example, the 2006 military coup, Malaysia's modernisation programmes have historically been correlated to its economic growth³². On the other hand, Brunei's military development programmes focus on regional cooperation³³.

Security Risks and Key Installations

Key installations such as sea-ports, airports, petrochemical plants and government administration buildings play an important role in the economic growth and social stability of a country. Adequate infrastructure has traditionally been viewed as an essential input for economic development, as it increases productivity and growth³⁴. However, these installations are also vulnerable to sabotage or terrorist attacks, which will lead to disruption of critical public services and the economy. The task of protecting key installations against attacks also fall on military and law enforcement agencies, even though many key installations such as data centres, telecommunication facilities, rail networks and ports can be privately-owned.

In Malaysia, for example, private owners of critical infrastructure, including those in the banking and finance, energy, transport and infocommunication ("ICT") sectors, work with national defence and security agencies in sharing information and managing security risks. These infrastructures are known as Critical National Information Infrastructure ("CNII"), defined as real or virtual assets, systems and functions that is vital to national economic strength, national image, defence and security, public health and safety, amongst others.

³² 14 December 2011. UK House of Common. Military balance in Southeast Asia Research paper 11/79

³³ Ministry of Defence, Brunei, 2011 Brunei defence white paper, Extracted 22 February 2014

³⁴ February 2013, D. Seneviratne & Yan Sun. International Monetary Fund -
<http://www.imf.org/external/pubs/ft/wp/2013/wp1341.pdf>

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Security risk in the current climate has also been shifted from hard targets, that is, heavily guarded government buildings, to soft targets such as public areas, establishments and places with high volume traffic³⁵.

Increased Investments in Critical Infrastructure

From 2008 to 2012, investments into infrastructure in Singapore, Brunei, Thailand and Malaysia have been relatively stable. Despite the global economic crisis in 2008, the gross fixed capital formation, as a percentage of GDP, in Thailand, Singapore and Malaysia recovered, and have seen increases by between 24.1% and 28.5% in 2012, indicating the gradual increase in infrastructure investments and expenditure in the region³⁶. With higher investments in critical infrastructures, governments would see the need to protect their assets. This will bode well for defence spending, and thus, the ECTF Industry.

Singapore is planning to expand its transport infrastructure to support its economy and population. In 2012, the Ministry of Transport invested SGD5.4 billion to improve the public transport systems as well as road infrastructure. The sea-port of Singapore will also see an investment of SGD171.5 million, which will be used to upgrade its container-handling capacity to cater to future growth of sea trade in the region.³⁷ It expects to invest an additional SGD6.2 billion into transportation infrastructure in 2014.³⁸

Under the Wawasan Brunei 2035, Brunei aims to invest in developing and maintaining world-class education, health and industry infrastructure through public-private partnership³⁹. Among the key projects in the pipeline is the USD2.8 billion investment on an integrated gas-based petrochemical complex at the Sungai Liang Industrial Park⁴⁰, and the modernisation of the Brunei International Airport terminal⁴¹.

Thailand aims to be a strategic hub in ASEAN, with emphasis on infrastructure projects to improve connectivity. The Thai government has proposed a THB2.0 trillion investment to

³⁵ Singapore Police Force

³⁶ World Bank, Tabulated by Converging Knowledge. Please note that the 2012 data for Brunei is not available.

³⁷ 15 March 2013, Ministry of Finance, Singapore (extracted 21 February 2013) –

http://www.mof.gov.sg/budget_2013/expenditure_overview/mot.html

³⁸ 21 February 2014, Ministry of Finance, Analysis of Revenue and Expenditure Financial Year 2014 –

http://www.singaporebudget.gov.sg/data/budget_2014/download/FY2014_Analysis_of_Revenue_and_Expenditure.pdf

³⁹ Brunei Economic Development Board, Wawasan 2035 - http://www.bedb.com.bn/why_wawasan2035.html

⁴⁰ 29 August 2011. The Brunei Economic Development Board –

http://www.bedb.com.bn/news_articles_details.php?id=125

⁴¹ Brunei Economic Development Board – http://www.bedb.com.bn/bisop_deliverinfrastructure.html

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upgrade their transportation systems, create 500,000 jobs and push up the country's GDP by 1.0% annually⁴².

Gross fixed capital formation in Malaysia grew by 25.7% in 2012, based on public and private investments. Private capital investments are mainly channelled into sectors such as telecommunications, oil & gas, and aviation, while public sector investments went into transportation, and trade and industry capital⁴³. Malaysia is expected to continue investments into building "world-class infrastructure" under the 10th Malaysia Plan⁴⁴.

Defence Spending

Economic progress and population growth, amongst others, contribute towards the need to step up security preparedness increases, and positively influencing the growth projections in regional defence spending.

Defence spending in Southeast Asia is expected to grow at a CAGR of 3.4% from 2014 to 2018. Singapore and Malaysia are expected to witness CAGR of 1.6% and 2.8% respectively in their defence spending from 2014 to 2018, with focus on military modernisation programmes. On the other hand, defence spending in Thailand is projected to grow by 7.4% in 2014, while Brunei will see a 5.2% growth in its military expenditure⁴⁵. These projections are made based on the baseline growth trajectory and does not take into account external drivers (for example, adoption of technology military and national security risks) mentioned in the earlier sections

5.2 Prospects in the GCC

Conscription and Changing Demographics in the GCC

In a cabinet decision announced in 2013, Qatar implemented compulsory conscription of males aged between 18 and 25 to serve in the military for four months. In 2014, the Qatari government is planning to build a permanent training complex to accommodate the influx of

⁴² Royal Thai Government – <http://www.thaigov.go.th/en/news-room/item/76280-government-insists-2-trillion-baht-investment-truly-benefits-infrastructure-project-development-at-a-regional-level.html>

⁴³ 2013, Bank Negara Malaysia, quarterly bulletin, Q1 2013 – <http://www.bnm.gov.my/files/publication/qb/2013/Q1/p3.pdf>

⁴⁴ 10 June 2010. Prime Minister Office, Malaysia 10th Malaysia Plan 2011-2015, Speech by the Prime Minister in the Dewan Rakyat – http://www.pmo.gov.my/dokumenattached/speech/files/RMK10_Speech.pdf

⁴⁵ Converging Knowledge. Projections are based on empirical and statistical analysis of historical predictors that were shown to have significant bearing on defence spending. It does not take into account "external shocks" such as major conflicts, significant terrorist activities and social unrest in the countries, amongst other factors.

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recruits. According to the country's Minister of State for Defence, these recruits can go on to serve as regular members of the armed forces, which are expected to contribute to the number of military personnel employed in the country⁴⁶.

The UAE has also introduced compulsory military service for all male citizens under the age of 30. Those without high school education are required to serve for two years, while those with diplomas will have to serve for nine months.⁴⁷ Meanwhile, Kuwait is also considering conscription of its male citizens to supplement its regular military force⁴⁸. With the mandatory military services in the three countries, the expected overall increase in the number of military personnel in these three countries will precede increased investments into military installations and infrastructure, including training facilities.

Population growth is also contributing to the need to manage security risk. Increasing population brings with it an added set of security challenges for law enforcement and military organisations. Also, to support economic growth, countries may open up their borders to immigrant workers, exposing the country to potential security risk. Examples of possible scenarios include social unrest from cultural, religious or ideological differences, smuggling of arms, and higher crime rates. The number of trained military and law enforcement personnel is expected to increase, in tandem with the population growth.

The total population in the UAE, Qatar, Saudi Arabia and Kuwait is expected to witness a CAGR of 2.0% from 2013 to 2017. Saudi Arabia's population is projected to grow to 31.4 million in 2017, while future estimates of population growth in Kuwait, Qatar and the UAE put the total population in 2017 to be 3.2 million, 2.1 million and 8.7 million respectively.

Major Global and Regional Events and Infrastructure Spending

The four GCC countries are experiencing rapid growth in infrastructure investments and construction activities. Qatar has drawn out an extensive infrastructure investments plan, which includes the development of the new Doha in Al Wakrah, to be completed in 2014, at a cost of QAR14.0 billion, the Lusail City with an integrated aqua-park, game park and snow domes, the Qatar railway that will provide a comprehensive range of rail services at a cost of QAR1.0 billion, and an integrated high-end city at Al-Khor City, with an estimated construction cost of USD35 billion⁴⁹.

⁴⁶ Interviews

⁴⁷ Interviews

⁴⁸ Interviews

⁴⁹ Qatar Ministry of Economy and Commerce, Website –
<http://www.mec.gov.qa/English/ForeignInvestor/Pages/MegaProjects.aspx>

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Besides public sector investments, the inflow of foreign investments into the four GCC countries will have an impact on the growth rate of the fixed capital formation in the countries. In 2012, UAE, Qatar, Saudi Arabia and Kuwait recorded positive Foreign Direct Investments ("FDI") of USD1.9 billion, USD327 million, USD12.2 billion and USD9.6billion (current prices) respectively⁵⁰.

Investments into infrastructure and mega projects are also linked to major regional or global events hosted by the GCC countries. The availability of world-class infrastructure has an impact on the choice of location for major events. This includes the 2022 FIFA World Cup to be hosted by Qatar and the 2020 Dubai World Expo to be hosted by the UAE. Such events create jobs and spur economic expansion in the country. Increased spending in infrastructure as well as inflows of FDIs will spur the need to protect these assets and investments, thus, driving increased training expenditure for law enforcement and military personnel.

Defence Spending in GCC

Defence spending in the GCC countries, with the exception of Bahrain and Oman, is expected to grow at a CAGR of 2.4% from 2014 to 2018, with a strong link to total regional government expenditure. Historically, Saudi Arabia has been a country with the highest defence spending in the region, and this is expected to continue in 2014, with an estimated annual increase of 11.7% in defence spending for the year. It is projected that defence spending of Saudi Arabia will contribute 73.5% to the regional total, excluding Bahrain and Oman. Growth of military expenditure is expected to accelerate for Qatar and the UAE, with a CAGR of 5.1% and 5.5% respectively from 2014 to 2018.⁵¹ These projections are made based on the baseline growth trajectory and does not take into account external drivers (for example, conscription and major regional events) mentioned in the earlier sections.

⁵⁰ World Bank, Databank

⁵¹ Converging Knowledge. Projections are based on empirical and statistical analysis of historical predictors that were shown to have significant bearing on defence spending. It does not take into account "external shocks" such as major conflicts, significant terrorist activities and social unrest in the countries, amongst other factors.

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Converging Knowledge Pte Ltd has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report represents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and/ or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

EDDY TAN KONG YIAM

Director

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APPENDIX D — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications are invited for the subscription of the Invitation Shares at the Issue Price, subject to the following terms and conditions:

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 INVITATION SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**
2. Your application for the Offer Shares may be made by way of the printed **WHITE** Offer Shares Application Forms or by way of Automated Teller Machine ("**ATMs**") belonging to the Participating Banks ("**ATM Electronic Application**"), the Internet Banking ("**IB**") websites of the relevant Participating Banks ("**Internet Electronic Application**") or through the DBS mobile banking platform ("**mBanking Application**").

Application for the Placement Shares may only be made by way of the printed **BLUE** Placement Shares Application Forms, or such other forms of application as the Sponsor deems appropriate.

Internet Electronic Applications shall, together with ATM Electronic Applications and mBanking Application, be referred to as "**Electronic Applications**".

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE INVITATION SHARES.

3. You (not being an approved nominee company) are allowed to submit **ONLY** one application in your own name for:
 - (a) the Offer Shares by any one of the following:
 - Offer Shares Application Form;
 - ATM Electronic Application; or
 - Internet Electronic Application; or
 - mBanking Application; or
 - (b) the Placement Shares by any one of the following:
 - Placement Shares Application Form; or
 - Such other forms of application as the Sponsor deems appropriate.

If more than one application is submitted for either the Offer Shares or the Placement Shares, such separate applications shall be deemed to be multiple applications and shall be rejected.

If you have made an application for the Placement Shares, you should not make any application for the Offer Shares by way of an Offer Shares Application Form or by way of an Electronic Application and vice versa. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at the discretion of our Company.

Joint or multiple applications shall be rejected. Persons submitting or procuring submissions of multiple share applications (whether for the Offer Shares, the Placement

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Shares or both the Offer Shares and the Placement Shares) may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at the discretion of our Company.

4. Our Company will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and applicants whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of application.
5. Our Company will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or where the application made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies, complying, in each case, with paragraph 6 below.
6. **OUR COMPANY WILL ONLY ACCEPT NOMINEE APPLICATIONS FROM APPROVED NOMINEE COMPANIES.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account but fail to provide your Securities Account number or provide an incorrect Securities Account number in section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality, permanent residence status and CDP Securities Account number, provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
8. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.**

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9. Our Company reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Forms and this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance. Our Company further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms and this Offer Document (including the instructions set out in the Electronic Applications), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.
10. Our Company reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefore, and our Company will not entertain any enquiry and/or correspondence on our decision except in respect of applications which have been balloted but subsequently rejected where the reasons for such rejection will be provided to the Applicant. This right applies to applications made by way of Application Forms or such other forms of application as the Sponsor deems appropriate and by way of Electronic Applications. In deciding the basis of allotment and/or allocation, our Company will give due consideration to the desirability of allotting and/or allocating the Invitation Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
11. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of Invitation Shares allotted and/or allocated to you. This will be the only acknowledgment of application monies received and is not an acknowledgment by our Company. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares allotted and/or allocated to you. This authorisation applies to applications made by way of printed Application Forms, or such other forms of application as the Sponsor may deem appropriate and by way of Electronic Applications.
12. In the event that not all the Offer Shares are validly applied for as at the close of the Application List, that number of Offer Shares not applied for shall be made available to satisfy excess applications for the Placement Shares to the extent that there are excess applications for the Placement Shares as at the close of the Application List.

In the event that not all the Placement Shares are validly applied for as at the close of the Application List, that number of Placement Shares not applied for shall be made available to satisfy excess applications for the Offer Shares to the extent that there are excess applications for the Offer Shares as at the close of the Application List.

In the event of excess applications for the Offer Shares as at the close of the Application List and/or full or excess applications for the Placement Shares as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Company, in consultation with the Sponsor, and approved by the SGX-ST.

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13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offer Shares allotted and/or allocated to you pursuant to your application, to our Company, the Sponsor, the Issue Manager, the Underwriter, the Placement Agent and any other parties so authorised by CDP, our Company, the Sponsor, the Issue Manager, the Underwriter and/or the Placement Agent.
14. By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM or in the case of an Internet Electronic Application or mBanking Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen or the mobile banking interface of the relevant Participating Bank in accordance with the provisions herein, you:
- (a) irrevocably offer, agree and undertake to subscribe for the number of Invitation Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price for each Invitation Share and agree that you will accept such Invitation Shares as may be allotted and/or allocated to you, in each case on the terms of, and subject to the conditions set out in, this Offer Document and the Memorandum and Articles of Association of our Company;
 - (b) agree that in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the Participating Banks, the terms and conditions set out in this Offer Document shall prevail;
 - (c) agree that the aggregate Issue Price for the Invitation Shares applied for is due and payable to our Company upon application;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot and/or allocate any Invitation Shares to you;
 - (e) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, share application amount, the outcome of your application (including the number of Invitation Shares allocated to you pursuant to your application) and other personal data (“Personal Data”) by the Share Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd (“**SCCS**”), the SGX-ST, the Participating Banks, our Company, the Sponsor, the Issue Manager, the Underwriter and the Placement Agent and/or other authorised operators (the “**Relevant Parties**”) for the purpose of the processing of your application for the Invitation Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct, (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes, (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Sponsor, the Issue

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Manager, the Underwriter or the Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”); and

- (f) agree and warrant that if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Sponsor, the Issue Manager, the Underwriter and the Placement Agent will infringe any such laws as a result of the acceptance of your application.
15. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in, and for quotation of, the Invitation Shares, all our existing Shares and the Award Shares and Option Shares on Catalist;
 - (b) the Management and Sponsorship Agreement, and the Underwriting and Placement Agreement referred to in the section entitled “General and Statutory Information — Sponsorship, Management, Underwriting and Placement Arrangements” of this Offer Document have become unconditional and have not been terminated; and
 - (c) the Monetary Authority of Singapore (the “**Authority**”) has not served a stop order which directs that no or no further shares to which this Offer Document relates be allotted or issued (“**Stop Order**”).
16. In the event that a Stop Order in respect of the Invitation Shares is served by the Authority or other competent authority, and:
- (a) the Invitation Shares have not been issued, our Company (as required by law) deems all applications to have been withdrawn and cancelled and our Company shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days of the date of the Stop Order; or
 - (b) if the Invitation Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and our Company will refund your payment for the Invitation Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

17. In the event that an interim Stop Order in respect of the Invitation Shares is served by the Authority or other competent authority, no Invitation Shares shall be issued to you until the Authority revokes the interim Stop Order.

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18. The Authority is not able to serve a Stop Order in respect of the Invitation Shares if the Invitation Shares have been issued and listed on the SGX-ST and trading in them has commenced.
19. Our Company will not hold any application in reserve.
20. Our Company will not allot or allocate any Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the Authority.
21. Additional terms and conditions for applications by way of Application Forms are set out in the section entitled “Additional Terms and Conditions for Applications Using Printed Application Forms” on pages D-6 to D-10 of this Offer Document.
22. Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled “Additional Terms and Conditions for Electronic Applications” on pages D-10 to D-22 of this Offer Document.
23. Any reference to “you” or the “Applicant” in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of an Offer Shares Application Form or by way of an Electronic Application, and a person applying for the Placement Shares by way of a Placement Shares Application Form or such other forms of application as the Sponsor deems appropriate.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING PRINTED APPLICATION FORMS

Applications by way of Application Forms shall be made on and subject to the terms and conditions of this Offer Document, including but not limited to the terms and conditions appearing below as well as those set out under the section entitled “TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE” on pages D-1 to D-22 of this Offer Document, as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Offer Shares must be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”, accompanying and forming part of this Offer Document.

Applications for the Placement Shares by way of Application Forms must be made using the **BLUE** Placement Shares Application Forms accompanying and forming part of this Offer Document or such other forms of application as the Sponsor may deem appropriate.

Without prejudice to the rights of our Company, the Sponsor has been authorised to accept, for and on behalf of our Company, such other forms of applications as the Sponsor deems appropriate.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances.**

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2. You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. You must complete all spaces in your Application Forms except those under the heading **“FOR OFFICIAL USE ONLY”** and you must write the words **“NOT APPLICABLE”** or **“N.A.”** in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of corporations, in your full names as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your memorandum and articles of association or equivalent constitutive documents. If you are a corporate Applicant and your application is successful, a copy of your memorandum and articles of association or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether an individual or corporate Applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore having an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Invitation Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.
7. You may apply for the Invitation Shares using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable, in respect of the number of Invitation Shares applied for, in the form of a **BANKER’S DRAFT** or **CASHIER’S ORDER** drawn on a bank in Singapore, made out in favour of **“STARBURST SHARE ISSUE ACCOUNT”** crossed **“A/C PAYEE ONLY”** with your name and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. **Remittances bearing “Not Transferable” or “Non Transferable” crossings will be rejected.**

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No acknowledgement of receipt will be issued by our Company or the Sponsor for applications or application monies received.

8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you within 24 hours of the balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. By completing and delivering the Application Form, you agree that:
 - (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 8 July 2014** or such other time or date as our Company may, in consultation with the Sponsor, decide and by completing and delivering this Application Form:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
 - (b) all applications, acceptances or contracts resulting therefrom under this Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (c) in respect of the Invitation Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
 - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (e) reliance is placed solely on information contained in this Offer Document and that none of our Company, the Sponsor, the Issue Manager, the Underwriter and the Placement Agent or any other person involved in this Invitation shall have any liability for any information not so contained;
 - (f) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
 - (g) you irrevocably agree and undertake to subscribe for the number of Invitation Shares applied for as stated in the Application Form or any smaller number of such Invitation

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Shares that may be allotted and/or allocated to you in respect of your application. In the event that our Company decides to allot and/or allocate any smaller number of Invitation Shares or not to allot and/or allocate any Invitation Shares to you, you agree to accept such decision as final; and

- (h) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares that may be allotted and/or allocated to you.

Applications for the Offer Shares

1. Your application for the Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”.
2. You must:
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with your correct remittance in accordance with the terms and conditions of this Offer Document, in the **WHITE** official envelope “A” provided;
 - (b) in appropriate spaces on the **WHITE** official envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage if despatching by ordinary post;
 - (c) **SEAL THE WHITE OFFICIAL ENVELOPE “A”;**
 - (d) write, in the special box provided on the larger **WHITE** official envelope “B” addressed to **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, the number of Offer Shares you have applied for; and
 - (e) insert **WHITE** official envelope “A” into **WHITE** official envelope “B”, seal **WHITE** official envelope “B”, affix adequate Singapore postage on **WHITE** official envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, so as to arrive by **12.00 noon on 8 July 2014** or such other time or date as our Company may, in consultation with the Sponsor, decide. **Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

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4. **ONLY ONE APPLICATION** should be enclosed in each envelope.

Applications for the Placement Shares

1. Your application for the Placement Shares must be made using the **BLUE** Placement Shares Application Forms or such other forms of application as the Sponsor deems appropriate.
2. The completed and signed **BLUE** Placement Shares Application Form and your remittance, in accordance with the terms and conditions of this Offer Document, for the full amount payable in respect of the number of Placement Shares applied for with your name, CDP Securities Account number and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623** so as to arrive by **12.00 noon on 8 July 2014** or such other time or date as our Company, in consultation with the Sponsor, decide. **Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation may be rejected.
4. **ONLY ONE APPLICATION** should be enclosed in each envelope.
5. Alternatively, you may remit your application monies by electronic transfer to the account of **DBS Bank Ltd., MBFC Branch, Current Account No. 003-710543-0 in favour of "STARBURST SHARE ISSUE ACCOUNT"** for the number of Placement Shares applied for by **12.00 noon on 8 July 2014**. Applicants who remit their application monies via electronic transfer should send a copy of the telegraphic transfer advice slip to **DBS Bank Ltd., 12 Marina Boulevard Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982** to arrive by **12.00 noon on 8 July 2014**, or such other time or date as our Company may, in consultation with the Sponsor, decide.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications), on the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Application) and the mobile banking interface (in the case of mBanking Application) (the "**Steps**"). Currently, DBS Bank and UOB Group are the only Participating Banks through which the Internet Electronic Applications may be made and DBS Bank is the only Participating Bank through which mBanking Applications may be made.

For illustration purposes, the procedures for Electronic Applications for Offer Shares through ATMs, the IB website of DBS Bank and the mobile banking interface of DBS Bank are set out in the sections entitled "**Steps for ATM Electronic Applications for the Offer Shares through ATMs of DBS Bank (including POSB ATMs)**", "**Steps for Internet Electronic Applications for the Offer Shares through the IB website of DBS Bank**" and "**Steps for mBanking Applications for the Offer Shares through the mBanking interface of DBS Bank**" appearing on pages D-16 to D-22 of this Offer Document.

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Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “Applicant” in the “Additional Terms and Conditions for Electronic Applications”, and the Steps shall refer to you making an application for the Offer Shares through an ATM, the IB website of a relevant Participating Bank or the mobile banking interface of DBS Bank.

The Steps set out the actions that you must take at ATMs, the IB website of DBS Bank or the mobile banking interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs or the IB websites of the other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks.

If you are making an ATM Electronic Application, you must have an existing bank account with and be an ATM cardholder of the relevant Participating Banks before you can make an Electronic Application at the ATMs of the relevant Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for the Offer Shares at an ATM belonging to other Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

You must ensure that you enter your own CDP Securities Account Number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.

If you are making an Internet Electronic Application or an mBanking Application, you must have a bank account with and/or a User Identification (“**User ID**”) and a Personal Identification Number (“**PIN**”) given by the relevant Participating Banks.

If you are making an Internet Electronic Application, you must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In this connection, you will be asked to declare that you are in Singapore at the time when you make the application. Upon completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed out by you for your record. This printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

Your Electronic Application shall be made on the terms and subject to the conditions of this Offer Document, including but not limited to, the terms and conditions appearing below and those set out under the section entitled “TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE” on pages D-1 to D-22 of this Offer Document, as well as the Memorandum and Articles of Association of our Company.

APPENDIX D — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

1. In connection with your Electronic Application for the Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
 - (a) that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for the Offer Shares or the Placement Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) that, for the purposes of facilitating your application, you consent to the collection, use and disclosure, by the relevant Participating Bank, of your name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF investment account number, share application details and other personal data (the “**Relevant Particulars**”) from your records with the relevant Participating Bank, to our Share Registrar and Share Transfer Office, SGX-ST, CDP, CPF, SCCS, our Company, the Sponsor, the Issue Manager, the Underwriter and the Placement Agent (the “**Relevant Parties**”); and
 - (c) that this is your only application for the Offer Shares or the Placement Shares, as the case may be, and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the Internet screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key or by clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act (Chapter 19) of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

2. **By making an Electronic Application you confirm that you are not applying for the Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application and shall not make any other application for the Offer Shares or the Placement Shares whether at the ATMs of any Participating Bank, the IB websites of the relevant Participating Banks or the mobile banking interface of DBS Bank, as the case may be, or on the Application Forms. Where you have made an application for Offer Shares or Placement Shares on an Application Form, you shall not make an Electronic Application for Offer Shares and *vice versa*.**
3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application at the ATM or IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank, failing which such Electronic Application will not be completed. Any Electronic Application made at the ATM or IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank through which your Electronic Application is being made shall be rejected.

APPENDIX D — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

For the Offer Shares, you may make an ATM Electronic Application at the ATM of any Participating Bank, an Internet Electronic Application at the IB websites of the relevant Participating Banks or an mBanking Application at the mobile banking interface of DBS Bank, using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares, applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that our Company decides to allot and/or allocate any lesser number of such Offer Shares or not to allot and/or allocate any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the Internet screen or the mobile banking interface of DBS Bank) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted and/or allocated to you and your agreement to be bound by the Memorandum and Articles of Association of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Invitation Shares that may be allotted and/or allocated to you.
5. Our Company will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, at your own risk within 24 hours of the balloting provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, at your own risk, within 14 Market Days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Shares allotted to you before trading the Shares on the SGX-ST. None of the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Sponsor, the Issue Manager, the Underwriter and the Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

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If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

6. Applicants who make ATM Electronic Applications for the **Offer Shares** through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank (including POSB)	1800339 6666 (for POSB account holders) 1800111 1111 (for DBS Bank account holders)	Internet Banking http://www.dbs.com ⁽¹⁾	24 hours	Evening of the balloting day
OCBC Bank	1800363 3333	ATM/Internet Banking/Phone Banking http://www.ocbc.com ⁽²⁾	24 hours	Evening of the balloting day
UOB Group	1800222 2121	ATM (Other Transactions — “IPO Enquiry”)/IB http://www.uobgroup.com ⁽³⁾	24 hours	Evening of the balloting day

Notes:

- (1) If you have made your Electronic Application through the IB website of DBS Bank or mBanking Applications through the mobile banking interface of DBS Bank, you may check the results of your application through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
 - (2) If you have made your Electronic Application through the ATMs of OCBC Bank, you may check the results of your application through OCBC ATMs, OCBC Personal Internet Banking or OCBC Phone Banking services.
 - (3) If you have made your Electronic Application through the ATMs or the IB website of the UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group ATMs or UOB Phone Banking services.
7. Electronic Applications shall close at 12.00 noon on 8 July 2014, or such other time and date as our Company may, in consultation with the Sponsor, decide. Subject to paragraph 9 below, all Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank, as the case may be.
8. You are deemed to have irrevocably requested and authorised our Company to:
- (a) register the Offer Shares or the Placement Shares, as the case may be, allotted and/or allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;

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- (c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank, at your risk, within 24 hours of the balloting PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated shares issue account; and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank, at your risk, within 14 Market Days after the close of the Application List PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes have been honoured and application monies received in the designated shares issue account.
- 9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Sponsor, the Issue Manager, the Underwriter, the Placement Agent and CDP, and in any such event our Company, the Sponsor, the Issue Manager, the relevant Participating Bank and/or CDP do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Sponsor, the Issue Manager, the Underwriter, the Placement Agent, the relevant Participating Bank and/or CDP for the Offer Shares or the Placement Shares, as the case may be, applied for or for any compensation, loss or damage.
- 10. Our Company does not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company will reject any application by any person acting as nominee (other than approved nominee companies).
- 11. All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and any other Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.
- 12. You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP.

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13. By making and completing an Electronic Application, you are deemed to have agreed that:

- (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks acting as agents of our Company, at the ATMs and the IB websites of the relevant Participating Banks and the mobile banking interface of DBS Bank (as the case may be):
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, the acceptance by our Company, and the contract resulting therefrom under this Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (b) none of our Company, the Sponsor, the Issue Manager, the Underwriter, the Placement Agent, the Participating Banks or CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;
- (c) in respect of the Offer Shares, for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application; and
- (e) reliance is placed solely on information contained in this Offer Document and that none of our Company, the Sponsor, the Issue Manager, the Underwriter, the Placement Agent nor any other person involved in this Invitation shall have any liability for any information not so contained.

Steps for ATM Electronic Applications for the Offer Shares through ATMs of DBS Bank (Including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the Participating Banks. For illustration purposes, the steps for making an ATM Electronic Application through a DBS Bank ATM (including POSB ATMs) are shown below. Certain words appearing on the screen are in abbreviated form (“A/c”, “amt”, “appln”, “&”, “I/C”, “SGX” and “No.” refer to “Account”, “amount”, “application”, “and”, “NRIC”, “SGX-ST” and “Number”, respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS Bank (including POSB ATMs)), may differ slightly from those represented below.

Steps

1. Insert your personal DBS Bank or POSB ATM Card
2. Enter your Personal Identification Number

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3. Select “MORE SERVICES”
4. Select “LANGUAGE” (FOR CUSTOMERS USING MULTI-LANGUAGE CARD)
5. Select “ESA-IPO SHARE/SGS/INVESTMENTS”
6. Select “ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)”
7. Read and understand the following statements which will appear on the screen:
 - (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY A COPY OF THE PROSPECTUS DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.
 - (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/ DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/ DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.
 - (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/ DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/ CIRCULAR/ DOCUMENTS BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/CIRUCLAR/DOCUMENT.
 - Press the “ENTER” key to confirm that you have read and understood.
8. Select “STARBST” to display details.

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9. Press the “ENTER” key to acknowledge:
- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) PROSPECTUS, DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT/PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.
 - FOR THE PURPOSES OF FACILITATING YOUR APPLICATION, YOU CONSENT TO THE BANK COLLECTING YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO., APPLICATION DETAILS AND OTHER PERSONAL DATA AND DISCLOSING THE SAME FROM OUR RECORDS TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF, ISSUER/VENDOR(S) AND ISSUE MANAGER(S).
 - FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - THE MAXIMUM PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION AND SUBJECT TO REFUND IF THE FINAL PRICE IS LOWER.
 - FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
 - YOU ARE NOT A U.S. PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT, PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.
 - THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY, YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.
10. Select your nationality.
11. Select your payment method (i.e. by cash, CPF Funds, or a combination of cash and CPF Funds).
12. Select DBS Bank account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.
13. Enter the number of securities you wish to apply for using cash.
14. Enter the number of securities you wish to apply for using CPF Funds (if applicable).
15. Enter or confirm (if your CDP Securities Account number has already been stored in DBS Bank’s records) your own 12-digit CDP Securities Account number (Note: This step will be omitted automatically if your Securities Account number has already been stored in DBS Bank’s records).

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16. Check the details of your securities application, your NRIC or passport number, CDP Securities Account number, number of securities and application amount on the screen and press the “ENTER” key to confirm your application.
17. Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Applications for the Offer Shares through the IB website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the IB website at DBS Bank is shown below. Certain words appearing on the screen are in abbreviated form (“A/c”, “amt”, “&”, “I/C”, “SGX” and “No.” refer to “Account”, “amount”, “and”, “NRIC”, “SGX-ST” and “Number”, respectively).

Steps

1. Click on to the DBS Bank website at <http://www.dbs.com>.
2. Enter your User ID and PIN.
3. Login to Internet banking.
4. Select “Electronic Security Application (ESA)”.
5. Click “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United Securities Act of 1933 as amended).
6. Select your country of residence and click “I confirm”.
7. Click on “STARBST” and click the “Submit” button.
8. Click “I Confirm” to confirm, *inter alia*:
 - (a) You have read, understood and agreed to all terms of application and the Prospectus/Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - (b) For the purposes of facilitating your application, you consent to the Bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, SCCS, CDP, CPF, the issuer/vendor(s) and issue manager(s).
 - (c) You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

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- (d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the “US Securities Act”) or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “U.S. person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. These will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
- (e) This application is made in your own name and at your own risk.
- (f) For FIXED/MAX price securities application, this is your **only** application. For TENDER price securities application, this is your **only** application at the selected tender price.
- (g) FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S\$ at the same exchange rate.

FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

- 9. Fill in details for share application and click “I Confirm”.
- 10. Check the details of your share application, your I/C/Passport No. and click “OK” to confirm your application.
- 11. Print Confirmation Screen (optional) for your reference & retention only.

Steps for mBanking Applications for the Offer Shares through the mBanking interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated form (“A/c”, “amt”, “&”, “I/C”, “SGX” and “No.” refer to “Account”, “amount”, “and”, “NRIC”, “SGX-ST” and “Number”, respectively).

Steps

- 1. Login to DBS Bank mBanking application using your User ID and PIN.
- 2. Select “Investment Services”.
- 3. Select “Electronic Securities Application”.

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4. Select “Yes” to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United Securities Act of 1933 as amended).
5. Select your country of residence.
6. Select “STARBST”.
7. Select “Yes” to confirm, *inter alia*:
 - (a) You have read, understood and agreed to all terms of application and the Prospectus/ Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.
 - (b) For the purposes of facilitating your application, you consent to the bank collecting and using your name, NRIC/passport number, address, nationality, CDP Securities Account number, CPF Investment Account number, application details and other personal data and disclosing the same from our records to registrars of securities of the issuer, SGX, CDP, CPF, the issuer/vendor(s) and issue manager(s).
 - (c) You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).
 - (d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any “U.S. person” (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. These will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.
 - (e) This application is made in your own name and at your own risk.
 - (f) For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.
 - (g) FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S\$, based on the Bank’s prevailing board rates at the time of application. Any refund monies will be credited in S\$ based on the Bank’s prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S\$ at the same exchange rate.

FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

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8. Fill in details for share application and select “Submit”.
9. Check the details of your share application, your IC/Passport No. and select “Confirm” to confirm your application.
10. Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

RULES OF THE STARBURST EMPLOYEE SHARE OPTION SCHEME

1. NAME OF THE SCHEME

The Scheme shall be called the “Starburst Employee Share Option Scheme”.

2. DEFINITIONS

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

“Administration Committee”	The committee comprising of members of the nominating committee and remuneration committee of the Company to administer the Scheme
“Adoption Date”	The date on which the Scheme is adopted by the Company in general meeting
“Aggregate Subscription Cost”	The total amount payable for Shares which may be acquired on the exercise of an Option
“Articles”	The Articles of Association of the Company, as amended from time to time
“Associates”	Has the meaning ascribed to it in the SGX-ST Listing Manual
“Auditors”	The auditors of the Company for the time being
“Board”	The board of directors of the Company
“CDP”	The Central Depository (Pte) Limited
“CPF”	The Central Provident Fund
“Companies Act”	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	Starburst Holdings Limited, a public company incorporated in Singapore with limited liability
“control”	The capacity to dominate decision making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the number of all voting shares in a company; or (b) in fact exercises control over a company, unless otherwise determined
“Date of Grant”	In relation to an Option, the date on which the Option is granted pursuant to Rule 6

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

“Director”	A person holding office as a director for the time being of the Company and/or its Subsidiaries, as the case may be
“Employee”	An employee of the Group selected by the Administration Committee to participate in the Scheme
“Executive Director”	A director for the time being of the Company and/or any of its Subsidiaries, holding office in an executive capacity in the Company and/or such Subsidiary
“Exercise Period”	<p>The period for the exercise of an Option, being a period commencing:</p> <p>(a) in the case of a Market Price Option, after the first anniversary of the Date of Grant and expiring on (i) the tenth anniversary of such Date of Grant or (ii) on the fifth anniversary of such Date of Grant in the case where the Grantee is a Non-Executive Director; and</p> <p>(b) in the case of an Incentive Option, after the second anniversary of the Date of Grant and expiring on (i) the tenth anniversary of such Date of Grant or (ii) on the fifth anniversary of such Date of Grant in the case where the Grantee is a Non-Executive Director</p>
“Exercise Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option which shall be the price as determined in accordance with Rule 7, as adjusted in accordance with Rule 12
“Grantee”	The person to whom an offer of an Option is made
“Group”	The Company and its Subsidiaries
“Incentive Option”	An Option granted with the Exercise Price set at a discount to the Market Price
“Market Day”	A day on which the SGX-ST is open for trading in securities
“Market Price”	A price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five (5) consecutive Trading Days immediately preceding the Date of Grant of that Option, as determined by the Administration Committee by reference to the daily official list or any other publication published by the SGX-ST, rounded to the nearest whole cent in the event of fractional prices
“Market Price Option”	An Option granted with the Exercise Price set at the Market Price

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

“Non-Executive Director”	A director (other than an Executive Director) from time to time of the Company and/or any of its Subsidiaries
“Option”	The right to subscribe for Shares granted or to be granted to an Employee pursuant to the Scheme and for the time being subsisting
“Participant”	The holder of an Option
“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Starburst PSP”	The performance share plan adopted by the Company on terms determined by the Company as may be modified or altered from time to time.
“Rules”	Rules of the Scheme
“Scheme”	The Starburst Employee Share Option Scheme, as the same may be modified or altered from time to time
“Securities Account”	The securities account maintained by a Depositor with CDP
“Shareholders”	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST
“Shares”	Ordinary shares in the capital of the Company
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“S\$”	Singapore dollar
“%”	Per centum or percentage

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

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

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

3. OBJECTIVES OF THE SCHEME

- 3.1 The Scheme is a share incentive plan. The Scheme is proposed on the basis that it is important to retain staff whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding Employees who have contributed to the growth of the Group.
- 3.2 The objectives of the Scheme are as follows:
- (a) the motivation of each Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;
 - (b) the retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group;
 - (c) to instil loyalty to, and a stronger identification by the Participants with the long-term prosperity of, the Company;
 - (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders of the Company; and
 - (e) to align the interests of the Participants with the interests of the Shareholders.

4. ELIGIBILITY OF PARTICIPANTS

- 4.1 The Employee's eligibility to participate in the Scheme shall be at the absolute discretion of the Administration Committee. Such person must:
- (i) be confirmed in his/her employment with the Group;
 - (ii) have attained the age of 21 years on or before the Date of Grant; and
 - (iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.
- 4.2 Non-Executive Directors who satisfy the eligibility requirements in Rule 4.1(ii) and (iii) shall also be eligible to participate in the Scheme.

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

4.3 Persons who are Controlling Shareholders and their respective Associates shall, if each such person meets the eligibility criteria in Rule 4.1 and 4.2, be eligible to participate in the Scheme provided that:

- (i) their participation in the Scheme is specifically approved by independent Shareholders in a separate resolution for each such person;
- (ii) the aggregate number of Shares which may be offered by way of grant of Options to all Controlling Shareholders and their respective Associates under the Scheme shall not exceed 25% of the total number of Shares available under the Scheme; and
- (iii) the number of Shares which may be offered by way of grant of Options to each Controlling Shareholder and his respective Associate under the Scheme shall not exceed 10% of the total number of Shares available under the Scheme.

No Option shall be granted to such Controlling Shareholders or their respective Associates unless the actual number and terms of Options to be granted shall be approved by independent Shareholders in a separate resolution for each such person. A circular, letter or notice to Shareholders proposing such a resolution shall include a clear rationale for the proposed participation by such Controlling Shareholders or their respective Associates. Such circular, letter or notice to Shareholders shall also include a clear rationale for the number and terms (including Exercise Price) of the Options to be granted.

4.4 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Scheme may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4, Rule 11 and Rule 12, the aggregate number of Shares in respect of which Options may be offered to a Grantee for subscription in accordance with the Scheme shall be determined at the absolute discretion of the Administration Committee, which would be exercised judiciously, who shall take into account criteria such as the rank and responsibilities within the Group, performance, years of service/appointment and potential for future development of the Grantee and the performance of the Company.

6. GRANT AND ACCEPTANCE OF OPTIONS

6.1 Subject as provided in Rule 11, the Administration Committee may grant Options at any time during the period when the Scheme is in force, provided that in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, Options may only be granted on or after the second Market Day from the date on which such announcement is released.

6.2 The Letter of Offer to grant an Option shall be in, or substantially in, the form set out in Schedule A, subject to such modification as the Administration Committee may from time to time determine.

6.3 An Option shall be personal to the person to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Administration Committee.

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

- 6.4 The grant of an Option under this Rule 6 shall be accepted by the Grantee within 30 days from the Date of Grant of that Option and, in any event, not later than 5.00 p.m. on the thirtieth day from such Date of Grant by completing, signing and returning the Acceptance Form in or substantially in the form set out in Schedule B, subject to such modification as the Administration Committee may from time to time determine, accompanied by payment of S\$1.0 as consideration.
- 6.5 If a grant of an Option is not accepted in the manner as provided in Rule 6.4, such offer shall, upon the expiry of the 30-day period, automatically lapse and become null, void and of no effect.

7. EXERCISE PRICE

Subject to any adjustment pursuant to Rule 12, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Administration Committee, in its absolute discretion, on the Date of Grant, at:

- (a) a price equal to the Market Price; or
- (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount shall not exceed 20.0% of the Market Price (or such other percentage or amount as may be determined by the Administration Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the Scheme at a discount not exceeding the maximum discount as aforesaid.

8. RIGHTS TO EXERCISE OPTIONS

- 8.1 Subject as provided in Rule 8 and Rule 9, a Market Price Option or an Incentive Option, as the case may be, shall be exercisable, in whole or in part, during the Exercise Period applicable to that Option.
- 8.2 An Option shall, to the extent unexercised, immediately lapse without any claim whatsoever against the Company:
- (a) in the event of misconduct on the part of the Participant as determined by the Administration Committee in its discretion;
 - (b) subject to Rule 8.3(b), where the Participant ceases at any time to be in the employment of any of the companies in the Group, for any reason whatsoever;
 - (c) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Option; or
 - (d) the company by which he is employed ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group.

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

For the purpose of Rule 8.2(b), the Participant shall be deemed to have ceased to be so employed as of the last day of his employment. For avoidance of doubt, no Option shall lapse pursuant to Rule 8.2(b) in the event of any transfer of employment of a Participant between companies in the Group.

8.3 In any of the following events, namely:

- (a) where the Participant ceases at any time to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Administration Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age; or
 - (iv) retirement before the legal retirement age with the consent of the Administration Committee; or
- (b) where the Participant ceases at any time to be in the employment of the Group by reason of any other event approved in writing by the Administration Committee,

the Participant may exercise any Option:

- (i) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or such cessation to be a director, as the case may be, or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period the Option shall lapse; and
- (ii) in the case where the cessation of employment or cessation to be a Director, as the case may be, occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period the Option shall lapse.

8.4 If a Participant dies, whether or not while still in the employment of any of the companies in the Group and at the date of his death holds any unexercised Option, such Option shall continue to be exercisable by the duly appointed personal representatives of the Participant:

- (a) in the case where death occurs after the first day of the Exercise Period in respect of such Option, within the period of 18 months after the date of such cessation of employment or before the expiry of the Exercise Period in respect of that Option, whichever is earlier, and upon expiry of such period, the Option shall lapse; and
- (b) in the case where the death occurs before the first day of the Exercise Period in respect of such Option, within the period of 18 months after the first day of the Exercise Period in respect of that Option, and upon expiry of such period, the Option shall lapse.

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

9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:

(a) the expiry of six months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the officer and with the approvals of the Administration Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or

(b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Companies Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

9.2 If under any applicable laws, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, each Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, to exercise any Option then held by him, in respect of such number of Shares comprised in that Option as may be determined by the Administration Committee in its absolute discretion, during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of 60 days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Exercise Period relating thereto), whereupon the Option shall lapse and become null and void.

9.3 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.

9.4 In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it dispatches such notice to each member of the Company give notice thereof to all Participants (together with a notice of the existence of the provision of this Rule 9.4) and thereupon, each Participant (or his personal representative) shall be entitled to exercise

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

all or any of his Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the Aggregate Subscription Cost whereupon the Company shall as soon as possible and in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Participant credited as fully paid.

- 9.5 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.4, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Administration Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.6 To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.

10. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES

- 10.1 Subject to Rule 8.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in or substantially in the form set out in Schedule C, subject to such modification as the Administration Committee may from time to time determine. Such notice must be accompanied by payment in cash for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Administration Committee may require. An Option shall be deemed to be exercised upon receipt by the Company of the said notice, duly completed, and the Aggregate Subscription Cost. All payments made shall be made by cheque, cashiers' order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 10.2 Subject to all such consents or other required action of any competent authority under any regulations or enactment for the time being in force as may be necessary and subject to the compliance with the terms of the Scheme and the Memorandum and Articles of Association of the Company, the Company shall, within 10 Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Administration Committee may deem fit. The Company shall, as soon as practicable after such allotment, apply to the SGX-ST for permission to deal in and for quotation of such Shares, if necessary.
- 10.3 Shares which are allotted on the exercise of an Option by a Participant shall be issued in the name of CDP to the credit of the securities account of that Participant maintained with CDP, the securities sub-account of that Participant maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 10.4 Shares allotted and issued on exercise of an Option shall:
- (a) be subject to all the provisions of the Memorandum and Articles of Association of the Company; and

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- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

10.5 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.

11. LIMITATION ON THE SIZE OF THE SCHEME

The total number of new Shares over which the Administration Committee may grant Options on any date, when added to the number of new Shares issued and issuable in respect of (a) all Options granted under the Scheme, and (b) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force (including the Starburst PSP), shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

12. ADJUSTMENT EVENTS

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

- (a) the Exercise Price of the Shares, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the class and/or number of Shares over which Options may be granted under the Scheme,

shall be adjusted in such manner as the Administration Committee may determine to be appropriate.

12.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

12.3 Notwithstanding the provisions of Rule 12.1:

- (a) no such adjustment shall be made if as a result the Participant receives a benefit that a Shareholder does not receive; and
- (b) any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

12.4 Upon any adjustment required to be made pursuant to this Rule 12, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in

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writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Exercise Price thereafter in effect and class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

13. ADMINISTRATION OF THE SCHEME

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

13.2 The Administration Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as they think fit. Any matter pertaining or pursuant to the Scheme and any dispute and uncertainty as to the interpretation of the Scheme, any rule, regulation or procedure thereunder or any rights under the Scheme shall be determined by the Administration Committee.

13.3 Neither the Scheme nor the grant of Options under the Scheme shall impose on the Company or the Administration Committee any liability whatsoever in connection with:

- (a) the lapsing or early expiry of any Options pursuant to any provision of the Scheme;
- (b) the failure or refusal by the Administration Committee to exercise, or the exercise by the Administration Committee of, any discretion under the Scheme; and/or
- (c) any decision or determination of the Administration Committee made pursuant to any provision of the Scheme.

13.4 Any decision or determination of the Administration Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

14. NOTICES

14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the principal place of business of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Administration Committee, as may be notified by the Company to him in writing.

14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Administration Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

14.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or

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communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 14.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

15. MODIFICATIONS TO THE SCHEME

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

- (a) no modification or alteration shall alter adversely the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than 75.0% of the number of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;
- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of the Shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

15.2 Notwithstanding anything to the contrary contained in Rule 15.1, the Administration Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

15.3 Written notice of any modification or alteration made in accordance with this Rule 15 shall be given to all Participants.

16. TERMS OF EMPLOYMENT UNAFFECTED

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

17. DURATION OF THE SCHEME

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

17.2 The Scheme may be terminated at any time by the Administration Committee, at the discretion of the Administration Committee, or by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.

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17.3 The termination of the Scheme shall not affect Options which have been granted and accepted as provided in Rule 6.4, whether such Options have been exercised (whether fully or partially) or not.

18. TAXES

18.1 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of the relevant Option. The Company shall not be responsible for any failure by the Participant to obtain any such consent as a result of his participation in the Scheme.

18.2 All taxes (including income tax) arising from the grant and/or the exercise of any Option granted to any Participant under the Scheme shall be borne by that Participant.

19. COSTS AND EXPENSES OF THE SCHEME

19.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent or CPF investment account with a CPF agent bank.

19.2 Save for the taxes referred to in Rule 18 and such other costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option, shall be borne by the Company.

20. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Administration Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing the Shares or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 10.2.

21. DISCLOSURE IN ANNUAL REPORT

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

- (a) the names of the members of the Administration Committee;
- (b) the information in respect of Options granted to the following Participants in the table set out below:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders of the Company and their Associates, if applicable; and

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

- (iii) Participants, other than those in (i) and (ii) above, who receive 5.0% or more of the total number of Shares comprised in Options available under the Scheme.

Name of Participant	Number of Shares comprised in Options granted during financial year under review (including terms)	Aggregate number of Shares comprised in Options granted since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options exercised since commencement of Scheme to end of financial year under review	Aggregate number of Shares comprised in Options outstanding as at end of financial year under review

- (c) the number of Incentive Options during the financial year under review in the following bands:

Discount to the Market Price %	Aggregate number of Incentive Options granted during the financial year under review	Proportion of Incentive Options to Market Price Options granted during the financial year under review
0-10		
11-20		

- (d) Disclosure in the annual report of information on Options granted to directors and employees of the Company's subsidiaries would not be necessary as such persons are not Participants.

22. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Scheme. Participants may, however, act as proxies of shareholders in respect of the votes of such shareholders in relation to any such resolutions, provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution

23. DISPUTES

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

24. GOVERNING LAW

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

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

Schedule A

STARBURST EMPLOYEE SHARE OPTION SCHEME

LETTER OF OFFER

Serial No: _____

Date: _____

To: **[Name]**
[Designation]
[Address]

Private and Confidential

Dear Sir/Madam,

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

Yours faithfully,
For and on behalf of
Starburst Holdings Limited

Name:

Designation:

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

Schedule B

STARBURST EMPLOYEE SHARE OPTION SCHEME

ACCEPTANCE FORM

Serial No: _____

Date: _____

To: The Administration Committee,
Starburst Employee Share Option Scheme,

Closing Date for Acceptance of Offer: _____

Number of Shares Offered: _____

Exercise Price for each Share: S\$

Total Amount Payable:

S\$ _____

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

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

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

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

I agree to keep all information pertaining to the grant of the Option to me confidential.

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

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

Schedule C

STARBURST EMPLOYEE SHARE OPTION SCHEME

FORM OF EXERCISE OF OPTION

Total number of ordinary shares (the “ Shares ”) offered at S\$ _____ for each Share (the “ Exercise Price ”) under the Starburst Employee Share Option Scheme on _____ (Date of Grant)	:	
Number of Shares previously allotted thereunder	:	
Outstanding balance of Shares to be allotted thereunder	:	
Number of Shares now to be subscribed	:	

To: The Administration Committee,
Starburst Employee Share Option Scheme,

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

**APPENDIX E — RULES OF THE SHARE OPTION SCHEME
AND PERFORMANCE SHARE PLAN**

Please print in block letters

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

*Direct Securities Account No. : _____

OR

*Sub-Account No. : _____

Name of Depository Agent : _____

OR

***CPF Investment**

Account No. : _____

Name of Agent Bank : _____

Signature : _____

Date : _____

Note:

* Delete accordingly

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

RULES OF THE STARBURST PERFORMANCE SHARE PLAN

1. NAME OF THE PLAN

This Plan shall be called the “Starburst Performance Share Plan”.

2. DEFINITIONS

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

“Administration Committee”	The committee comprising of members of the nominating committee and remuneration committee of the Company to administer the Plan
“Adoption Date”	The date on which the Plan is adopted by the Company in general meeting
“Articles”	The Articles of Association of the Company, as amended or modified from time to time
“Associates”	Has the meaning ascribed to it in the SGX-ST Listing Manual
“Auditors”	The auditors for the time being of the Company
“Award”	A contingent award of Shares granted under Rule 5
“Award Letter”	A letter in such form as the Administration Committee shall approve, confirming an Award granted to a Participant by the Administration Committee
“Board”	The board of directors of the Company
“CDP”	The Central Depository (Pte) Limited
“Companies Act”	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	Starburst Holdings Limited, a public company incorporated in Singapore with limited liability
“control”	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company
“Controlling Shareholder”	A person who: (a) holds directly or indirectly 15.0% or more of the number of all voting shares in a company; or (b) in fact exercises control over a company, unless otherwise determined
“Date of Grant”	In relation to an Award, the date on which the Award is granted pursuant to Rule 5

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“Director”	A person holding office as a director for the time being of the Company and/or any of its Subsidiaries, as the case may be
“Employee”	An employee of the Group selected by the Administration Committee to participate in the Plan
“Executive Director”	A director for the time being of the Company and/or any of its Subsidiaries, holding office in an executive capacity in the Company and/or such Subsidiary
“Group”	The Company and its Subsidiaries
“Market Day”	A day on which the SGX-ST is open for trading of securities
“Market Value”	<p>In relation to a Share, on any day:</p> <p>(a) the volume-weighted average price of a Share on the SGX-ST over the five (5) immediate preceding Trading Days; or</p> <p>(b) if the Administration Committee is of the opinion that the Market Value as determined in accordance with paragraph (a) above is not representative of the value of a Share, such price as the Administration Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.</p>
“New Shares”	The new Shares which may be allotted and issued from time to time pursuant to the release of Awards granted under the Plan
“Non-Executive Director”	A director (other than an Executive Director) from time to time of the Company and/or any of its Subsidiaries
“Participant”	The holder of an Award
“Performance Condition”	In relation to a Performance-related Award, the condition specified on the Date of Grant in relation to that Award
“Performance-related Award”	An Award in relation to which a Performance Condition is specified
“Performance Period”	In relation to a Performance-related Award, a period, the duration of which is to be determined by the Administration Committee on the Date of Grant, during which the Performance Condition is to be satisfied
“Plan”	The Starburst Performance Share Plan, as the same may be modified or altered from time to time

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“Record Date”	The date as at the close of business (or such other time as may have been prescribed by the Company) on which Shareholders must be registered in order to participate in the dividends, rights, allotments or other distributions (as the case may be)
“Release”	In relation to an Award, the release at the end of the Vesting Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly
“Released Award”	An Award in respect of which the Vesting Period relating to that Award has ended and which has been released in accordance with Rule 7
“Starburst ESOS”	The share option scheme adopted by the Company on terms determined by the Company as may be modified or altered from time to time.
“Rules”	Rules of the Plan
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Manual”	Listing Manual of the SGX-ST
“Securities Accounts”	The securities account maintained by a Depositor with CDP
“Shareholders”	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
“Shares”	Ordinary fully paid-up shares in the capital of the Company
“Subsidiary”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Companies Act
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“Vesting”	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly

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“Vesting Date”	In relation to Shares which are the subject of a Released Award, the date (as determined by the Administration Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7
“Vesting Period”	In relation to an Award, a period or periods, the duration of which is to be determined by the Administration Committee at the Date of Grant
“S\$”	Singapore dollars
“%”	Per centum or percentage

- 2.2 The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act.
- 2.3 Words importing the singular number shall, where applicable, include the plural number and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter gender.
- 2.4 Any reference to a time of a day in the Plan is a reference to Singapore time.
- 2.5 Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in the Plan shall have the meaning assigned to it under the Companies Act.

3. OBJECTIVES OF THE PLAN

- 3.1 The Plan is a performance incentive scheme which will form an integral part of the Group’s incentive compensation program.
- 3.2 The objectives of the Plan are as follows:
- (a) provide an opportunity for Participants to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of Participants towards the Group;
 - (b) motivate Participants to strive towards performance excellence and to maintain a high level of contribution to the Group;
 - (c) give recognition to contributions made or to be made by Participants by introducing a variable component into their remuneration package; and
 - (d) make employee remuneration sufficiently competitive to recruit new Participants and/or to retain existing Participants whose contributions are important to the long-term growth and profitability of the Group.

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4. ELIGIBILITY OF PARTICIPANTS

4.1 The Employee's eligibility to participate in the Plan shall be at the absolute discretion of the Administration Committee. Such person must:

- (i) be confirmed in his/her employment with the Group;
- (ii) have attained the age of 21 years on or before the Date of Grant; and
- (iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

4.2 Non-Executive Directors who satisfy the eligibility requirements in Rule 4.1(ii) and (iii) shall also be eligible to participate in the Scheme.

4.3 Persons who are Controlling Shareholders and their respective Associates shall, if each such person meets the eligibility criteria in Rule 4.1 and 4.2, be eligible to participate in the Plan provided that:

- (i) their participation in the Plan is specifically approved by independent Shareholders in a separate resolution for each such person;
- (ii) the aggregate number of Shares which may be awarded to all Controlling Shareholders and their respective Associates under the Plan shall not exceed 25% of the total number of Shares available under the Plan; and
- (iii) the number of Shares which may be awarded to each Controlling Shareholder and his respective Associate under the Plan shall not exceed 10% of the total number of Shares available under the Plan.

No Award shall be granted to such Controlling Shareholders or their respective Associates unless the actual number and terms of Awards to be granted shall be approved by independent Shareholders in a separate resolution for each such person. A circular, letter or notice to Shareholders proposing such a resolution shall include a clear rationale for the proposed participation by such Controlling Shareholders or their respective Associates. Such circular, letter or notice to Shareholders shall also include a clear rationale for the number of the Awards to be granted.

4.4 The eligibility of Participants to participate in the Plan, and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan and the Vesting Period shall be determined at the absolute discretion of the Administration Committee, which shall take into account,

- (a) the financial performance of the Group;
- (b) in respect of a Participant being an Employee, criteria such as his rank, job performance, potential for future development and his contribution to the success and development of the Group; and
- (c) in respect of a Participant being an Non-Executive Director, criteria such as his contribution to the success and development of the Group.

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In addition, for Performance-related Awards, the extent of effort required to achieve the Performance Condition within the Performance Period shall also be considered.

- 4.5 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Administration Committee, which would be exercised judiciously.

5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8, the Administration Committee may grant Awards to Employees as the Administration Committee may select in its absolute discretion, at any time during the period when the Plan is in force.

- 5.2 The Administration Committee shall decide, in its absolute discretion, in relation to each Award:

- (a) the Participant;
- (b) the Date of Grant;
- (c) the number of Shares which are the subject of the Award;
- (d) the prescribed Vesting Period(s);
- (e) the extent to which Shares which are the subject of that Award shall be Released at the end of each prescribed Vesting Period; and
- (f) in the case of a Performance-related Award, the Performance Period and the Performance Condition,

PROVIDED THAT:

- (i) any grant of an Award to Non-Executive Directors will be subject to and shall comply with the provisions of Section 76 of the Companies Act; and
 - (ii) subject to Rules 5.3 and 6, the Vesting Period(s) shall not be of shorter duration than the minimum vesting periods prescribed under the SGX-ST Listing Manual in respect of employee share options.
- 5.3 The Administration Committee may amend or waive the Vesting Period(s) and, in the case of a Performance-related Award, the Performance Period and/or the Performance Condition in respect of any Award:
- (a) in the event of a general offer (whether conditional or unconditional) being made for all or any part of the Shares, or a scheme of arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act, or a proposal to liquidate or sell all or substantially all of the assets of the Company; or

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- (b) in the case of a Performance-related Award, if anything happens which causes the Administration Committee to conclude that:
 - (i) a changed Performance Condition would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition should be waived as the Participant has achieved a level of performance that the Administration Committee considers satisfactory notwithstanding that the Performance Condition may not have been fulfilled,

and shall notify the Participants of such change or waiver (but accidental omission to give notice to any Participant(s) shall not invalidate any such change or waiver).

5.4 As soon as reasonably practicable after making an Award, the Administration Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:

- (a) the Date of Grant;
- (b) the number of Shares which are the subject of the Award;
- (c) the prescribed Vesting Period(s);
- (d) the extent to which Shares which are the subject of that Award shall be released at the end of each prescribed Vesting Period; and
- (e) in the case of a Performance-related Award, the Performance Period and the Performance Condition.

5.5 Participants are not required to pay for the grant of Awards.

5.6 An Award or Released Award shall be personal to the Participant to whom it is granted and no Award or Released Award or any rights thereunder shall not be transferred, charged, assigned, pledged, mortgaged, encumbered or otherwise disposed of, in whole or in part, and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award, to the extent not yet Released, shall forthwith become void and cease to have effect on the occurrence of any of the following events (and in such an event, the Participant shall have no claim whatsoever against the Company, its Directors or employees):

- (a) a Participant, being an Employee, ceasing for any reason whatsoever, to be in the employment of the Company and/or the relevant Subsidiary or in the event the company by which the Employee is employed ceases to be a company in the Group;
- (b) a Participant, being a Non-Executive Director, ceasing to be a director of the Company and/or the relevant Subsidiary, as the case may be, for any reason whatsoever;

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- (c) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of or interest in such Award; or
- (d) ill health, injury, disability or death of a Participant (in each case, evidenced to the satisfaction of the Administration Committee);
- (e) a Participant commits any breach of any of the terms of his Award;
- (f) misconduct on the part of a Participant as determined by the Company in its discretion;
- (g) a take-over, winding-up or reconstruction of the Company; and/or
- (h) any other event approved by the Administration Committee.

For the purpose of Rule 6.1(a) above, an Employee shall be deemed to have ceased to be in the employment of the Company or the Subsidiary (as the case may be) on the date on which he gives notice of termination of employment, unless prior to the date on which termination takes effect, the Employee has (with the consent of the Company or the Subsidiary (as the case may be)) withdrawn such notice.

For the purpose of Rule 6.1(b), a Participant shall be deemed to have ceased to be an Non-Executive Director as of the date the notice of resignation of or termination of directorship, as the case may be, is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 6.2 The Administration Committee may in its absolute discretion and on such terms and conditions as it deems fit, preserve all or any part of any Award notwithstanding the provisions of any other Rules including Rules 6.1 and 7.1. Further to such exercise of discretion, the Awards shall be deemed not to have become void nor cease to have effect in accordance with the relevant provisions in Rule 6.1.
- 6.3 Without prejudice to the provisions of Rules 5.3 and 7.1, to the extent of an Award yet to be Released, if any of the following occurs:
- (a) a general offer (whether conditional or unconditional) being made for all or any part of the Shares;
 - (b) a scheme of an arrangement or compromise between the Company and its Shareholders being sanctioned by the Court under the Companies Act;
 - (c) an order for the compulsory winding-up of the Company is made; or
 - (d) a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made,

the Administration Committee may consider, at its discretion, whether or not to Release such Award. If the Administration Committee decides to Release such Award, then in determining the number of Shares to be Vested in respect of such Award, the Administration Committee will have regard to the proportion of the Vesting Period(s) which has elapsed and the extent to which the Performance Condition (if any) has been

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satisfied. Where such Award is Released, the Administration Committee will, as soon as practicable after such Release, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

- 7.1 (a) In relation to each Performance-related Award, as soon as reasonably practicable after the end of the relevant Performance Period, the Administration Committee shall review the Performance Condition specified in respect of that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied.

If the Administration Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the relevant Participant (being an Employee) has not continued to be an Employee from the Date of Grant up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rule 7 (save for this Rule 7.1(a)) shall be of no effect.

The Administration Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and, in making any such determination, the Administration Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events.

Subject to:

- (i) (in relation to a Performance-related Award) the Administration Committee having determined that the Performance Condition has been satisfied;
- (ii) the relevant Participant (being an Employee) having continued to be an Employee from the Date of Grant up to the end of the relevant Vesting Period;
- (iii) the Administration Committee being of the opinion that the job performance of the relevant Participant has been satisfactory;
- (iv) such consents (including any approvals required by the SGX-ST) as may be necessary;
- (v) compliance with the terms of the Award, the Plan, the Articles and the Memorandum of Association of the Company;
- (vi) where Shares are to be allotted or transferred on the release of an Award, the Participant having a securities account with CDP and compliance with the applicable requirements of CDP; and
- (vii) where New Shares are to be allotted on the release of an Award, the Company being satisfied that the Shares which are the subject of the Released Award will be listed for quotation on the SGX-ST,

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upon the expiry of each Vesting Period in relation to an Award, the Company shall Release to the relevant Participant the Shares to which his Award relates on the Vesting Date.

- (b) Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Market Day falling as soon as practicable after the Release of such Award in accordance with Rule 7.1(a) and, on the Vesting Date, the Administration Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.
- (c) Where New Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the SGX-ST for the listing and quotation of such Shares.

7.2 Shares which are allotted or transferred on the Release of an Award to a Participant shall be registered in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent.

7.3 New Shares allotted and issued, and existing Shares procured by the Company on behalf of the Participants for transfer, upon the Release of an Award shall:

- (a) be subject to all the provisions of the Articles and the Memorandum of Association of the Company; and
- (b) rank for any dividend, right, allotment or other distribution on the Record Date of which is on or after the relevant Vesting Date and (subject as aforesaid) will rank *pari passu* in all respects with the Shares then existing.

7.4 The Administration Committee may determine to make a Release of an Award, wholly or partly, in the form of cash rather than Shares, in which event the Participant shall receive, as soon as practicable after the Vesting Date, in lieu of all or part of the Shares which would otherwise have been allotted or transferred to him on Release of his Award, the aggregate Market Value of such Shares on the Vesting Date.

8. LIMITATION ON THE SIZE OF THE PLAN

The aggregate number of Shares which may be issued and/or transferred pursuant to Awards granted under the Plan on any date, when added to the number of Shares issued and issuable and/or transferred and transferrable in respect of (a) all Awards granted under the Plan, and (b) all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company and for the time being in force (including the Starburst ESOS), shall not exceed 15.0% of the number of all issued Shares (excluding treasury shares, as defined in the Companies Act) on the day preceding that date.

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9. ADJUSTMENT EVENTS

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

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested and the rights attached thereto; and/or
- (b) the class and/or number of Shares in respect of which Awards may be granted under the Plan,

may, at the option of the Administration Committee, be adjusted in such manner as the Administration Committee may determine to be appropriate, provided that any such adjustment shall be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive.

9.2 Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

9.4 Upon any adjustment being made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award and the date on which such adjustment shall take effect.

9.5 Notwithstanding the provisions of Rule 9.1 or that no adjustment is required under the provisions of the Plan, the Administration Committee may, in any circumstances where it considers that no adjustment should be made or that it should take effect on a different date or that an adjustment should be made to any of the matters referred to in Rule 9.1 notwithstanding that no adjustment is required under the said provisions (as the case may be), request the Auditors to consider whether for any reasons whatsoever the adjustment or the absence of an adjustment is appropriate or inappropriate as the case may be, and, after such consideration, no adjustment shall take place or the adjustment shall be modified or nullified or an adjustment made (instead of no adjustment made) in such manner and on such date as shall be considered by such Auditors (acting only as experts and not as arbitrators) to be in their opinion appropriate.

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10. ADMINISTRATION OF THE PLAN

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

10.2 The Administration Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit.

10.3 The Company shall bear the costs of establishing and administering the Plan.

11. NOTICES

11.1 A Participant shall not by virtue of being granted any Award be entitled to receive copies of any notices or other documents sent by the Company to Shareholders.

11.2 Any notice or other communication between the Company and a Participant may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its registered office and, in the case of the Participant, his address as notified by him to the Company from time to time.

11.3 Any notice or other communication sent by post:

- (a) by the Company shall be deemed to have been received 24 hours after the same was put in the post properly addressed and stamped;
- (b) by the Participant shall be deemed to have been received when the same is received by the Company at the registered office of the Company.

12. MODIFICATIONS TO THE PLAN

12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Board, except that:

- (a) no modification or alteration shall be made which would adversely affect the rights attached to any Award granted prior to such modification or alteration except with the prior consent in writing of such number of Participants who, if their Awards were Released to them upon the expiry of all the Vesting Periods applicable to their Awards, would be entitled to not less than 75.0% of the aggregate number of the Shares which would fall to be vested upon the Release of all outstanding Awards upon the expiry of all the Vesting Periods applicable to all such outstanding Awards;
- (b) no modification or alteration to the definitions of “Associate”, “Administration Committee”, “Controlling Shareholders”, “Employee”, “Participant”, “Performance Period” and “Vesting Period” and the provisions of Rules 4, 5, 7, 8, 9, 10 and this Rule 12 shall be made to the advantage of Participants except with the prior approval of the Shareholders of the Company in general meeting; and

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- (c) no modification or alteration shall be made without the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Board may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants but accidental omission to give notice to any Participant(s) shall not invalidate any such modifications or alterations.

13. TERMS OF EMPLOYMENT UNAFFECTED

Notwithstanding the provisions of any other Rule:

- (a) the Plan or any Award shall not form part of any contract of employment between the Company and/or any Subsidiary and/or any Employee and the rights and obligations of any individual under the terms of the office or employment with any such company shall not be affected by his participation in the Plan or any right which he may have to participate in it or any Award which he may be granted and the Plan or any Award shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever (whether lawful or not); and
- (b) the Plan shall not confer on any person any legal or equitable rights (other than those constituting the Awards themselves) against the Company and/or any Subsidiary directly or indirectly or give rise to any cause of action at law or in equity against any such company, its directors or employees.

14. DURATION OF THE PLAN

14.1 The Plan shall continue to be in operation at the discretion of the Administration Committee for a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may, subject to applicable laws and regulations, continue beyond the above stipulated period with the approval of the Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

14.2 The Plan may be terminated at any time by the Administration Committee and by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company hereunder.

14.3 The termination of the Plan shall not affect Awards which have been granted, whether such Awards have been Released (whether fully or partially) or not.

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15. ANNUAL REPORT DISCLOSURE

The Company shall make the following disclosures in its annual report to Shareholders for the duration of the Plan:

- (a) the names of the members of the Administration Committee;
- (b) information as required in the table below for the following Participants:
 - (i) Participants who are Directors;
 - (ii) Participants who are Controlling Shareholders and their Associates, if applicable; and
 - (iii) Participants, other than those in (i) and (ii) above, who receive Awards comprising Shares representing 5.0% or more of the aggregate of:
 - (1) total number of New Shares available under the Plan; and
 - (2) the total number of existing Shares purchased for delivery of Released Awards under the Plan.

Name of Participant	Number of New Shares allotted pursuant to Release of Awards under the Plan during financial year under review (including terms)	Number of existing Shares purchased for delivery pursuant to Release of Awards under the Plan during financial year under review (including terms)	Aggregate number of New Shares allotted and existing Shares purchased for delivery since commencement of the Plan to end of financial year under review	Aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review

- (c) in relation to the Plan, the following particulars:
 - (i) the aggregate number of Shares comprised in Awards granted since the commencement of the Plan to the end of the financial year under review;
 - (ii) the aggregate number of Shares comprised in Awards which have Vested during the financial year under review and in respect of such Awards, the proportion of:
 - (1) New Shares issued; and
 - (2) where applicable, existing Shares purchased, including the range of prices at which such Shares have been purchased,
- upon the Vesting of Released Awards; and

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- (iii) the aggregate number of Shares comprised in Awards which have not been Released as at the end of the financial year under review.
- (d) If any of the disclosures above in the foregoing of this Rule 15 is not applicable, an appropriate negative statement will be included in the annual report.

16. ABSTENTION FROM VOTING

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Plan. Participants may act as proxies of Shareholders of the Company in respect of the votes of such Shareholders in relation to any such resolution provided that specific instructions have been given in the proxy forms on how the votes are to be cast in respect of the resolution.

17. TAXES, COSTS AND EXPENSES OF THE PLAN

- 17.1 Notwithstanding anything herein, each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.
- 17.2 The Participants shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or Vesting of the relevant Award. All taxes (including income tax) arising from the grant or Vesting of any Award under the Plan shall be borne by that Participant. The Company shall not be responsible for any failure by the Participant to obtain any such consent or for any tax or other liability to which the Participant may become subject as a result of his participation in the Plan.

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Company, its Directors or employees or the Administration Committee shall not under any circumstances be held liable for any costs, losses, expenses liabilities or damages whatsoever and howsoever arising in respect of any matter under or in connection with the Plan, including but not limited to any delay or failure to issue, or procure the transfer of, the Shares or to apply for or procure the listing of new Shares on the SGX-ST in accordance with Rule 7.1(c) (and any other stock exchange on which the Shares are quoted or listed).

19. DISPUTES

Any disputes or differences of any nature arising hereunder (other than matters to be confirmed by the Auditors in accordance with the Plan) shall be referred to the Administration Committee and its decision shall be final and binding in all respects (including any decisions pertaining to disputes as to interpretation of the Plan or any Rule, regulation, procedure thereunder or as to any rights under the Plan).

APPENDIX E — RULES OF THE SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

20. GOVERNING LAW

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

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Starburst Holdings Limited
(Company Registration Number: 201329079E)
(Incorporated in the Republic of Singapore on 28 October 2013)

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