MODERN FIREARMS-TRAINING FACILITIES

Starburst Holdings Limited

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

SPECIALIST ENGINEERING GROUP IN A NICHE INDUSTRY

ANNUAL REPORT 2018

CORPORATE IDENTITY

OUR VISION

To Create a Safer Environment for Firearms Training

OUR MISSION

The Specialist in Modern Firearms-Training Facilities Serving Law Enforcement, Military and Security Agencies Worldwide

OUR VALUES

DISCIPLINE

An uncompromising behaviour towards compliance

QUALITY

An international standard of professionalism

SAFETY

A safety-first attitude from design to delivery

SPONSOR'S STATEMENT

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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CORPORATE PROFILE

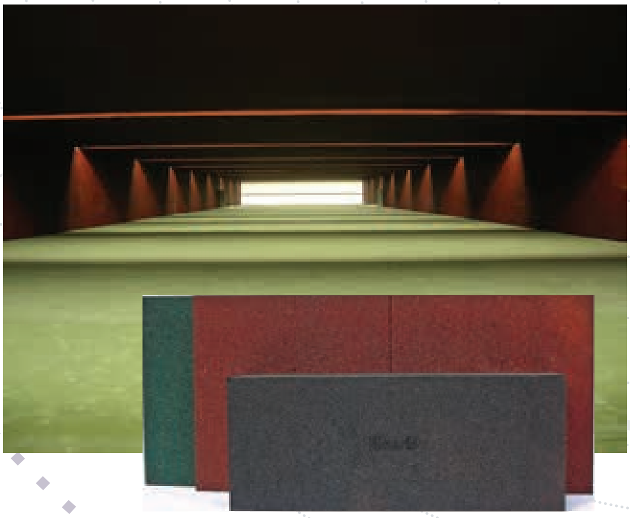
Starburst Holdings Limited ("Starburst" or the "Company") and its subsidiaries (the "Group") was listed on the Catalist Board of the SGX-ST on July 10, 2014. The Group is an engineering group specialising in the design and engineering of firearms-training facilities. With an established track record and experience of close to 19 years in this niche industry, Starburst is 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 firearm shooting ranges and tactical training mock-ups.

Headquartered in Singapore, Starburst has developed a reputation for providing timely delivery of quality products that meet its customers' specifications, backed by its close business relationships with key global players in the military training software and equipment markets. The Group's products and services are utilised by customers that include law enforcement, military and security agencies as well as civil authorities.

The Group supplies and utilises its proprietary line of anti-ricochet ballistic materials, including anti-ricochet plastic and rubber materials, under the "Searls" trademark. These materials have gained a reputation for quality and safety, setting it apart from other similar generic and unbranded materials. Starburst's utilisation of "Searls" enables it to better manage and control costs and provides it with the ability to offer customised solutions to customers. In addition, the Group also utilises ballistic-absorbing concrete developed by GSL researchers at the U.S. Army Engineer Research and Development Center.

As a part of the Group's commitment to consistently provide products and services that meet its customers' and applicable statutory and regulatory requirements, Starburst achieved the ISO 9001:2015 certification with respect to the supply and installation of detention and security cells, bullet containment systems, anti-ricochet lining systems, defence and military training facilities as well as related maintenance and structural steel works.

The Group envisions a world in which security forces increasingly equip themselves with safe and modern firearms-training facilities. Helmed by a management team of highly experienced professionals in the Engineering and Construction of Training Facilities industry, the Group is in a secure position to pursue prudent growth in a resilient niche industry.



GROUP STRUCTURE

[1] *Starburst Engineering (M) Sdn. Bhd. is a dormant company.*

OUR BUSINESS

Starburst specialises in the design and engineering of firearms-training facilities and 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.

FIREARM SHOOTING RANGES

We design, fabricate and install anti-ricochet ballistic protection systems at live-firing ranges to prevent fired rounds from ricocheting. This involves the installation of:

- our proprietary "Searls" anti-ricochet panels;
- rubber lining panels; and
- floor and ceiling baffles at indoor, outdoor and modular live-firing ranges, close quarters battle houses and method of entry training facilities.

With the aim of reducing risks that may be faced by users of the live-firing ranges, we have in place a team of designers, project managers and engineers, who work closely with range consultants, to ensure that a solid foundation is laid right from the start.

TACTICAL TRAINING MOCK-UPS

We design, fabricate and install tactical training mock-ups to suit each desired training scenario. We examine each element of the desired mock-up to ensure that details are replicated. This assures that our mock-ups provide simulations that are as close to real scenarios as possible. Depending on our customers' requirements, we may install tactical training mock-ups for live-firearms-training or non-live-firearms-training.

Our tactical training mock-ups can be used for the following training scenarios:

- rescue and evacuation operations;
- aviation and maritime operations;
- sniper operations; and
- other counter terrorism operations.

MAINTENANCE SERVICES AND OTHER ACTIVITIES

We also 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 continuously 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, downtime is minimised and safety is not compromised.

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

MILESTONES

1999

Starburst Engineering Pte Ltd ("SEPL") was incorporated in Singapore.

2000

SEPL received an ISO 9001:2000 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 live-firearm indoor shooting range training facility in Southeast Asia.

2003

Completed our first high impact resistant detention facilities in Southeast Asia.

2004

Completed our first double-decker live-firearm Boeing 747 aircraft mock-up for anti-terrorist training in the Middle East.

Starburst Engineering (M) Sdn. Bhd. was incorporated in Malaysia.

2005

Completed our first seven-storey commercial ship mock-up with indoor live-firearms-training capability and a reconfigurable moveable ballistic protection partitions system in Southeast Asia.

2008

SEPL received an ISO 9001:2008 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, and structural steel works.

2011

SEPL was awarded with the OHSAS 18001:2007 Certification of Occupational Health and Safety Management System and the bizSAFE Star by the Workplace Safety and Health (WSH) Council.

2013

SEPL opened its Middle East representative office in Abu Dhabi.

Starburst Holdings Pte. Ltd. was incorporated in Singapore.

2014

Starburst Holdings Pte. Ltd. changed its name to Starburst Holdings Limited and was listed on Catalist Board of the SGX-ST.

2015

SEPL acquired a new factory with a land area of approximately 8,806 square metres.

2017

Starburst Security Engineering Pte. Ltd. was incorporated in Singapore.

Signed Strategic Partnership agreement with Swiss Securitas Group to provide Homeland Security and Engineering Services.

SEPL received an ISO14001:2015 Certification of Environment Management System.

2018

SEPL received Green and Gracious Builder Award from the Building and Construction Authority (BCA).

MESSAGE FROM THE CHAIRMAN

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors of Starburst Holdings Limited, I am pleased to present to you our annual report for the financial year ended December 31, 2018 ("FY2018").

We saw a challenging macro environment in 2018, as businesses felt the impact of trade tension between the U.S. and China. The spillover effects of the trade spat led to a global slowdown in most regions. Business sentiments were further dampened by rapidly rising interest rates which induced further uncertainty in the tumultuous economic outlook.

Taking a closer look at terrorism worldwide, FY2018 was a year that various high-profile terrorist attacks could be seen in Europe and Australia. Numerous public displays of violence were also noted across the U.S., and conflicts between Pakistan and India remained prevalent. Whilst there has been a drop in violence in the Middle East and Africa, the threat of terrorism in these regions and rest of Asia remain pervasive.

PERFORMANCE REVIEW

The global slowdown has had an impact on our business, with fewer projects undertaken as compared with the financial year ended December 31, 2017 ("FY2017"). Our revenue was mainly contributed by maintenance works and smaller ad hoc projects from existing customers in Southeast Asia and the Middle East in FY2018.

In view of the smaller scale projects undertaken in FY2018, as compared to those undertaken in FY2017, revenue declined 55.0% to S$7.2 million, from S$15.9 million in FY2017. In line with the revenue decline, gross profit declined, with a corresponding dip in gross profit margin mainly due to lesser projects that reduced the cost benefits from economies of scale. Overall, we incurred a net loss of S$4.2 million in FY2018 as compared to a profit of S$0.1 million for FY2017.

Shareholders' equity stood at S$25.4 million while debt-to-equity ratio was maintained at 0.50 time as at December 31, 2018, as compared to 0.42 time as at December 31, 2017.

FORGING STRONG PARTNERSHIPS

To stay resilient in a challenging environment, we recognise the paramount importance of having good partners to enable us to better cater to the needs and requirements of customers and end-users. I am happy to announce that during the year, Starburst had entered into a non-binding Memoramdum of Understanding ("MOU") with an indirect wholly-owned Singapore subsidiary of a defence specialist company ("Specialist") and Beijing

CSSCA Technologies Co., Ltd ("CSSCA") to collaborate on providing live-fire training solutions in China. The Group strongly believes that together, by combining and complementing each other's respective strengths, we will be able to position ourselves to better cater to the needs and requirements of customers and end-users.

Through the MOU, we seek to leverage our track record as a leading live-fire training facility solution specialist, together with CSSCA's extensive knowledge and ties with relevant Chinese authorities, government agencies and industry, and the strength of the Specialist as a leading security technology company providing turn-key specialised live-fire training solutions. This represents a springboard for us to increase our presence in security engineering solutions in China, which will be a new market for us.

At the same time, we will continue to tap on our earlier strategic partnership with the Swiss Securitas Group to provide enhanced security services and intensify our marketing efforts in Southeast Asia and the Middle East to provide more value-added services in the "security by design" solutions, in addition to handling larger, more complex projects with our enlarged facilities.

OUTLOOK AND PROSPECTS

Heightened geopolitical tensions continue to create strong demand for military equipment, and on the back of a fifth consecutive growth in global defence expenditures which reached a total of US$1.78 trillion in 2018, overall defence expenditure for NATO countries is predicted to exceed US$1 trillion in 2019[1].

We firmly believe that our expertise in matters relating to modern firearms-training facilities remains in healthy demand with the relevant law-enforcement authorities and we anticipate the securing of new contracts in the upcoming year ahead.

We remain optimistic of our ongoing discussions with customers and will continue to leverage on our strong and strategic partnerships to further widen our presence in both Southeast Asia and the Middle East to deliver more projects to our customers.

PROPOSED DIVIDEND

To thank our loyal shareholders for their support, the Board of Directors has recommended a tax exempt one-tier final dividend of 0.25 cent per ordinary share, representing a total dividend payout of approximately S$0.6 million.

ADDING TO OUR BENCH STRENGTH

After taking into consideration the academic and professional qualifications, expertise, working experience and knowledge of Mr. Martin Muller and Mr. Lai Keng Wei, and with the recommendation of the Nominating Committee, the Board of Directors has appointed Mr. Muller and Mr. Lai as a Non-Independent and Non-Executive Director of Starburst on December 10, 2018 and a Lead Independent and Non-Executive Director of Starburst on January 28, 2019, respectively. We are delighted to have them come onboard and given their wealth of experience, we are confident that they will be able to assist to propel our Group's growth trajectory.

At this point, we would also like to record our appreciation to Mr. Gan Lai Chiang, who has stepped down as Lead Independent and Non-Executive Director of Starburst, for his dedicated service to the Group over the past few years. Mr. Gan has been a cornerstone in building up our corporate standing since our IPO, and as we continue to expand and gain traction in our key markets.

A WORD OF APPRECIATION

I would like to take the opportunity to thank my fellow directors for their support and wise counsel in steering Starburst's strategic direction through a highly challenging FY2018.

I would also like to express my gratitude and appreciation to our staff and management for their relentless contributions and commitment during a tough year. Last but not the least, I would like to extend my sincere appreciation to our shareholders, customers, bankers, business associates and suppliers for their long-standing and strong support over the years.

EDWARD LIM CHIN WAH
Chairman and Executive Director

[1] *NATO Members Drive Fastest Increase in Global Defence Spending for a Decade, Jane's by IHS Markit Reveals – IHS Markit, December 18, 2018*

MESSAGE FROM THE MANAGING DIRECTOR

DEAR VALUED SHAREHOLDERS,

The recently concluded financial year had been one of the more challenging ones for the Group. Aside from macroeconomic headwinds resulting in continued subdued growth globally, in terms of operations, Starburst also undertook lesser projects as compared to the previous financial year, which impacted both our top line and bottom line in FY2018. Nonetheless, I am proud that Starburst continues to be recognised for its strong track record as a prominent engineering group specialising in the design and engineering of modern firearms-training facilities, especially in Southeast Asia and the Middle East.

One of the key highlights for the year was when we entered into a non-binding MOU with partners to collaborate on providing live-fire training solutions in China. One of our strategic thrusts is to strengthen our partnerships so that we can tap into synergies and drive sustainable growth for the Group, and the recent MOU is a testament that we are moving towards our strategic direction. Further to that, the Group continued to work in strengthening its partnerships with defence contractors, equipment suppliers and consultants, to collaborate in joint tenders to increase chances of success.

Aside from strengthening our partnerships, we are committed to ensuring the effective cost management of our projects and production costs to achieve a sustainable operating performance for the upcoming financial year ahead.

REVIEW OF FY2018 FINANCIAL PERFORMANCE

Looking back at FY2018, our revenue was impacted by the type of work that we undertook, which was mainly maintenance works and smaller ad hoc projects from existing customers in Southeast Asia and the Middle East. In comparison with the previous financial year, the Group's revenue was generated from maintenance works and projects that comprised of installation works for a firearm shooting range project in the Middle East, two small indoor shooting range projects, a security detention facility project and a supply and installation of entry training equipment project in Southeast Asia. Due to a decrease in projects, our revenue decreased by approximately 55.0%, from S$15.9 million in FY2017 to S$7.2 million in FY2018.

In terms of business segments, 96.2% of the Group's revenue for FY2018 was driven by our maintenance services and others segment, with the firearm shooting ranges segment contributing the remaining 3.8%. In terms of geographical segments, Southeast Asia remained the largest contributor of Starburst's revenue, representing 98.0% of sales recorded, while the Middle East made up 2.0%.

In line with the decreased revenue, the Group recorded lower project and production costs for FY2018 mainly due to the lower material, sub-contractor and overhead costs as fewer projects were undertaken as compared to FY2017. This has resulted in a drop of the Group's gross profit to S$2.8 million in FY2018 from S$8.1 million in the previous corresponding year. The decrease in number of projects reduced the cost benefits from economies of scale, which narrowed gross profit margins to 39.7%, from 51.3% in FY2017.

Other operating income rose by approximately 50.0% to S$177,000 in FY2018 from S$118,000 in FY2017, mainly due to an increase in foreign exchange gains and grants received from various government agencies. Other operating expenses decreased by approximately 19.5% to S$2.1 million in FY2018, from S$2.6 million in FY2017, primarily due to the decrease in allowance for doubtful debts and land rental, which is recognised as leasehold land in accordance with SFRS(I) 16 Leases. While SFRS(I) 16 Leases only came into effect for the financial year beginning on or after January 1, 2019, the Group had decided to undergo an early adoption.

Thus, with our bottom line largely impacted from the fewer projects undertaken during the year, we recorded a net loss to shareholders of approximately S$4.2 million in FY2018.

Starburst's balance sheet continues to remain sound, with cash and bank balances totaling S$8.0 million, and a low debt-to-equity ratio of 0.50 time as at December 31, 2018. This puts us in good stead to capitalise on growth opportunities that may arise in the future.

GOING FORWARD

Closer to home, in Asia, countries like India, China and Japan have been increasing their defence budgets on the back of enduring security threats[1]. The Singapore government has also revealed in the Singapore Budget 2019 that it is expected to spend about S$22.7 billion, or about 30% of its total expenditure in 2019, on defence, security and diplomacy. In the Middle East, defence spending is expected to recover as oil prices stabilise at much higher levels compared to the 2015-2017 period[2]. It was recently forecasted that the Gulf Cooperation Council member states, consisting of Saudi Arabia, UAE, Kuwait, Qatar, Bahrain and Oman will spend over US$100 billion on their defence capabilities for the first time in 2019[3].

We continue to look forward into the new year with optimism. We will tap on our strong partnerships and core capabilities to broaden our market reach. With the heightened threats of terrorism and extremism, we firmly believe that our expertise in firearm training and related security services remains in healthy demand. The flow of enquiries and requests for tenders remain strong from law-enforcement authorities and the Group has been actively responding to these requests and is pursuing opportunities in the design and engineering of customised training solutions for existing and potential customers.

IN CONCLUSION

We remain cognisant that with the project-based nature of our two core business segments of firearm shooting ranges and tactical training mock-ups, revenue contribution from projects depends on a number of factors such as the size of projects, their scope and completion schedule. As such, our overall revenue contribution from projects are likely to fluctuate accordingly from quarter to quarter. Thus, we will strive to expand our portfolio of maintenance services contracts and grow our recurring revenue base.

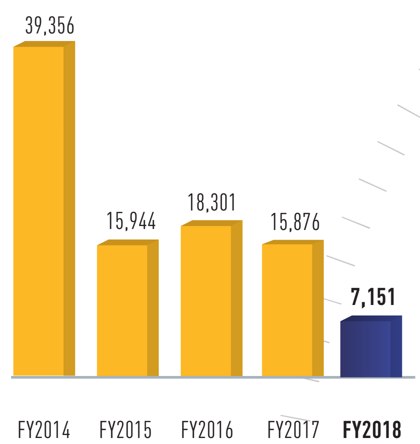
Despite challenges in the short-term, we continue to maintain a strong track record in a niche market, and combined with the potential in leveraging opportunities with partners, we believe that Starburst's long-term prospects remain bright and we will strive to create a safer environment for firearms training while generating greater value for our investors.

YAP TIN FOO
Managing Director

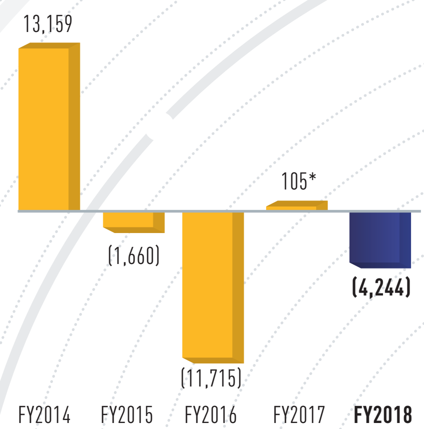
[1] *2019 global aerospace and defense industry outlook – Deloitte, January 2019*
[2] *2019 global aerospace and defense industry outlook – Deloitte, January 2019*
[3] *Gulf States' Defence Spending to Hit Record High Amid Ongoing Regional Conflict, Jane's by IHS Markit Says – IHS Markit, September 6, 2018*

FINANCIAL HIGHLIGHTS

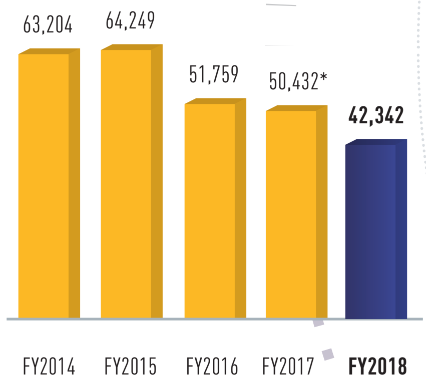
REVENUE(S$'000)



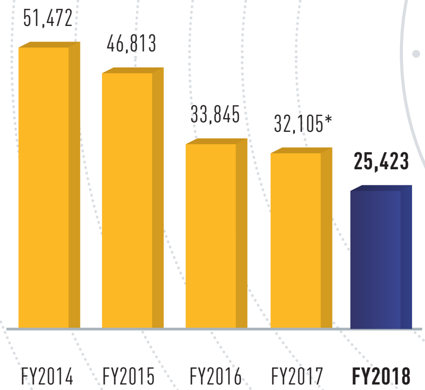
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS (S$'000)



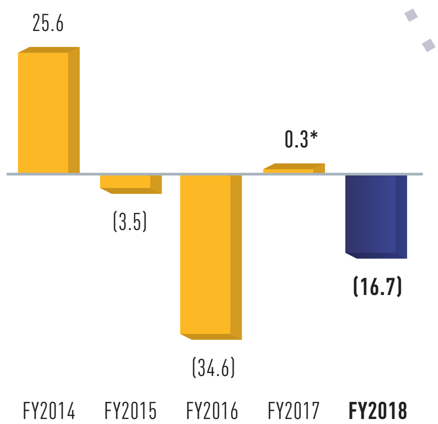
TOTAL ASSETS (S$'000)



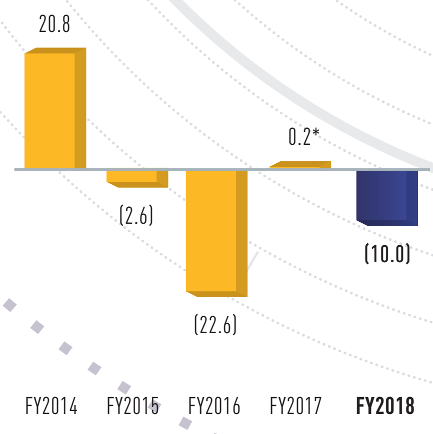
NET ASSETS (S$'000)



RETURN ON SHAREHOLDERS' EQUITY (%)

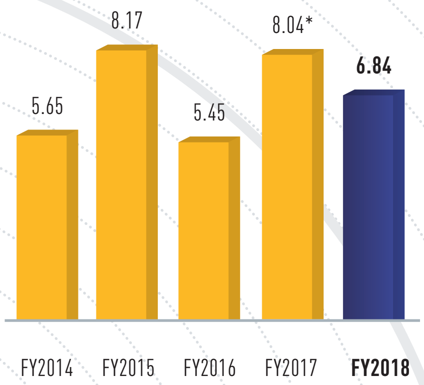


RETURN ON TOTAL ASSETS (%)

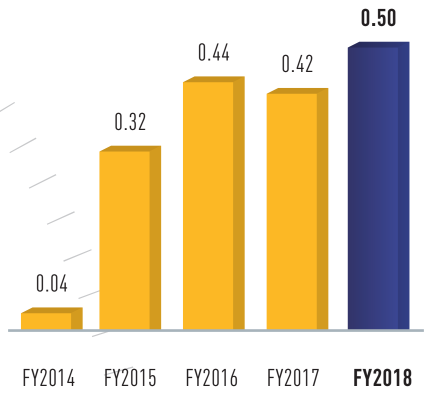


FINANCIAL HIGHLIGHTS

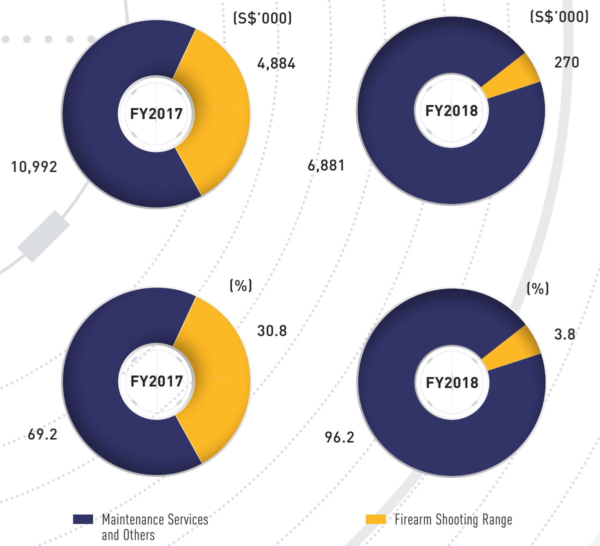
CURRENT RATIO (TIMES)



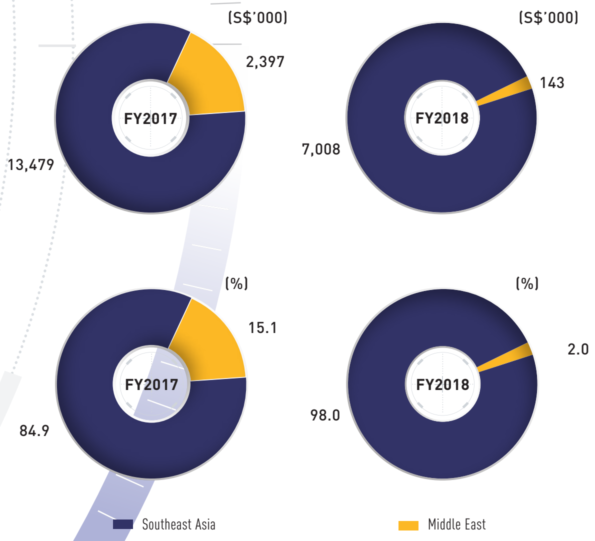
DEBT TO EQUITY RATIO (TIMES)



REVENUE BY BUSINESS SEGMENTS



REVENUE BY GEOGRAPHICAL SEGMENTS



* these figures have been restated following the early adoption of the new Singapore Financial Reporting Standards International ("SRS(I)") on January 1, 2018. Details can be found in the Notes to Financial Report of this annual report.

BOARD OF DIRECTORS

EDWARD LIM CHIN WAH
CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Edward Lim Chin Wah is one of the founders of the Group. Mr. Lim was appointed as the Chairman and Executive Director of the Company on October 28, 2013. He is responsible for the overall management, strategic planning, technical and engineering activities of the Group.

Mr. Lim has more than 30 years of experience in the engineering and structural steel fabrication business. As one of the Group's founders, Mr. Lim was instrumental in laying the Group's early foundation and has been pivotal in the development of the Group and its expansion into the Middle Eastern markets.

Mr. Lim graduated from Singapore Polytechnic with a Technician Diploma in Mechanical Engineering and is a member of the Singapore Institute of Directors.

YAP TIN FOO
MANAGING DIRECTOR AND EXECUTIVE DIRECTOR

Mr. Yap Tin Foo is one of the founders of the Group. Mr. Yap was appointed as the Managing Director and Executive Director of the Company on October 28, 2013. He is responsible for the overall operations, business development and client relationships of the Group.

Mr. Yap has about 30 years of experience in construction and project management. Since he founded the Starburst business in 1999 together with the Group's Chairman and Executive Director, Mr. Edward Lim Chin Wah, he has been instrumental in the development and growth of the Group.

Mr. Yap graduated from the University of South Australia with a Bachelor of Building and is a member of the Singapore Institute of Directors.

MARTIN MULLER
NON-INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mr. Martin Muller was appointed as Non-Independent and Non-Executive Director on December 10, 2018.

Mr. Muller is currently the Head of Corporate Development of Securitas AG. He has more than 15 years of experience in mergers and acquisitions and corporate finance. He is also the board member of Lawoon AG, g+m Elektronik AG, Morphean AG and China Alliance International Holding Group Limited, and Chairman of Beijing Jibao Sheng'an Security Technology Development Co., Ltd. and Swiss Securitas Beijing.

Mr. Muller graduated from the University of Bern with a Master of Business Administration.

LAI KENG WEI
LEAD INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mr. Lai Keng Wei was appointed as Lead Independent and Non-Executive Director on January 28, 2019. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr. Lai is the Audit Partner and Head of Valuation of Mazars LLP, Singapore. He has more than 20 years of professional experience in accounting, auditing, corporate finance, mergers and acquisitions, financial due diligence and valuation. His professional experience gained includes those from the Big 4 international accounting firms, mid-tier accounting firms and the commercial industry.

Mr. Lai is a practising member of the Institute of Singapore Chartered Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the International Association of Certified Valuation Specialists.

Mr. Lai was appointed as a member of the Complaints and Disciplinary Panel by the Public Accountants Oversight Committee (PAOC) and a member of the Financial Statements Review Committee (FSRC) of the Institute of Singapore Chartered Accountants on April 1, 2019.

GOPAL PERUMAL
INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mr. Gopal Perumal was appointed as Independent and Non-Executive Director on May 28, 2014. He is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr. Perumal has been a practicing lawyer since the beginning of his career and he has more than 30 years of professional experience. He is currently the sole proprietor of Gopal Perumal & Co.

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.

TAN TENG WEE
INDEPENDENT AND NON-EXECUTIVE DIRECTOR

Mr. Tan Teng Wee was appointed as Independent and Non-Executive Director on May 28, 2014. He is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr. Tan was previously the Managing Director of PSC Freyssinet (S) Pte Ltd, an international specialist civil engineering contracting company. He has more than 30 years of experience in specialist civil engineering and project management.

Mr. Tan graduated from the National University of Singapore with a Bachelor of Engineering (Civil) and a Graduate Diploma in Marketing from the Marketing Institute of Singapore. He is a fellow member of the Institution of Engineers Singapore.

MANAGEMENT TEAM

SAMER SIDANI

CHIEF EXECUTIVE OFFICER – ABU DHABI OFFICE

Mr. Samer Sidani is the Chief Executive Officer of our Abu Dhabi representative office and is responsible for the management of the office as well as sales activities and project management in the Cooperation Council for the Arab States of the Gulf.

Mr. Sidani began his career in 1998 as a production manager for products with Patchi Silver Factory. 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, where he was responsible for the management of various built projects. He subsequently took on the role of general manager – business development in 2011, where he was responsible for sales and marketing and held this position until 2013 before joining our Group.

Mr. Sidani graduated from the Lebanese University, Lebanon with a Degree of Higher Studies in Architecture.

WU GUANGYI

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Wu Guangyi is the Chief Financial Officer and is responsible for all financial management and accounting functions of the Group. Mr. Wu also supports the board of directors in their strategic decision making process as well as the Group's corporate finance and corporate risk management.

Mr. Wu has more than 14 years of experience in accounting, financial management and corporate transactions, including 8 years professional experience with international public accounting firms, Deloitte and KPMG. Prior to joining our Group, he was audit manager with Deloitte in 2012.

Mr. Wu graduated from the Oxford Brookes University with a Bachelor of Science (with honours) in Applied Accounting and a Master of Business Administration from the University of Manchester. He is a fellow member of the Institute of Singapore Chartered Accountants and the Association of Chartered Certified Accountants.

ANDREW POPPLEWELL

REGIONAL DIRECTOR

Mr. Andrew Popplewell is the Regional Director of the Middle Eastern markets and is responsible for technical and project management of all projects in the Cooperation Council for the Arab States of the Gulf.

Mr. Popplewell was a project manager at Woodhouse from 1996 to 2000, and was responsible for the management of various design and build projects. Subsequently, Mr. Popplewell was a design and construct coordinator at Galliford Midlands from 2000 to 2002 and was a design manager at Galliford Rail from 2002 to 2003 in the UK. Mr. Popplewell then joined Advanced Interactive Solutions Limited as a project manager in 2004 and was subsequently promoted to senior project manager in 2005. He was responsible for project management of design and construction projects. Mr. Popplewell held this position until 2010 and was re-designated as operations manager. He held this position until 2013, and joined the Group thereafter.

Mr. Popplewell graduated from Coventry University, UK with a Bachelor's Degree in Civil Engineering (with honours) and, subsequently, a Master's Degree in Civil Engineering.

NG ENG LONG JOSIAH LAWRENCE

SENIOR PROJECT MANAGER

Mr. Ng Eng Long Josiah Lawrence is the Senior Project Manager and is responsible for project management and oversees the execution and progress of our projects in Southeast Asia.

Mr. Ng has more than 20 years of 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. He was with Redwood Interior Pte Ltd as a project manager from 2006 to 2009 before joining the Group.

Mr. Ng holds a Technician Certificate in Architectural Draughtsmanship and a Diploma in Architectural Technology from Singapore Polytechnic. He also holds a Diploma in Sales and Marketing from the Marketing Institute of Singapore and a Diploma in Marketing from the Chartered Institute of Marketing, UK.

DESENGANO EDUARDO ESPIRITU

TECHNICAL MANAGER

Mr. Desengano Eduardo Espiritu is the Technical Manager and is responsible for the Group's engineering design and fabrication drawing activities.

Mr. Desengano has more than 20 years of experience in engineering design and fabrication drawing activities. He began his career as a project engineer with Marfi Realty and Development Corporation in 1989. 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 for 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 2005, he joined Bescoat Manufacturing Pte Ltd as a senior design engineer before joining us.

Mr. Desengano graduated from the Mapua Institute of Technology, Philippines with a Bachelor of Science in Civil Engineering. He has also been qualified as a civil engineer by the Board of Civil Engineering (Phillippines) since 1989.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Edward Lim Chin Wah *(Chairman and Executive Director)*
Yap Tin Foo *(Managing and Executive Director)*
Martin Muller *(Non-Executive Director)*
Lai Keng Wei *(Lead Independent Director)*
Gopal Perumal *(Independent Director)*
Tan Teng Wee *(Independent Director)*

AUDIT COMMITTEE

Lai Keng Wei *(Chairman)*
Gopal Perumal
Tan Teng Wee

NOMINATING COMMITTEE

Tan Teng Wee *(Chairman)*
Lai Keng Wei
Gopal Perumal

REMUNERATION COMMITTEE

Gopal Perumal *(Chairman)*
Lai Keng Wei
Tan Teng Wee

COMPANY SECRETARIES

Wu Guangyi
Lai Kuan Loong Victor

REGISTERED OFFICE

6 Tuas View Circuit
Singapore 637599
Tel: +65 6862 2282
Fax: +65 6861 2282
Email: mail@starburst.net.sg
Reg. No.: 201329079E

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00, AIA Tower
Singapore 048542

INDEPENDENT AUDITORS

Deloitte & Touche LLP
6 Shenton Way
#33-00, OUE Downtown 2
Singapore 068809
Partner-in-charge: Michael Ng Wee Kiat
(Appointed in financial year 2017)

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623

PRINCIPAL BANKER

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

INVESTOR RELATIONS

Citigate Dewe Rogerson Singapore Pte Ltd
105 Cecil Street
#09-01, The Octagon
Singapore 069534
Tel: +65 6534 5122
Dolores Phua/Aaron Ng

SUSTAINABILITY REPORT

ABOUT THIS REPORT

Starburst Sustainability Report 2018 is our 2nd report on progress in Starburst Holdings Limited, together with its subsidiaries (the "Group") performance and sustainability for the year from January 1, 2018 to December 31, 2018.

We continue to enhance our risk management procedures and implement new precautionary approach to manage existing risks and minimise potential major business risk.

The content is organised according to our four priority topics identified in the first sustainability report for financial year ended December 31, 2017 ("FY2017"). No external assurance was sought for this report.

We have prepared our report using the Global Reporting Initiative ("GRI") Standards – Core Option, as well as Rules 711A and 711B of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST"). This report is based on four main boundaries and standards, (i) Materiality – focusing on issues that impact business growth and are of utmost importance to stakeholders; (ii) Stakeholder Inclusiveness – responding to stakeholder expectations and interests; (iii) Sustainability Context – presenting performance in the wider context of sustainability; and (iv) Completeness – including all information that is of significant economic, environmental and social impact to enable stakeholders to assess our Group performance.

We are committed in listening to our stakeholders and your feedback is most welcome at: mail@starburst.net.sg.

BOARD STATEMENT

Dear Stakeholders,

The board of directors (the "Board") of Starburst Holdings Limited, together with its subsidiaries is pleased to present our 2nd Sustainability Report ("SR") in relations to the financial year ended December 31, 2018 ("FY2018").

During the year of FY2018, we are pleased to inform that the Group has achieved the sustainability targets that have been set in SR FY2017. This has motivated us to report our sustainability efforts continuously to show our commitment in achieving our sustainability goals. We believe the material Environmental, Social and Governance ("ESG") topics selected for last financial year continue to be relevant and vital to the Group's sustainability journey.

High levels of terrorist threats and extremism continue to persist and it is important that a country's defence system respond quickly to new security challenges in order to maintain peace and security to their citizens. As highlighted by Dr. Ng Eng Hen, Minister for Defence of Singapore, *"Security is a constant need, so that we can ensure our sovereignty and way of life."*, and we have an important role in ensuring that the security forces have a safer environment for modern-firearms training.

Global defence spending is forecasted to continue to rise and it was recently forecasted that the Gulf Cooperation Council member states, consisting of Saudi Arabia, UAE, Kuwait, Qatar, Bahrain and Oman will spend over US$100 billion on their defence capabilities for the first time in 2019[1]. With this in mind, our Group will continue actively respond to tender requests from law enforcement-related authorities whilst focusing on effective project cost management to achieve a sustainable operating performance.

Market conditions remain very competitive and to stay relevant, the Board will look to new perspectives, which includes continuing to align our sustainability efforts to our business strategies, managing and monitoring the material ESG topics selected.

[1] *Gulf States' Defence Spending to Hit Record High Amid Ongoing Regional Conflict, Jane's by IHS Markit Says – IHS Markit, September 6, 2018*

SUSTAINABILITY REPORT

CORPORATE PROFILE

With an established track record and experience of close to 19 years in the firearms-training facilities industry, Starburst is one of the few companies operating primarily in Southeast Asia and the Middle East with headquarter in Singapore that provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups.

Across our three main business segments, firearm shooting ranges, tactical training mock-ups and maintenance services and others, our key competitive strengths include timely delivery of quality products with quality processes that meet the requirements of our consumers in Southeast Asia and the Middle East.

Our Supply Chain

In Starburst, we will ensure that the sub-contractors and suppliers that we appoint have the relevant experience, proven track record, provide good quality products or services, and are competitive in terms of their pricing. One of our strategic thrusts is to strengthen our partnerships and collaborations so that we can tap into synergies and drive sustainable growth for our Group.

We continue to work with our regular suppliers under our "Searls" trademark as the raw materials provided were based on our specifications and of good quality.

We continue to evaluate the performance of our key suppliers and subcontractors and ensure that their activities are in compliance with industry safety standards.

Governance Structure

Starburst strongly believes in upholding high standards of corporate governance and having a good corporate governance structure that is in-line with the Code of Corporate Governance established by the Monetary Authority of Singapore and SGT-ST, will further enhance shareholders value and returns in the long term. The Group's Code of Corporate Governance is reviewed and endorsed by the Board on an annual basis. Please refer to corporate governance report of Annual Report 2018 for details.

The capability of our Board is strengthened through thorough assessment of our Independent Directors who possess experiences, knowledge and leadership. Each Director plays a part when it comes to different specialisations, and together with their broad networking relations, our Group enjoys a much greater interests and exposes to less and lower potential business risks.

In FY2018, the Board appointed Mr. Martin Muller as a Non-Independent and Non-Executive Director and Mr. Lai Keng Wei as a Lead Independent and Non-Executive Director on December 10, 2018 and January 28, 2019, respectively. Mr. Gan Lai Chiang, the Group's former Lead Independent and Non-Executive Director has stepped down from the Board on December 31, 2018, to pursue other interest. For more information of the Directors' profile, please refer to pages 12 and 13 of Annual Report 2018.

MEMBERSHIP OF ASSOCIATIONS, AWARDS AND CERTIFICATES

ISO 9001:2015, Certification for Quality Management System 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, and provision of structural steel work.

ISO 9001:2008, Certification for Management System in provision of security consultancy services and security solutions including surveillance and access control systems.

ISO 14001:2015, Certification for Environmental Management System with respect to the supply and installation of detention and security cells, bullet containment systems, anti-ricochet lining systems, defence and military training facilities as well as related maintenance and structural steel work.

Green and Gracious Builder Award from Building and Construction Authority of Singapore.

OHSAS 18001:2007, Certification for Occupational Health and Safety Management System.

bizSAFE Star, Certification of the workplace Safety and Health Management System.

S1 Accredited Structural Steel Fabricator by Singapore Structural Steel Society.

SUSTAINABILITY REPORT

GOVERNANCE AND SUSTAINABILITY APPROACH

At Starburst we aspire to provide the best environment and equipment for our firearm industry. This aspiration includes procuring the best materials, enhancing our skillset and providing services to our very best.

ANTI-CORRUPTION

Our Group is committed to acting lawfully and with integrity in every aspect of our business. We take a strong stance against corruption and malpractice in our Group. We provide an avenue for employees of our Group and third parties to raise concerns about wrongdoing, malpractice or misconduct within our Group.

There was no reported case of corruption in FY2018. We target to be vigilant at all times and monitor our Group's employees to ensure corruptions are prevented or at the very least, detected timely.

CODE OF CONDUCT AND ETHICS

The Company has in place the Code of Conduct and Ethics that is communicated to all employees to maintain the highest standards of integrity and trust in all business relationships and dealings.

CONFLICT OF INTEREST

We execute our conflict of interest policy to ensure that potential conflict of interests are detected timely to prevent any potential disputes. We continue to perform conflict of interest declaration for all employees on a periodic basis.

WHISTLE BLOWING POLICY

As disclosed in our Annual Report 2018 page 47, our Group continues to educate our employees our whistle-blowing policy whereby employees understand the importance of highlighting any inappropriate behavior to maintain integrity and honesty for our stakeholders. We also keep all information confidential to protect the interest of our employees. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via email to a dedicated email account at whistleblowing@starburst.net.sg which will direct the report to the Independent and Non-Executive Directors, or AC Chairman (in case of management conflict of interest). A Special Committee of board of directors of our Group will direct an independent investigation to be conducted or complaint when received in writing or via email. The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility. In FY2018, there was no reported case of whistle blowing.

SUSTAINABILITY APPROACH

To protect and increase the interest of our shareholders, we set goals every year to improve our sustainability of our business. Policies and procedures are assessed and improved every year to meet our increasing skillset and demand.

We also seek opinions from our stakeholders and Directors to look for new and innovative ways to improve our business, from enhancing employees' skillset to improving production quality. Evaluations are performed periodically to ensure the new implementations are beneficial to our business, which will further improve our shareholders' interest and values. Please send feedback relating to this report to mail@starburst.net.sg.

STAKEHOLDER ENGAGEMENT

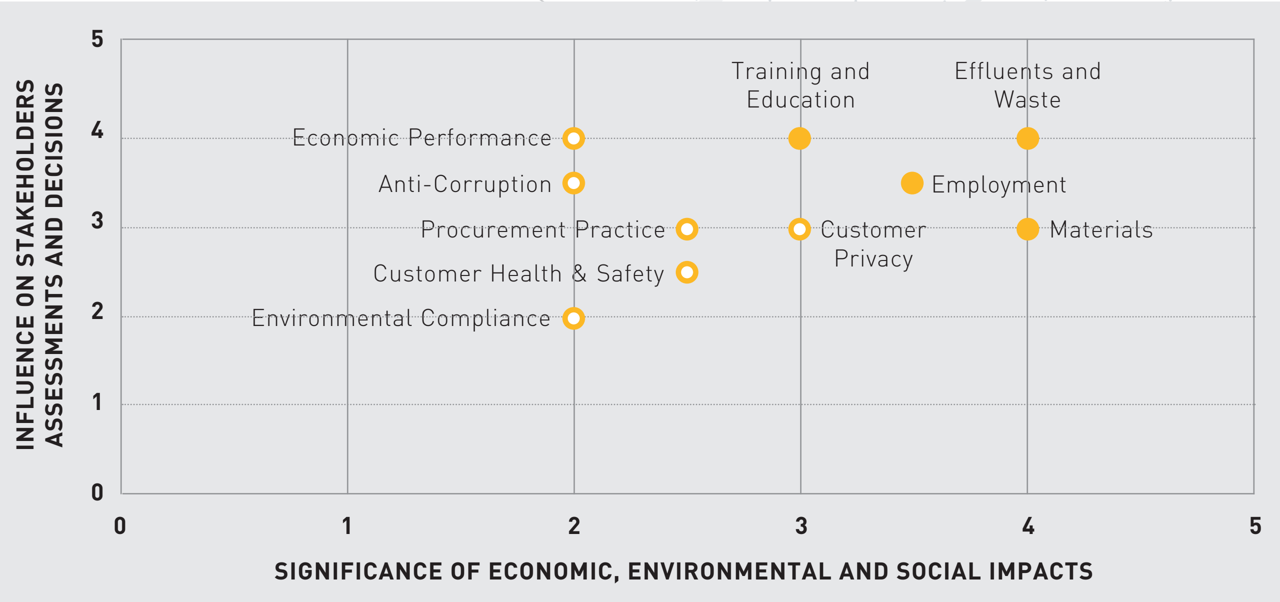
Through regular interactions with our key stakeholders, key topics to be most relevant in influencing our stakeholders' decisions and impact of ESG topics. Through assessment and discussion, as at FY2018, the following table shows our six stakeholder groups.

KEY STAKEHOLDERS	ENGAGEMENT METHODS	KEY TOPICS AND CONCERNS
Customers	- Product catalogue - Project presentations, enquiry and feedback - Project meetings	- Customer satisfaction - Quality products and services - Feedback platforms
Employees	- Staff communication session - Internal newsletter/memo - Training programmes - Internal meetings - Employee handbook	- Reward and recognition - Business strategies and corporate goals and objectives - Training and development - Safe and healthy working environment
Investors (including analysts and media)	- Annual general meeting - Quarterly financial results announcements - Circulars to shareholders - Annual Report - Investor and analyst meetings - Announcements via SGXNET - Company website	- Performance and distributions - Operational efficiency and cash flow - Business strategy and outlook - Timely and transparent reporting - Corporate governance
Suppliers and sub-contractors	- Quotations and requests for proposals - Periodic site visits and meetings - Suppliers and sub-contractors evaluation	- Quality products and delivery on time - Occupational health and safety practices - Environmental compliance
Government and Regulators	- Public communication - Relevant authorities website - Emails - Meetings	- Regulatory and Industrial requirements under Building and Construction Authority (BCA) - Regulatory requirements under Ministry of Manpower (MOM) - Environmental compliance with National Environmental Agency (NEA) - Regulatory requirements under SGX
Community	- Charity initiatives - Collaboration with non-profit local communities	- Community services engagement

SUSTAINABILITY REPORT

MATERIAL TOPICS

Based on discussion and assessments with our stakeholders, we continue to review the relevancy of our material topics every year in light of new stakeholders' feedback. As such, we have evaluated and agreed that the previously identified topics to still be the priority topics we would focus on. The topics are prioritised in the materiality matrix as shown below.



ENVIRONMENTAL	Materials	Raw material is one of the most important topics as it affects the product quality	To continue monitoring and evaluating our supply chain management and material
	Effluents and Waste	Production may emit pollutions and large amount of waste due to scraps and defects	To monitor environment regulations and compliance
SOCIAL	Employment	Hiring department to ensure fair and quality recruitments to maintain efficiency	To assess and enhance hiring process
GOVERNANCE	Training and Education	Increasing employees skillset will in turn increase operation efficiency	To increase and improve training quality

MATERIALS

Why It Matters

Materials have always been an important topic for all business sectors. In order to produce and provide quality services and products, the most important component would be the raw materials. In Starburst, we are reputable for our quality products, and to continue building our reputation, our raw materials used must be of top quality so as to produce quality products in our fabrication at all times. As such, we put our focus on this aspect and put in additional effort to achieve our target. Our Group uses recycled materials such as our rubbers for certain projects or whenever requested by our customers.

How We Approach It

We continue to work with suppliers that have long working relationship with Starburst, such as third party manufacturers under our "Searls" trademark for our standard raw materials such as rubbers, steel and poly board. We ensure transparency between our Group and all our suppliers. Regular evaluations are performed to evaluate the suppliers' performance in terms of responsiveness, delivery, pricing and quality of goods. In FY2018, we did not note any unqualified suppliers.

As part of our effort towards environment conservation, we used a total of approximately 4.1 tons recycled materials in FY2018.

In Starburst, we welcome feedback and uses complaints, suggestions and compliments as a method of continually improve our products and services performance. Our customers may provide these in our Group email or directly to our project team in charge. In our regular management meeting, we will then discuss any complaints or feedback raised by our customers and follow up actions to be performed timely.

Our Performance

In FY2018, we did not receive any customer complaints regarding our products and services in all our business segments. We continue to work hand in hand with our suppliers and the suppliers met our specification requirements in all our business segments.

Our Targets

Similar to prior year's targets, we aim to achieve zero complaint rate from customers for our products and services for FY2019.

EFFLUENT AND WASTE

Why It Matters

As live-firearms and the use of pyrotechnics are the key components to our production and services, it is important to ensure that the facilities are monitored and kept in optimal condition as described in the initial design criteria and maintenance manuals, and Defence Ranges Safety Manual (JSP403 Volume 2). We also comply with NIOSH Technical Specifications and ensure that our work related injuries and illness are reduced to the lowest possible risk.

Inadequate management of lead level within the indoor shooting range facilities is highly impactful to the environment as it pollutes the air and brings harm to the health of users. Since the byproduct of our production consists high quantities of lead emission, it is mandatory for us to comply with relevant rule on NEA Environmental Public Health Act and Code of Practice on Pollution Control to overcome the potential threats imposed by our disposal of effluent and waste.

SUSTAINABILITY REPORT

How We Approach It

We review maintenance procedures regularly to ensure that we are on the right path towards environment conservation. We improve our waste management periodically to guide our teams on managing waste and effluents efficiently.

As byproducts of our production process and hazardous waste such as scrap steels consists of substances which may be potentially harmful to the environment, we have established procedures and disposal methods to ensure compliance with established environmental standards set by NEA. We have trained and experienced personnel to guide the maintenance team and ensure that waste generated is managed in accordance with the NEA standards. Trainings are provided by trained personnel to the team on a regular basis to update on new regulations and equip them with enhanced skillset to manage these aspects better.

Our Performance

In FY2018, we did not note any violation with NEA standards and our Group policy on waste management.

Our Targets

Similar to prior year's targets, we aim to reduce the hazardous waste in accordance with our eco-friendly policy and maintain our zero violation rate with NEA regulations for FY2019.

EMPLOYMENT

Why It Matters

Our people has always been one of the pillars of our Group's sustainable growth. In order to deliver what we promise to our customers, our workforce has to be vigilant at all times and adaptable to changes in requirements and expectations.

As a specialist in modern firearms-training facilities, there is a constant need for highly skilled and technical individuals and teams to ensure our quality and to meet the requirements of government agencies who engaged us. To achieve this, our people is critical in every aspect of our business operations and we have in place a thorough screening process for recruitment.

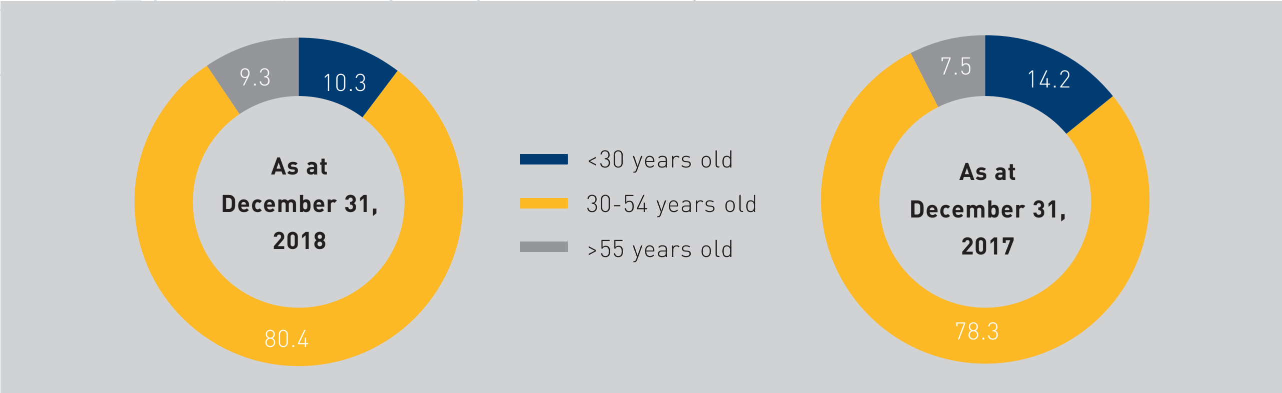
How We Approach It

Our Group reviews our Human Resource Policy and Procedure regularly to improve and enhance our procedures in strengthening our workforce through efficient talent recruitment. With our established Human Resource Policy and Procedure in place, we ensure that recruitments are always on a fair basis and the new hires to be fairly compatible with our professional and objective hiring managers.

Our training includes orientation, on-the-job training, in-house training and external training. We continue to reward our employees accordingly with on our annual appraisal based on merit to evaluate employees and recognise good performance. Management level employees are appraised against their key performance indicators which are aligned with our Group's goals. In Starburst, we motivate and encourage management level employees to guide and lead with examples, building a strong and efficient workforce with new talents joining our Group.

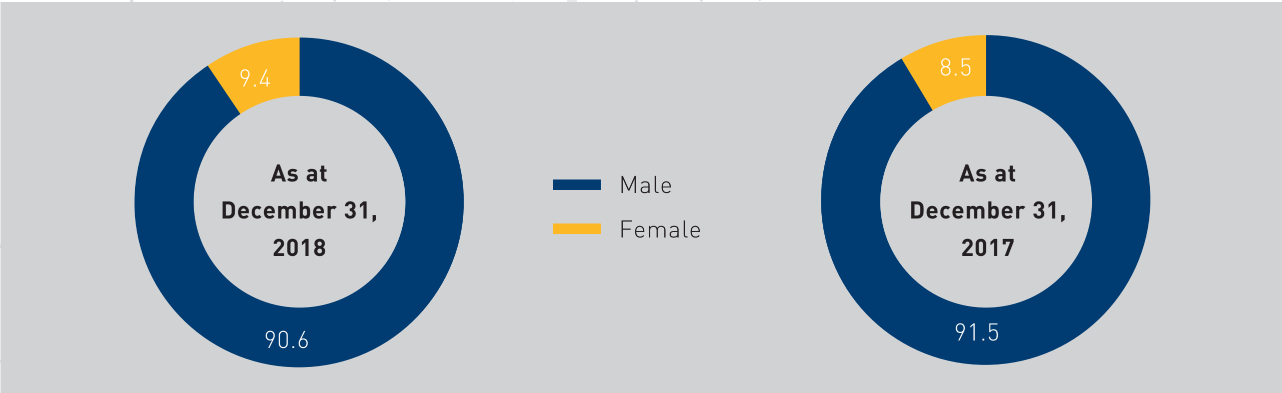
Our Workforce

Employee Diversity by Age (%)



For age diversity, our employees are valued for their experience, knowledge and skills regardless of age. As at December 31, 2018, 10.3% (as at December 31, 2017: 14.2%) of our Group workforce is below 30 years old, 80.4% (as at December 31, 2017: 78.3%) of our Group workforce is between 30-54 years old, while 9.3% (as at December 31, 2017: 7.5%) of the Group workforce is over 55 years old.

Employee Diversity by Gender (%)



In terms of our Group's gender diversity, 9.4% (as at December 31, 2017: 8.5%) of our total workforce is made up of female employees. Our Group recognise that the industry is predominately male-staff but our Group will continuously move towards in improving the gender ratio where practicable. At the Board level, the Board views diversity as an important element in supporting our Group's strategic objectives and sustainable development. In terms of selecting members of the Board, our Group's selection process will not preclude consideration of female candidates as and when there is an opportunity.

Fair Employment Practice

Our Group believes in gender equality and aspires to provide equal employment opportunity and non-discrimination in our workforce. We also provide platform for our employees to express interest in training programs and upgrading courses. All employees are informed regarding the various opportunities and are given equal non-bias opportunity.

To ensure our employees are treated fairly and recognised according to their performance, we organised one-to-one supervisor and employee session to allow employees to raise any mistreatments or feedback, as well as our annual employee appraisal performed objectively by our management.

SUSTAINABILITY REPORT

Workplace Safety

Not only do we adopt and comply with international standards in terms of quality and safety, we also put in place measures to ensure a safe working environment for our employees. We have established policies and procedures in place to ensure that our workplace is free of accidents at all time. As our workforce is our most important and valuable asset, we put in tremendous effort to enforce our safety practices and regulations in all aspects. In Starburst, we believe everyone should get home safe and sound at the end of each working day.

Our employees undergo regular safety trainings to ensure all safety rules are complied with accordingly.

Our Performance

In FY2018, there was no incidence of strikes or workers dispute that disrupt the operation efficiency. As per our effort in safety measures, we achieved and maintained our zero accident rate in the workplace.

Our Targets

In FY2019, we will continue to strive for zero accident rate in the workplace and ensure safety for all our employees in all aspects. We aim to increase our female workers to improve our workforce gender ratio into our 3rd sustainability report.

TRAINING AND EDUCATION

Why It Matters

In Starburst, we believe spending in training and education for our employees is equivalent to investing in our workforce. To remain relevant and equipped to respond to the changing business environment, we must ensure that our workforce is regularly upgraded with knowledge and skillsets so as to remain competitive in this industry.

Investing in our workforce is vital and essential towards sustainability and operational efficiency. A trained and educated workforce not only operates efficiently, it may also help our Group in cost savings with the increased productivity.

How We Approach It

Annual budget was discussed and this includes a budget for training and education. Potential training and upgrading programs which might be beneficial to employees are considered during the budget meeting. We believe quality and adequate training means that our employees are more efficient with their upgraded skillset in pushing our Group competitiveness in the competitive market.

In the table, you can find the various types of trainings provided as well as the hours of training our employees have undergone.

	FY2018		FY2017	
Category	**Total hours**	**Per employee**	**Total hours**	**Per employee**
Soft skills	1,690	18.6	1,384	13.1
Technical skills	1,675	18.4	1,238	11.7
Total	**3,365**	**37.0**	**2,622**	**24.8**

Our Performance

In FY2018, there were a total of 3,365 hours of training given to our employees. This was 28.3% increase as compared to FY2017. For instance, our regular safety trainings for our employees had been effective in maintaining our zero accident rate in the workplace.

Our Targets

In FY2019, we aim to increase our training hours by 5%. We also target to widen our workforce exposure to more variety of trainings that are relevant to our industry.

SUSTAINABILITY REPORT

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI STANDARD	DISCLOSURE	PAGE REFERENCE AND REASONS FOR OMISSION, IF APPLICABLE
GENERAL DISCLOSURE		
GRI 102: General Disclosures 2016	**Organizational Profile**	
	102-1 Name of the organisation	17
	102-2 Activities, brands, products, and services	18
	102-3 Location of headquarters	18
	102-4 Location of operations	18
	102-5 Ownership and legal form	18
	102-6 Markets served	18
	102-7 Scale of the organisation	18
	102-8 Information on employees and other workers	24-26
	102-9 Supply chain	18
	102-10 Significant changes during the reporting period	There are no significant changes during the period
	102-11 Precautionary principle or approach	17
	102-12 External initiatives	No material community services or external initiatives
	102-13 Membership of associations	19
	Strategy	
	102-14 Statement from senior decision maker	17
	Ethics and Integrity	
	102-16 Values, principles, standards, and norms of behaviour	20
	Governance	
	102-18 Governance structure	18
	Stakeholder Engagement	
	102-40 List of stakeholder groups	21
	102-41 Collective bargaining agreements	NIL
	102-42 Identifying and selecting stakeholders	21
	102-43 Approach to stakeholder engagement	21
	102-44 Key topics and concerns raised	22

GRI STANDARD	DISCLOSURE	PAGE REFERENCE AND REASONS FOR OMISSION, IF APPLICABLE
	Reporting Practice	
	102-45 Entities included in the consolidated financial statements	3
	102-46 Defining report content and topic boundaries	17
	102-47 List of material topics	22
	102-48 Restatements of information	December 7, 2018
	102-49 Changes in reporting	NIL
	102-50 Reporting period	17
	102-51 Date of most recent report	December 7, 2018
	102-52 Reporting cycle	17
	102-53 Contact point for questions regarding the report	17
	102-54 Claims of reporting in accordance with the GRI Standards	17
	102-55 GRI content index	28-30
	102-56 External assurance	NIL
MATERIAL TOPICS		
Materials		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	23
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	
	301-2 Recycled input materials used	
	301-3 Reclaimed products and their packaging materials	
Effluent and Waste		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	23-24
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	

SUSTAINABILITY REPORT

GRI STANDARD	DISCLOSURE	PAGE REFERENCE AND REASONS FOR OMISSION, IF APPLICABLE
GRI 306: Effluent and Waste 2016	306-1 Water discharge by quality and destination	N.A.
	306-2 Waste by type and disposal method	N.A.
	306-3 Significant spills	N.A.
	306-4 Transport of hazardous waste	23-24
	306-5 Water bodies affected by water discharges and/or runoff	N.A.
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	24-26
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	401-3 Parental leave	
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundaries	26-27
	103-2 The management approach and its components	
	103-3 Evaluation of the management approach	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	
	404-2 Programs for upgrading employee skills and transition assistance programs	
	404-3 Percentage of employees receiving regular performance and career development reviews	

CORPORATE GOVERNANCE REPORT

Starburst Holdings Limited (the "Company") is committed to achieving and maintaining high standards of corporate governance principles and processes in managing its business and affairs, so as to improve the performance, accountability and transparency of the Company and its subsidiaries (collectively the "Group"). The Company has complied with most of the principles and guidelines of the Code of Corporate Governance 2012 (the "2012 Code") issued and/or revised by the Corporate Governance Committee from time to time, pursuant to Rule 710 of Listing Manual Section B: Rules of Catalist (the "Catalist Rules") issued by the Singapore Exchange Securities Trading Limited ("SGX-ST").

This report describes the corporate governance practices of the Company for the financial year ended December 31, 2018 ("FY2018"), with specific reference made to the principles and guidelines of the 2012 Code. Where applicable, deviations from the 2012 Code have been explained.

The Monetary Authority of Singapore had on August 6, 2018 issued the revised 2012 Code of Corporate Governance 2018 (the "2018 Code") which supersedes the 2012 Code and will take effect for annual reports covering financial years commencing January 1, 2019. The Board will review and set out the appropriate corporate practices to comply with the 2018 Code in the next annual report covering the financial year ending December 31, 2019.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The primary function of the Board is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board has overall responsibility to fulfil its role which includes the following:

– Oversees the overall strategic plans including considering sustainability and environmental issues as part of its strategic formulation, strategic human resources framework and financial objectives of the Group;

– Reviews the operational and financial performance of the Group including reviewing the performance of the Management;

– Approves quarterly and full yearly financial results announcements, circulars, audited financial statements and annual report;

– Approves changes in the composition of the Board;

– Oversees and safeguards the shareholders' interest and Company's assets through a robust system of effective internal controls, risk management, financial reporting and compliance;

– Oversees and enhancing corporate governance and practices within the Group;

– Deals with matters such as conflict of interest issues relating to directors and substantial shareholders, major acquisitions and disposals of material assets, dividend and other distributions to shareholders, and those transactions or matters which require Board's approval under the provisions of the Catalist Rules issued by SGX-ST, from time to time, or any applicable regulations;

– Appoints the senior management, approves the policies and guidelines for the Board and senior management executives' remuneration, in addition to approve the appointment of new directors; and

– Identify key stakeholders groups and recognise that their perceptions affect the Company's reputation.

The Board is the highest authority of approval and specific functions of the Board are either carried out by the Board or through various committees established by the Board, namely, the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC"). Each committee has the authority to examine issues relevant to their term of references and to make fair, proper and appropriate recommendations to the Board when required. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board conducts scheduled meetings on a quarterly basis. Additional meetings are convened as and when circumstances warrant. The Constitution of the Company allows Board meetings to be conducted via any form of audio or audio-visual communication. The directors are free to discuss any information or views presented by any member of the Board and Management.

The Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from the Management.

When necessary or appropriate, members of the Board exchange views outside the formal environment of board meetings. Each Board member is expected to objectively discharge his or her duties and responsibilities at all times as fiduciaries in the best interest of the Company.

The attendance record of each director at meetings of the Board and Board Committees during the FY2018 is disclosed below:

	Number of meetings attended in FY2018			
Name of Director	**Board**	**AC**	**NC**	**RC**
Mr. Edward Lim Chin Wah	4	–	–	–
Mr. Yap Tin Foo	4	–	–	–
Mr. Gan Lai Chiang[1]	4	4	2	1
Mr. Gopal Perumal	4	4	2	1
Mr. Tan Teng Wee	4	4	2	1
Mr. Martin Muller[2]	–	–	–	–
Mr. Lai Keng Wei[3]	–	–	–	–
Number of meetings held in FY2018	4	4	2	1

(1) Mr. Gan Lai Chiang resigned as Lead Independent and Non- Executive Director on December 31, 2018.
(2) Mr. Martin Muller was appointed as a Non-Independent and Non-Executive Director on December 10, 2018.
(3) Mr. Lai Keng Wei was appointed as a Lead Independent and Non-Executive Director on January 28, 2019.

All directors are updated regularly on changes in the Company's policies and are provided continual briefings from time to time and are kept updated on relevant new laws and regulations including directors' duties and responsibilities, corporate governance and financial reporting standards. Newly appointed directors will conduct a site visit at the Group's production facilities, and they will be given briefings and orientation by the executive directors and Management to familiarise them with the businesses and operations of the Group. The NC will going forward and in accordance with the revised Catalist Rules, ensure that any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. Upon appointment, the director will receive a letter of appointment setting out their duties and responsibilities.

The directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks from time to time so that they are in a better position to discharge their duties. The Company encourages the directors to attend courses in areas of directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and industry-related matters, to develop themselves professionally, at the Company's expense.

Directors are aware of their duties and obligations and the requirements in respect of disclosure of interests in securities, disclosure of conflicts of interests in transactions involving the Company, prohibitions on dealings in Company's securities and restrictions on disclosure of price-sensitive information.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this Annual Report, the Board comprises six (6) directors, of whom two (2) are Executive Directors, one (1) is a Non-Independent Director and three (3) are Independent Directors. The Board is of the view that the present board size of 6 directors is adequate to provide for a diversity of views, facilitate effective decision-making and that the Board has an appropriate balance of executive and independent and non-executive directors, taking into account the scope and nature of operations of the Group. The Board comprises the following members:

Mr. Edward Lim Chin Wah	Chairman and Executive Director
Mr. Yap Tin Foo	Managing and Executive Director
Mr. Martin Muller	Non-Independent and Non-Executive Director
Mr. Lai Keng Wei	Lead Independent and Non-Executive Director
Mr. Gopal Perumal	Independent and Non-Executive Director
Mr. Tan Teng Wee	Independent and Non-Executive Director

The NC and the Board determines on an annual basis whether or not a director is independent, taking into account the 2012 Code's definition. In respect of the review of the independence of each director, the NC assessed the independence of each director and had considered that Mr. Lai Keng Wei, Mr. Gopal Perumal and Mr. Tan Teng Wee to be independent. Details of directors' qualifications and experiences are set out on pages 12 and 13 of this Annual Report.

The Board has sought and obtained written confirmation from each of the current independent directors that, apart from their office as directors of the Company, none of them has any other relationship (business or otherwise) with the Company, its subsidiaries, related companies, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors' independent judgment with a view to the best interests of the Company.

Each member of the NC has abstained from deliberations in respect of the assessment of his own independence.

The NC reviewed the size and composition of the Board for effective decision making, taking into account factors such as the scope and nature of the operations of the Group and the core competencies of Board members who are in the fields of engineering, project management, accounting and finance, and professional legal services. The non-executive directors constructively challenge and assist in the development of the business strategies, and assist the Board in reviewing and monitoring the Management's performance against set targets. Where necessary or appropriate, the independent directors may meet separately without the presence of Management.

Chairman and Managing Director

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and Managing Director (the "MD") are separate to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. Mr. Edward Lim Chin Wah is the Chairman of the Board and is an executive director. Mr. Yap Tin Foo is the MD. The Chairman and the MD are not related.

The MD is responsible for the business management and day-to-day operations of the Group whilst the Chairman provides overall leadership to the Board. The Chairman, with the help of the Company Secretary, ensures that Board meetings are convened as and when necessary and sets the meeting agenda in consultation with the MD and fellow directors and other executives, and if warranted, with professional advisors.

The Chairman also leads the Board discussions and ensures that quality, quantity and timeliness of the flow of information between the Management, the Board and shareholders. He assumes the lead role in promoting high standards of corporate governance processes as well as the culture of openness and debate at Board meetings. He also encourages constructive relationship within the Board and between the Board and Management while facilitating the effective contributions of non-executive directors and independent directors during the Board meetings.

In maintaining high standards of good corporate governance, the Board has in place a Lead Independent Director position which is being held by Mr. Lai Keng Wei. As our Lead Independent Director, Mr. Lai is available to Shareholders in situations where they have concerns or issues which communication with our Executive Chairman, MD and/or Chief Financial Officer has failed to resolve or where such communication is inappropriate.

Where necessary or appropriate, the independent directors, led by the Lead Independent Director would meet and feedback would be provided to the Chairman after such meetings.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Company has established the NC to make recommendation to the Board on all Board appointments. The key duties and responsibilities of the NC include:

(i) to recommend to the Board on board appointments, including re-nominations of existing directors for re-election in accordance with the Constitution, 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 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 is able to and has been adequately carrying out his duties as a director; and

(vi) to develop a process for evaluation of the performance of the Board, its committees and 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.

The NC comprises three directors, all whom including the Chairman, are non-executive and independent. The Chairman is not a substantial shareholder or directly associated with a substantial shareholder.

The NC members are:

– Mr. Tan Teng Wee (Chairman)

– Mr. Lai Keng Wei

– Mr. Gopal Perumal

CORPORATE GOVERNANCE REPORT

At each Annual General Meeting ("AGM") of the Company, the Constitution of the Company requires one-third of the directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, being one third of those who have been longest in office since their last re-election. The retiring directors submit themselves for re-nomination and re-election. Newly appointed directors are required to submit for re-election. The Company does not have any alternate directors currently.

In assessing and recommending a candidate for appointment to the Board, the NC takes into consideration the background, qualifications, experience and knowledge that the candidate brings and which could benefit the Board. Other important issues to be considered as part of the process for the selection, appointment and re-appointment of directors include composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candor), if applicable, as an independent director.

The NC may also engage external search consultants to search for new directors at the Company's expense. New directors are appointed by way of a board resolution after the NC recommends the appointment for approval of the Board.

The NC had reviewed, taking into consideration Mr. Edward Lim Chin Wah's ability to contribute through his business acumen, strategic thinking process for the business and his contributions through carrying out his executive responsibilities, recommended that Mr. Edward Lim Chin Wah who will retire by rotation pursuant to Regulation 93 of the Company' Constitution, being eligible and having consented, be nominated for re-election as Director at the forthcoming AGM, and subject to being duly re-elected, Mr. Edward Lim Chin Wah will remain as the Executive Chairman.

Pursuant to Regulation 93 of the Company's Constitution, Mr. Gopal Perumal who will retire by rotation pursuant to Regulation 93 of the Company' Constitution, being eligible and having consented, be nominated for re-election as Directors at the forthcoming AGM, and subject to being duly re-elected, Mr. Gopal Perumal will remain as the Independent and Non-Executive Director.

Pursuant to Regulation 99 of the Company's Constitution, Mr. Martin Muller and Mr. Lai Keng Wei who will retire pursuant to Regulation 99 of the Company' Constitution, being eligible and having consented, be nominated for re-election as Directors, at the forthcoming AGM, and subject to being duly re-elected, Mr. Martin Muller and Mr. Lai Keng Wei will remain as the Non-Independent and Non-Executive Director and Lead Independent and Non-Executive Director respectively.

The NC also considered, and is of the opinion, that the multiple board representations held by directors of the Company do not impede their performance in carrying out their duties to the Company. For FY2018, the Board did not set any cap on the number of directorship given that all non-executive or independent directors were able to dedicate their time to the business of the Company. Nevertheless, if the Board finds that time commitment is lacking from any particular director, they may consider imposing a cap in future.

The principal commitments of directors are stated on pages 12 and 13 of Annual Report 2018. Details of the appointment of directors including date of initial appointment and date of last re-election and directorships in other listed companies, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Current directorships in other listed companies	Past directorships in other listed Companies in the preceding three years
Mr. Edward Lim Chin Wah[1]	61	October 28, 2013	April 27, 2017	NA	NA
Mr. Yap Tin Foo	55	October 28, 2013	April 26, 2018	NA	NA
Mr. Martin Muller[2]	47	December 10, 2018	–	NA	NA
Mr. Lai Keng Wei[3]	50	January 28, 2019	–	NA	NA
Mr. Gopal Perumal[4]	62	May 28, 2014	April 27, 2017	NA	NA
Mr. Tan Teng Wee	62	May 28, 2014	April 26, 2018	NA	NA

NA – Not applicable

Notes:

(1) Mr. Edward Lim Chin Wah will retire pursuant to Regulation 93 and is subject to re-election as a director at the forthcoming AGM of the Company to be held on April 25, 2019.

(2) Mr. Martin Muller will retire pursuant to Regulation 99 and is subject to re-election as a director at the forthcoming AGM of the Company to be held on April 25, 2019.

(3) Mr. Lai Keng Wei will retire pursuant to Regulation 99 and is subject to re-election as a director at the forthcoming AGM of the Company to be held on April 25, 2019.

(4) Mr. Gopal Perumal will retire pursuant to Regulation 93 and is subject to re-election as a director at the forthcoming AGM of the Company to be held on April 25, 2019.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC is responsible for assessing the effectiveness of the Board as a whole and the committees and for assessing the contribution of each individual director. The NC decides how the Board's performance may be evaluated and proposes objective performance criteria that are approved by the Board.

The criteria for evaluation of the performance of an individual director includes qualitative and quantitative factors such as performance of principal functions and fiduciary duties, director's attendance, contribution and performance at such meetings. The NC and the Board strive to ensure that each director, with his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2018, two NC meetings were held.

The NC has in place a performance evaluation process whereby the Board and individual directors will complete confidential group and individual assessment questionnaires to assess the effectiveness of the Board, its committees and the contributions of each director, including the Chairman. The Board and committee assessment parameters includes areas such as Board composition, Board processes managing the Group's performance and the effectiveness of the Board in its monitoring role and the effectiveness of the respective committee. The individual assessment areas include attendance and contributions during Board and committee meetings as well as commitment to their role as directors. Individual directors are also evaluated on their respective areas of expertise across business, industry, finance and legal. The Company Secretary had been requested to collate the Board's and directors' evaluation and to provide the summary observations for the NC Chairman and Board Chairman. The Board Chairman will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. Following the review of the assessment of the Board, its committees and individual directors, including the Chairman for FY2018, both the NC and the Board are of the view that the Board and its committees have operated effectively and each director has contributed to the overall effectiveness of the Board in FY2018. No external facilitator was used in the process.

Access to Information

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Management including the executive directors keeps the Board apprised of the Group's operations and performance through quarterly updates and reports as well as through informal discussions. Key executives who can provide additional insight into the matters at hand would be invited to the Board meeting.

Prior to any meeting of the Board or committees, directors are provided, where appropriate, with sufficient relevant information to enable them to be prepared for the meeting. On an ongoing basis, all the Board members have separate and independent access to Management should they have any queries or require additional information on the affairs of the Company and the Group.

Before each meeting, Management would provide the Board members with the required explanatory documents relating to matters to be brought before the Board. Copies of disclosure documents, budgets, forecasts, quarterly internal financial statements, together with explanations for any material variance between the projections and actual results in respect of its financial performance would be tabled by Management to the Board for review and discussion during the Board meeting.

The directors also have access to the Company Secretary who attends all the Board and its committees' meetings. The Company Secretary also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes. The Board are given the names and contact details of the Company's senior management and the Company Secretary to facilitate direct, separate and independent access. The appointment and removal of the Company Secretary is subjected to the approval of the Board as a whole.

Where the directors either individually or as a group, in the furtherance of their duties, require independent professional advice, assistance is available to assist them in obtaining such advice at the Company's expense.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The roles, duties and responsibilities of the RC cover the functions described in the 2012 Code including but not limited to, the following:

(i) to recommend to the 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 the executive directors and MD will be subject to the approval of the RC. The bonus for the other executive officers will be determined solely by the executive directors and MD;

(ii) the scope of responsibilities encompasses all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; and

(iii) to review the remuneration of senior management and employees related to directors, if any.

The RC comprises entirely of non-executive directors, all of whom are independent. The RC members are:

– Mr. Gopal Perumal (Chairman)

– Mr. Lai Keng Wei

– Mr. Tan Teng Wee

All recommendations made by the RC on remuneration of directors and key executives will be submitted for endorsement by the Board. Members of the RC will ensure that they do not set their own remuneration and no member of the RC is involved in setting his/her remuneration package. As and when deemed appropriate by the RC, independent expert advice is or will be sought at the Company's expense. RC shall ensure that existing relationship, if any, between the Company and its appointed remuneration consultant will not affect the independence and objectivity of the remuneration consultant.

The RC meets at least once a year, and as warranted by circumstances, to discharge its functions. In FY2018, one RC meeting was held.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC recommends to the Board the quantum of directors' fees and the Board in turn endorses the recommendation for shareholders' approval at each AGM. To facilitate timely payment of directors' fees, the Company has recommended for the directors' fees to be paid on a quarterly basis for the current financial year once approval is obtained from shareholders at the forthcoming AGM to be held on April 25, 2019.

The remuneration packages take into consideration the performance of the Group and individual assessment of each non-executive director, the level of contribution to the Company and Board, taking into account various factors including but not limited to efforts and time spent, responsibilities and duties of the directors.

The Company may terminate a service agreement if, *inter alia*, the relevant executive director or key executive is guilty of dishonesty or serious or persistent misconduct, become bankrupt or otherwise act to the Company's prejudice. Directors' fees do not form part of the terms of these service agreements as these require the approval of the shareholders in a general meeting.

The Company has entered into Service Agreements with each of the executive director, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo on May 30, 2014, respectively. Their Service Agreements are for an initial period of three years (the "Initial Term") commencing with effect from the date of admission of the Company and subject to automatic renewal on a yearly basis thereafter unless otherwise agreed in writing between the 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. In 2017, the Service Agreements have been renewed with each Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo, with no changes to the terms of the Service Agreements.

Pursuant to the terms of the Service Agreements, the executive directors 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 the 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) based on the achievement of certain criteria where the bonus will be paid out ranging from nil to 1.75% depending on the pre-agreed CPBT achieved.

Pursuant to the terms of their respective letter of appointment, the two executive officers, Mr. Andrew Popplewell and Mr. Samer Sidani, are entitled to a discretionary bonus and a performance bonus, to be paid on a quarterly basis, subject to statutory deductions. The performance bonus is calculated based on a range of 0.5% to 3% commission on the revenue after deducting 2.5 times of the Abu Dhabi Representative Office operating expenses incurred during the financial year, the exact percentage of commission shall be mutually agreed between the Company and the two executives on a project by project basis.

The RC will ensure that the independent directors are not overcompensated to the extent that their independence may be compromised. To encourage non-executive directors to hold shares in the Company so as to better align the interests of such non-executive directors with the interests of shareholders, they are able to participate in the Starburst Performance Share Plan and the Starburst Share Option Scheme.

During FY2018, the RC reviewed the compensation and remuneration packages and believes that the directors and Management are sufficiently compensated. For FY2018, the Company did not engage any external remuneration consultant to assist in the review of compensation and remuneration packages.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The breakdown (in percentage terms) of the remuneration of the directors of the Company for FY2018 is set out below:

	Salary (%)	Bonus (%)	Other benefits (%)	Fees (%)	Total (%)
S$250,000 to S$500,000					
Mr. Edward Lim Chin Wah	78.4	19.6	2.0	–	100
Mr. Yap Tin Foo	77.0	19.3	3.7	–	100
Below S$250,000					
Mr. Gan Lai Chiang[1]	–	–	–	100	100
Mr. Gopal Perumal	–	–	–	100	100
Mr. Tan Teng Wee	–	–	–	100	100
Mr. Martin Muller[2]	–	–	–	–	–
Mr. Lai Keng Wei[3]	–	–	–	–	–

(1) Mr. Gan Lai Chiang resigned as Lead Independent and Non-Executive Director on December 31, 2018.
(2) Mr. Martin Muller was appointed as a Non-Independent and Non-Executive Director on December 10, 2018.
(3) Mr. Lai Keng Wei was appointed as a Lead Independent and Non-Executive Director on January 28, 2019.

The salary and bonus of the incumbent directors are paid by a subsidiary.

Bonus is computed based on the Service Agreements entered into with each of the executive directors, Mr. Edward Lim Chin Wah and Mr. Yap Tin Foo on May 30, 2014 and further renewed in 2017, with no changes to the key terms.

The Company believes that the current format of disclosure is sufficient indication, for the time being, of each director's remuneration package, taking into account that remuneration continues to be a sensitive subject, the highly competitive business environment and potential negative impact that such disclosure will have on the Group.

The breakdown (in percentage terms) of the remuneration of 5 top key executives of the Group for FY2018 is set out below:

Remuneration and Name of Key Executives	Designation	Salary (%)	Bonus (%)	Other Benefits (%)	Total (%)
S$250,000 to S$500,000					
Mr. Samer Sidani	Chief Executive Officer – Abu Dhabi office	57.9	–	42.1	100
Mr. Andrew Popplewell	Regional Director	57.1	–	42.9	100
Below S$250,000					
Mr. Wu Guangyi	Chief Financial Officer	74.4	17.6	8.0	100
Mr. Ng Eng Long Josiah Lawrence	Senior Project Manager	81.5	9.9	8.7	100
Mr. Desengano Eduardo Espirtu	Technical Manager	73.9	12.5	13.6	100

Bonus is paid based on the Company's and individual performance and letter of appointment where applicable.

Other benefits comprise of the Company's contribution towards the Singapore Central Provident Fund where applicable, allowance and other benefits-in-kind.

Given the highly competitive conditions of the labour market and the prevalent poaching of experienced executives, the Company believes that the disclosure of the total remuneration of each individual executive as recommended by the 2012 Code may not be in the best interest of the Group. Nevertheless, the Company has sought to provide the remuneration of these executives in the bands of S$250,000 and also a breakdown in percentage term.

In aggregate, the total remuneration paid to the 5 top key executives is S$1,167,616 in FY2018.

Apart from Mr. Shaun Lim Wei Long being the son of Mr. Edward Lim Chin Wah, the Chairman and Executive Director who holds the position of "Site Engineer" with a remuneration of S$55,708 in FY2018, the Company does not have any employees who are immediate family member of a director and/or key executives during FY2018. The RC is of the view that the remuneration of Mr. Shaun Lim Wei Long is in line with the staff remuneration guidelines and commensurate with his job scope and level of responsibilities.

SHARE OPTIONS SCHEME AND PERFORMANCE SHARE SCHEME

On May 28, 2014, the shareholders approved the Starburst Performance Share Plan and the Starburst Share Option Scheme (collectively, the "Share-Based Incentive Plans"). The Share-Based Incentive Plans is administered by the NC and the RC (the "Administration Committee"), and no option or share has been awarded to any participant under the Share-Based Incentive Plans since adoption and for FY2018. No option or share has been awarded to any participant, which, in aggregate, represent five per centum (5%) or more of the aggregate number of options or new shares available under the Share-Based Incentive Plans and as such, no vesting of shares has taken place.

The primary objective of establishing the Share-Based Incentive Plans is to recognise and reward the directors and employees for their valuable contributions to the growth and success of the Group as well as to retain employees whose services are vital to our success in order to achieve greater growth in the Group. Eligible participants (the "Participants") under the Share-Based Incentive Plans will have the opportunity to participate in the equity of the Company, thereby aligning the interests of the Participants with the interests of the Company and shareholders, motivating them towards long-term growth and profitability of the Group and better performance through increased dedication and incentives.

Under the Starburst 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 Starburst Share Option Scheme) within the Exercise Period (as defined in the Starburst Share Option Scheme). The Exercise Price and Exercise Period shall be determined by the Administration Committee in its absolute discretion in accordance with the Starburst 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 Starburst Performance Share Plan aims to promote higher performance goals, and recognise and reward the contributions made by employees. The Starburst Performance Share Plan contemplates the contingent award of fully-paid shares after certain pre-determined benchmarks have been met (the "Awards"). The Company believes that the Starburst Performance Share Plan will be more effective than pure cash bonuses in motivating employees to work towards pre-determined goals.

Under the Starburst 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 Starburst Performance Share Plan.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects, including interim and other price sensitive public information and reports to regulators (if required). Management provides directors on a quarterly basis, with sufficient relevant information on the Group's financial performance and commentary of the competitive conditions of the industry in which the Group operates. The Company adopts a policy which welcomes directors to request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business from Management.

The AC reports to the Board on the results for review and approval. The Board approves the results after review and authorises the release of the results to SGX-ST and the public. The Company also uploads latest announcement(s) which has been disseminated via SGXNET on its website www.starburst.net.sg.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the financial information and to safeguard and maintain accountability of assets. Procedures are in place to identify major business risks and to evaluate potential financial implications, as well as for the authorisation of capital expenditure and investments.

The AC, on behalf of the Board, reviews the Group's system of internal controls, including financial, operational and compliance controls, information technology and risk management policies and systems established by Management. This ensures that such system is sound and adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding shareholders' interests and the Group's assets. The Group currently does not have a formal risk management committee but the Management regularly reviews the Group's business and operations to identify areas of significant business risks and controls to mitigate the risks. The Management will highlight all significant matters to the Board and AC. The Board is ultimately responsible for the Group's risk management. The Group's financial risk management objectives and policies are discussed further in note 4 to the financial statements.

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

For FY2018, the Board had received assurances from the MD and Chief Financial Officer that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- the Company's risk management and internal control systems are adequate and effective.

Based on the review, work done by the internal and external auditors, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls addressing financial, operational, compliance risks, IT, risk management systems or significant business risks are adequate and effective.

Audit Committee ("AC")

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The duties and functions of the AC include the following:

(i) assist the 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 the management's response, and results of audits compiled by internal and external auditors;

(iii) review the quarterly and annual financial statements and results announcements before submission to the 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 the internal control and procedures, including accounting and financial controls and procedures and ensure coordination between the internal and external auditors, and the management, reviewing the assistance given by 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 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 the Group's operating results or financial position, and the 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 Chief Financial Officer and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board of Directors;

(ix) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Chief Financial Officer 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 the Group;

(xiii) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of AC;

(xiv) review and establish procedures for receipt, retention and treatment of complaints received by the Group, amongst others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the 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.

The AC comprises three members, all of whom are non-executive, independent directors. The members of the AC are:

– Mr. Lai Keng Wei (Chairman)

– Mr. Gopal Perumal

– Mr. Tan Teng Wee

The Board believes that the AC is appropriately qualified to discharge their duties and responsibilities. The AC has explicit authority to investigate any matter within its terms of references. It has full access to Management and full discretion to invite any director or key executive to attend its meetings, and to be provided with reasonable resources to enable it to discharge its functions properly. The executive directors and key executives were invited to be present at the AC meetings to report and brief the AC members on the financial and operating performance of the Group and to answer any queries from the AC members on any aspect of the operations of the Group.

The AC met up with the external and internal auditors without the presence of Management for FY2018. The external auditors were also invited to be present at AC meetings, as and when required, held during the year to, *inter alia*, answer or clarify any matter on accounting and auditing or internal controls.

The fee paid to the external auditors, Deloitte & Touche LLP for audit and non-audit services for FY2018 was S$95,000 and S$9,200 (excluding disbursements and GST) respectively. The AC is of the opinion that the independence and objectivity of the external auditors have not been affected based on the amount of non-audit fees paid in FY2018.

The financial statements of the Company and its Singapore subsidiaries are audited by Deloitte & Touche LLP. The AC and the Board are of the view that the audit firms are adequately resourced, of appropriate standing within the international affiliation, have reviewed and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and that the Company has complied with Rule 712 and Rule 715 of the Catalist Rules of the SGX-ST.

The AC has recommended to the Board the re-appointment of Deloitte & Touche LLP as external auditors of the Company at the forthcoming AGM of the Company to be held on April 25, 2019.

The Company has a whistle-blowing policy whereby staff of the Group and relevant external parties may, in confidence, raise concerns about possible irregularities in matters of financial reporting or other matters. The policy defines the processes clearly to ensure independent investigation of such matters and permits whistle blowers to report directly via email to a dedicated email account at whistleblowing@starburst.net.sg which will direct the report to the Independent and Non-Executive Directors, or AC Chairman (in case of management conflict of interest). A Special Committee of board of directors of the Company will direct an independent investigation to be conducted or complaint when received in writing or via email. The AC has power to conduct or authorise investigations into any matter within the AC's scope of responsibility.

For FY2018, the Board has assessed and reviewed, together with the assistance of NC, and of the view that the members of the AC are appropriately qualified to discharge their responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Management to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. In addition, the member of the AC has relevant accounting and related financial management expertise, experience and knowledge. The AC chairman is a practising member of the Institute of Singapore Chartered Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the International Association of Certified Valuation Specialists. During FY2018, the AC was provided with information such as updates on the changes to the Singapore's Financial Reporting Standards.

In line with the recommendations by the Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and SGX-ST, the AC can help improve transparency and enhance quality of the Group's financial reporting by providing its commentary on the Key Audit Matters ("KAM") raised by the Group's external auditors. The AC has considered the FY2018 KAM presented by the external auditor together with management. After reviewing the KAM, the AC has concurred and agreed with the external auditor and management on their assessment, judgements and estimates on the significant matter reported by the external auditor.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC relies on reports from the Management and external and internal auditors on any material non-compliance and internal control weaknesses. Thereafter, the AC oversees and monitors the implementations thereto. For FY2018, the AC had received assurance from the MD and the Chief Financial Officer acknowledging their responsibility on:

– The maintenance of proper accounting and other records and an adequate system of internal accounting controls;

– Preparation of financial information which is in their opinion, presented a true and fair view of the Group's operation and finances, in all material aspect and was in accordance with Singapore's Financial Reporting Standards; and

– The design, implementation and operation and effectiveness of accounting and internal control systems that are design to prevent and detect fraud and errors.

Currently, the Group has outsourced its internal audit function to Nexia TS Risk Advisory Pte. Ltd. (the "IA") which reports directly to the AC. The IA has an administrative reporting function to Management where planning, co-ordinating, managing and implementing internal audit work cycle are concerned. The work undertaken by the IA, are carried out in accordance with the standards set by internationally recognised professional bodies including Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, includes the auditing of the Group's system of internal financial, operational and compliance controls over its key operations. The IA will report their audit findings and recommendations directly to the AC. The internal audit plan, findings and recommendations drawn up by the IA are reviewed and approved by the AC.

The AC is satisfied that the IA is independent and adequately resourced to perform its function effectively.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of the shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company strives to disclose information on a timely basis to shareholders and ensure any disclosure of price sensitive information is not made to a selective group. The information are communicated to our shareholders via:

— annual reports – The Board strives to include all relevant information about the Group, including future developments and disclosures required by the Companies Act, Financial Reporting Standards and the Catalist Rules; and

— SGXNET and press releases on major developments of the Group.

SGXNET disclosures and press releases of the Group are also available on the Company's website at www.starburst.net.sg. The Company holds quarterly briefings on its results announcements a business day after the results announcement are published via SGXNET. The Company also publishes the presentation slides used during the briefings on SGXNET and on its website – www.starburst.net.sg. Once the annual report for FY2018 is completed, a copy will be made available on the website and published via SGXNET.

The Company does not have a specific dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial period will make an appropriate recommendation to the Board. Any dividend declaration will be communicated to shareholders via announcement through SGXNET.

The Board has recommended a first and final tax-exempt (one-tier) dividend of S$0.0025 per ordinary share for FY2018 for the shareholders' approval at the forthcoming AGM.

The Company encourages shareholders to participate actively in general meeting. At the forthcoming AGM, shareholders will be given the equitable opportunity to air their views and ask directors or Management questions regarding the Company and the Group. Notices of AGM will be sent together with the annual reports, released on SGXNET and on the Company's website as well as published in the newspapers to inform shareholders of upcoming meetings.

The Board, Management and the external auditors will also be present to address any relevant queries the shareholders may have. At the forthcoming AGM, the Company will prepare the minutes of the AGM which would include substantial or relevant comments from shareholders and the minutes of AGM will be made available to shareholders upon their request.

Under the existing Constitution of the Company, a shareholder may vote in person or appoint not more than two proxies to attend and vote in his stead. Such proxy to be appointed need not be a shareholder. A shareholder of a company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act), the Company allows a shareholder who is a relevant intermediary to appoint more than 2 proxies to attend and vote in his stead at the forthcoming AGM.

At the forthcoming AGM, pursuant to Catalist Rule 730A(2), all resolutions will be put to vote by way of a poll, and their detailed results will be announced via SGXNET after the conclusion of the AGM.

(E) DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities, which has been disseminated to all employees within the Group. The Company will also send a notification via email to notify all its officers and employees a day prior to the close of window for trading of the Company's securities.

Directors and employees of the Company are reminded not to deal (whether directly or indirectly) in the Company's securities on short-term considerations and be mindful of the law on insider trading as prescribed by the Securities & Futures Act, Chapter 289 of Singapore.

The internal code on dealings in securities also makes clear that it is an offence to deal in the Company's securities and securities of other listed companies, while in possession of unpublished price-sensitive information and prohibits trading as well as in the following periods:

(i) the period commencing two weeks before the announcement of the Company's financial statements for the first, second and third quarters of its financial year; and

(ii) the period commencing one month before the announcement of the Company's financial statements for its full financial year.

Each of the above periods will end on the date of the announcement of the relevant results of the Company.

(F) INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

There was no IPT for FY2018 and the Company also does not have any IPT Mandate which is subject to shareholders' approval at the forthcoming AGM.

(G) UTILISATION OF PROCEEDS

On June 15, 2016, the Company issued 62,500,000 warrants at an exercise price of S$0.25 for each new share. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company. 1,831,725 warrants have been exercised as at December 31, 2018. The proceeds arising from the exercise of 1,831,725 warrants was approximately S$458,000. The Company has not utilised the proceeds.

(H) MATERIAL CONTRACTS

Save for the service agreements entered with the executive directors and the sale and purchase agreements entered into in relation to the restructuring exercise as disclosed in the Offer Document, there were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any directors or controlling shareholders for FY2018.

(I) NON-SPONSORSHIP FEES

There was no non-sponsor fees paid to the Company's sponsor, SAC Capital Private Limited, during the financial year under review.

FINANCIAL CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2018

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2018.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 61 to 122 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Edward Lim Chin Wah
Yap Tin Foo
Martin Muller (Appointed on December 10, 2018)
Lai Keng Wei (Appointed on January 28, 2019)
Gopal Perumal
Tan Teng Wee

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of director and Company in which interests are held	Shareholdings registered in name of director At beginning of year	At end of year
	Ordinary shares	
The Company		
Edward Lim Chin Wah	90,113,800	90,113,800
Yap Tin Foo	85,180,000	85,180,000
Gopal Perumal	20,000	20,000

The directors' interests in the shares of the Company at January 21, 2019 were the same at December 31, 2018.

4 WARRANTS

On June 15, 2016, the Company issued 62,500,000 warrants pursuant to a renounceable non-underwritten rights issue on the basis of one warrant for every four existing ordinary shares held in the capital of the Company. On June 17, 2016, the warrants were listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of S$0.25 for each new share.

At the end of the financial year, details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	Warrants issued	Warrants exercised	Warrants outstanding	Date of expiry
June 15, 2016	62,500,000	1,831,725	60,668,275	June 14, 2021

Name of director in which interests are held	Warrantholdings registered in name of director At beginning of year	At end of year
Edward Lim Chin Wah	13,019,750	13,019,750
Yap Tin Foo	11,020,000	11,020,000

The directors' interests in the warrants of the Company at January 21, 2019 were the same at December 31, 2018.

5 OPTIONS AND SHARE AWARDS

(a) Options to take up unissued shares

During the financial year, no share awards were granted and no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option or vesting of a share award to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options or share awards.

6 AUDIT COMMITTEE

The Audit Committee of the Company, consisting all independent directors, is chaired by Mr. Lai Keng Wei, an independent director, and includes Mr. Gopal Perumal, an independent director and Mr. Tan Teng Wee, an independent director. The Audit Committee has met four times since the last Annual General Meeting ("AGM"), and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

a) The audit plan and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

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

c) The audit plan of the external auditors;

d) The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and the external auditor's report on those financial statements;

e) The quarterly, half yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

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

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

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

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

7 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Edward Lim Chin Wah
Chairman and Executive Director

Yap Tin Foo
Managing Director

Singapore
March 14, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STARBURST HOLDINGS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Starburst Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 61 to 122.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventories

The Group has inventories of $2,110,000 as at December 31, 2018. The Group purchases inventory customised for use on certain projects. As a result, the valuation of any excess inventory is subject to valuation estimation which requires significant management judgement since these inventories may not be suitable for use on other projects. Management evaluates the valuation of inventory based on ageing analysis, condition of the inventory, taking into consideration similar projects in which the inventory can be utilised.

Details of inventories are disclosed in Note 10.

Our audit performed and responses thereon

We have performed the following procedures:

- Obtained an understanding and evaluated the design and implementation of relevant controls to address significant risks associated with valuation of inventories;
- Obtained an understanding on nature and intended usage of materials procured for the different type of projects and checked against the profitability of each project to assess if any impairment is required;
- Discussed with management on the appropriateness of the obsolescence policy for inventory; and
- Obtained and reviewed management's assessment of the estimate relating to allowance for inventories.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report and the other sections of the annual report ("Other Sections"), which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF STARBURST HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Michael Ng Wee Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
March 14, 2019

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018

	Note	Group			Company		
		December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
ASSETS							
Current assets							
Cash on hand and at bank	7	**7,966**	8,292	787	**242**	191	68
Fixed deposits	7	**–**	3,010	–	**–**	–	–
Trade and other receivables	8	**2,578**	4,520	7,685	**1,472**	4,089	5,854
Contract assets	9	**808**	2,262	6,186	**–**	–	–
Inventories	10	**2,110**	2,042	2,226	**–**	–	–
Property held for sale	11	**–**	–	6,935	**–**	–	–
Total current assets		**13,462**	20,126	23,819	**1,714**	4,280	5,922
Non-current assets							
Fixed deposits pledged	7	**2,815**	2,394	2,077	**–**	–	–
Trade and other receivables	8	**932**	977	1,022	**643**	–	–
Investment in subsidiaries	12	**–**	–	–	**36,438**	36,438	36,238
Property, plant and equipment	13	**24,983**	26,485	28,104	**–**	–	–
Intangible assets	14	**150**	450	–	**–**	–	–
Total non-current assets		**28,880**	30,306	31,203	**37,081**	36,438	36,238
Total assets		**42,342**	50,432	55,022	**38,795**	40,718	42,160
LIABILITIES AND EQUITY							
Current liabilities							
Bank overdrafts and loans	15	**639**	563	1,120	**–**	–	–
Trade and other payables	16	**1,185**	1,662	2,960	**64**	75	77
Current portion of lease liabilities	17	**126**	148	130	**–**	–	–
Contract liabilities	18	**–**	119	201	**–**	–	–
Income tax payable		**19**	11	5	**19**	11	5
Total current liabilities		**1,969**	2,503	4,416	**83**	86	82
Non-current liabilities							
Bank loans	15	**12,099**	12,829	13,378	**–**	–	–
Lease liabilities	17	**2,851**	2,995	3,383	**–**	–	–
Total non-current liabilities		**14,950**	15,824	16,761	**–**	–	–
Capital and reserves							
Share capital	19	**41,028**	41,005	40,570	**41,028**	41,005	40,570
Treasury shares	20	**(3,513)**	(1,658)	–	**(3,513)**	(1,658)	–
Warrant reserve	21	**422**	422	422	**422**	422	422
Asset revaluation reserve	21	**–**	–	6,042	**–**	–	–
Currency translation reserve		**1**	1	2	**–**	–	–
Merger reserve	21	**(25,438)**	(25,438)	(25,438)	**–**	–	–
Retained earnings		**12,923**	17,773	12,247	**775**	863	1,086
Total equity		**25,423**	32,105	33,845	**38,712**	40,632	42,078
Total liabilities and equity		**42,342**	50,432	55,022	**38,795**	40,718	42,160

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2018

		Group	
	Note	**2018**	2017
		$'000	$'000
Revenue	22	**7,151**	15,876
Other operating income	23	**177**	118
Project and production costs	24	**(4,313)**	(7,731)
Employee benefits expenses		**(3,237)**	(3,465)
Depreciation expense	13	**(1,494)**	(1,649)
Other operating expenses	25	**(2,099)**	(2,607)
Finance costs	26	**(412)**	(429)
(Loss) Profit before income tax		**(4,227)**	113
Income tax expense	27	**(17)**	(7)
(Loss) Profit for the year	28	**(4,244)**	106
Other comprehensive loss (net of tax):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**–**	(1)
Other comprehensive loss for the year, net of tax		**–**	(1)
Total comprehensive (loss) income for the year		**(4,244)**	105
Basic (loss) earnings per share (cents)	30	**(1.74)**	0.04
Diluted (loss) earnings per share (cents)	30	**(1.59)**	0.04

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Share capital $'000	Treasury shares $'000	Warrant reserve $'000	Asset revaluation reserve $'000	Currency translation reserve $'000	Merger reserve $'000	Retained earnings $'000	Total $'000
Group								
At January 1, 2017	40,570	–	422	6,042	2	(25,438)	12,247	33,845
Transactions with owners, recognised directly in equity								
Repurchase of shares (Note 20)	–	(1,658)	–	–	–	–	–	(1,658)
Exercise of warrants (Note 19)	435	–	–	–	–	–	–	435
Dividends (Note 29)	–	–	–	–	–	–	(622)	(622)
Total	435	(1,658)	–	–	–	–	(622)	(1,845)
Total comprehensive income for the year:								
Profit for the year	–	–	–	–	–	–	106	106
Other comprehensive loss	–	–	–	–	(1)	–	–	(1)
Transfer on sale of leasehold building	–	–	–	(6,042)	–	–	6,042	–
Total	–	–	–	(6,042)	(1)	–	6,148	105
Balance at December 31, 2017	41,005	(1,658)	422	–	1	(25,438)	17,773	32,105
At January 1, 2018	**41,005**	**(1,658)**	**422**	**–**	**1**	**(25,438)**	**17,773**	**32,105**
Transactions with owners, recognised directly in equity								
Repurchase of shares (Note 20)	**–**	**(1,855)**	**–**	**–**	**–**	**–**	**–**	**(1,855)**
Exercise of warrants (Note 19)	**23**	**–**	**–**	**–**	**–**	**–**	**–**	**23**
Dividends (Note 29)	**–**	**–**	**–**	**–**	**–**	**–**	**(606)**	**(606)**
Total	**23**	**(1,855)**	**–**	**–**	**–**	**–**	**(606)**	**(2,438)**
Loss for the year, representing total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(4,244)**	**(4,244)**
Balance at December 31, 2018	**41,028**	**(3,513)**	**422**	**–**	**1**	**(25,438)**	**12,923**	**25,423**

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2018

	Share capital $'000	Treasury shares $'000	Warrant reserve $'000	Retained earnings $'000	Total $'000
Company					
At January 1, 2017	40,570	–	422	1,086	42,078
Transactions with owners, recognised directly in equity					
Repurchase of shares (Note 20)	–	(1,658)	–	–	(1,658)
Exercise of warrants (Note 19)	435	–	–	–	435
Dividend (Note 29)	–	–	–	(622)	(622)
Total	435	(1,658)	–	(622)	(1,845)
Profit for the year, representing total comprehensive income for the year	–	–	–	399	399
Balance at December 31, 2017	41,005	(1,658)	422	863	40,632
At January 1, 2018	**41,005**	**(1,658)**	**422**	**863**	**40,632**
Transactions with owners, recognised directly in equity					
Repurchase of shares (Note 20)	**–**	**(1,855)**	**–**	**–**	**(1,855)**
Exercise of warrants (Note 19)	**23**	**–**	**–**	**–**	**23**
Dividend (Note 29)	**–**	**–**	**–**	**(606)**	**(606)**
Total	**23**	**(1,855)**	**–**	**(606)**	**(2,438)**
Profit for the year, representing total comprehensive income for the year	**–**	**–**	**–**	**518**	**518**
Balance at December 31, 2018	**41,028**	**(3,513)**	**422**	**775**	**38,712**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	2017
	$'000	$'000
Operating activities		
(Loss) Profit before income tax	**(4,227)**	113
Adjustments for:		
Reversal of inventory obsolescence	**–**	(507)
Depreciation expense	**1,494**	1,649
Interest expense	**412**	429
Interest income	**(33)**	(23)
Write-off of property, plant and equipment	**–**	2
Amortisation of prepaid insurance	**45**	45
Gain on disposal of property, plant and equipment	**–**	(7)
Allowance of doubtful trade receivables	**–**	166
Amortisation of intangible assets	**300**	150
Operating cash flows before working capital changes	**(2,009)**	2,017
Trade and other receivables	**1,948**	3,002
Inventories	**(68)**	691
Contract assets	**1,454**	3,924
Trade and other payables	**(477)**	(1,298)
Contract liabilities	**(119)**	(82)
Cash generated from operations	**729**	8,254
Income tax paid	**(9)**	(1)
Interest paid	**(412)**	(429)
Interest received	**27**	20
Net cash from operating activities	**335**	7,844
Investing activities		
Decrease (Increase) in fixed deposits (Note 7)	**2,589**	(3,327)
Purchase of property, plant and equipment (Note A)	**(10)**	(257)
Purchase of intangible assets	**–**	(600)
Proceeds from disposal of property held for sale	**–**	6,935
Proceeds from disposal of property, plant and equipment	**–**	7
Net cash from investing activities	**2,579**	2,758

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

	Group	
	2018	2017
	$'000	$'000
Financing activities		
Repayment of lease liabilities	**(148)**	(145)
Purchase of treasury shares	**(1,855)**	(1,658)
Proceeds from exercise of warrants	**23**	435
Repayment of bank loans	**(654)**	(607)
Dividend paid	**(606)**	(622)
Net cash used in financing activities	**(3,240)**	(2,597)
Net (decrease) increase in cash and cash equivalents	**(326)**	8,005
Cash and cash equivalents at beginning of year	**8,292**	288
Effect of foreign exchange rate charges on the balance of cash held in foreign currencies	**–**	(1)
Cash and cash equivalents at end of year (Note 7)	**7,966**	8,292

Note A

In 2017, the Company acquired property, plant and equipment of $297,000 of which $40,000 was financed by hire-purchase arrangement (Note 13).

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number 201329079E) was incorporated in Singapore with its principal place of business and registered office at 6 Tuas View Circuit, Singapore 637599. The Company is listed on the Catalist Board of Singapore Exchange Securities Trading Limited. The consolidated financial statements are expressed in Singapore dollars, which is also the functional currency of the Company.

The principal activities of the Company are those of investment holding and provision of management services.

The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2018 were authorised for issue by the Board of Directors on March 14, 2019.

For all periods up to and including the year ended December 31, 2017, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended December 31, 2018 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 32.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The 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 (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payments*, leasing transactions that are within the scope of SFRS(I) 1-17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;

- Is exposed, or has rights, to variable returns from its involvement with the investee; and

- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Investments in subsidiaries are stated at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets (before January 1, 2018)

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (before January 1, 2018) *(Continued)*

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (from January 1, 2018)

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.

All recognised financial assets are subsequently measured in their entirety at amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (from January 1, 2018) *(Continued)*

Classification of financial assets *(Continued)*

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss using effective interest method and is included in the "Other operating income" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Exchange differences are recognised in profit or loss in the "other operating income" or "other operating expenses" line items.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (from January 1, 2018) *(Continued)*

Impairment of financial assets *(Continued)*

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment if whether lifetime ECL should be recognised should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date if initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtor operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks or other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the aerospace and defense industry.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (from January 1, 2018) *(Continued)*

Impairment of financial assets *(Continued)*

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (from January 1, 2018) *(Continued)*

Impairment of financial assets *(Continued)*

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (from January 1, 2018) *(Continued)*

Impairment of financial assets *(Continued)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial assets (from January 1, 2018) *(Continued)*

Impairment of financial assets *(Continued)*

Measurement and recognition of expected credit losses (Continued)

- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 issued by a Group entity are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial liabilities and equity instruments *(Continued)*

Financial guarantee contracts

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

Financial guarantee contracts issued by a Group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other operating income" and "other operating expense" line item in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

CONTRACT ASSETS AND LIABILITIES – A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expenses on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate. The Group's incremental borrowing rate is determined based on interest rate of the Group's bank loans if the Group would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value of the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise of variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

LEASES *(Continued)*

The Group as lessee *(Continued)*

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs obligation for costs to dismantle and removed a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as part of Property, plant and equipment in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use assets is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

NON-CURRENT ASSETS HELD FOR SALE – Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

NON-CURRENT ASSETS HELD FOR SALE *(Continued)*

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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 selling and distribution.

INTANGIBLE ASSETS – Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

PROPERTY, PLANT AND EQUIPMENT – Leasehold 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.

Property, plant and equipment 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
Renovation	–	5 years
Leasehold building	–	over the remaining lease period of 40 years

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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 AND INTANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

PROVISIONS *(Continued)*

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 based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Contract revenue

The Group constructs facilities that are stated in the contract and it is common to have a deferred liability period included in the contract, spanning for 1 or 2 years subsequent to the completion of the construction of the facility, which is a separate and distinct performance obligation. The Group's performance creates an asset with no alternative use to the Group, as each construction project is customised to the customer's needs and is physically built at the customer's premises or at a location that the customer controls, hence the asset cannot be resold to another customer. The Group has an enforceable right to payment for work done. Contract revenue is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group becomes entitled to invoice customers for construction of facilities based on achieving a series of performance-related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and payment from customer is always less than one year.

Maintenance service revenue

The Group provides maintenance services to customers throughout the contract or defect liability period. Revenue relating to the maintenance services is recognised over time when the customer simultaneously receiving and consuming the benefits as the Group performs the services (i.e. the monthly maintenance services performed).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

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.

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 profit or loss and other 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. 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

INCOME TAX *(Continued)*

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 consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated 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 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.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(CONTINUED)*

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.

Valuation of inventories

The Group purchases inventory customised for use on certain projects. As a result, the valuation of any excess inventory is subject to valuation estimation which requires significant management judgement since these inventories may not be suitable for use on other projects. Management evaluates the valuation of inventory based on ageing analysis, condition of the inventory, taking into consideration similar projects in which the inventory can be utilised. The carrying amount of the Group's inventories is disclosed in Note 10 to the consolidated financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Financial assets						
Financial assets at amortised costs	**12,805**	17,723	9,882	**2,335**	4,264	5,918
Financial liabilities						
Financial liabilities at amortised cost	**16,900**	18,197	20,971	**64**	75	77

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(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.

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, United Arab Emirates dirhams, Qatari riyal, and Kuwait dinar 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:

	Group					
	Assets			Liabilities		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
United States dollar	**360**	345	162	**–**	14	492
United Arab Emirates dirham	**78**	41	329	**–**	–	–
Qatari riyal	**–**	652	4,938	**–**	10	–
Kuwait dinar	**168**	166	177	**–**	–	–
Euros	**–**	160	–	**–**	133	–
Malaysian ringgit	**–**	–	–	**–**	96	–

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(CONTINUED)*

(c) Financial risk management policies and objectives *(Continued)*

(i) Foreign exchange risk management *(Continued)*

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each Group entity, loss (2017: profit) will decrease (increase) by approximately:

		Group	
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
United States dollar	**18**	17	17
United Arab Emirates dirham	**4**	2	(16)
Qatari riyal	**–**	32	(247)
Kuwait dinar	**8**	8	(9)
Euros	**–**	1	–
Malaysian ringgit	**–**	(5)	–

The impact will be vice-versa if the relevant foreign currencies weaken by 5% 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.

The interest rates for bank overdrafts and bank loans are disclosed in Note 15 to the consolidated financial statements. No hedging has been taken by the Group for borrowings which bear floating interest rates.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(CONTINUED)*

(c) Financial risk management policies and objectives *(Continued)*

(ii) Interest rate risk management *(Continued)*

Interest rate sensitivity

The sensitivity analyses below have been determined on the exposure to interest rates for the Group's bank overdrafts and bank loans 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 loss (December 31, 2017: profit, January 1, 2017: loss) for the year would have been higher/lower (December 31, 2017: lower/higher, January 1, 2017: higher/lower) by approximately $127,000 (December 31, 2017: $134,000, January 1, 2017: $145,000) respectively.

(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. Credit risk on cash and bank balances and derivative financial instruments is limited as these balances are placed with or transacted with institutions of repute. The Group does not expect to incur material credit losses on its financial instruments.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degrees of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(CONTINUED)*

(c) Financial risk management policies and objectives *(Continued)*

(iii) Credit risk management *(Continued)*

The Group's current credit risk framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Group						
December 31, 2018						
Trade receivables	8	**(i)**	**Lifetime ECL (simplified approach)**	**1,994**	**(172)**	**1,822**
Contract assets	9	**(i)**	**Lifetime ECL (simplified approach)**	**808**	**–**	**808**
Other receivables	8	**Performing**	**12 month ECL**	**202**	**–**	**202**
					(172)	
Company						
December 31, 2018						
Amount owing by subsidiaries	8	**Performing**	**12 month ECL**	**2,093**	**–**	**2,093**

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(CONTINUED)*

(c) Financial risk management policies and objectives *(Continued)*

(iii) Credit risk management *(Continued)*

(i) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate reflect current conditions and estimates of future economic conditions. Note 8 includes further details on the loss allowance for trade receivables.

The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

At the end of the reporting period, the Group has a certain concentration of credit risk as about 25% (December 31, 2017: 46%, January 1, 2017: 64%) of the total trade and other receivables were due from the Group's 3 (December 31, 2017: 3, January 1, 2017: 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 has uncommitted credit line of approximately $5,600,000 (December 31, 2017: $5,300,000, January 1, 2017: $5,500,000) which is unutilised as at the end of the reporting period.

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(CONTINUED)*

(c) Financial risk management policies and objectives *(Continued)*

(iv) Liquidity risk management *(Continued)*

Non-derivative financial liabilities *(Continued)*

	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
Group						
December 31, 2018						
Non-interest bearing	**–**	**1,185**	**–**	**–**	**–**	**1,185**
Variable interest rate instruments	**2.49**	**946**	**3,782**	**10,733**	**(2,723)**	**12,738**
Lease liabilities (fixed rate)	**2.50**	**208**	**456**	**3,978**	**(1,665)**	**2,977**
		2,339	**4,238**	**14,711**	**(4,388)**	**16,900**
December 31, 2017						
Non-interest bearing	–	1,662	–	–	–	1,662
Variable interest rate Instruments	3.57	1,040	4,266	13,174	(5,088)	13,392
Lease liabilities (fixed rate)	2.54	232	550	4,092	(1,731)	3,143
		2,934	4,816	17,266	(6,819)	18,197
January 1, 2017						
Non-interest bearing	–	2,960	–	–	–	2,960
Variable interest rate Instruments	3.91	1,428	4,237	14,296	(5,463)	14,498
Lease liabilities (fixed rate)	2.54	218	642	4,206	(1,553)	3,513
		4,606	4,879	18,502	(7,016)	20,971

All financial liabilities of the Company are on demand or due within one year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(CONTINUED)*

(c) Financial risk management policies and objectives *(Continued)*

(iv) Liquidity risk management *(Continued)*

Non-derivative financial assets

All financial assets of the Group are on demand or due within one year except for the pledged fixed deposits of $2,815,000 (December 31, 2017: $2,394,000, January 1, 2017: $2,077,000) which are due within 2 to 5 years.

All the financial assets and liabilities of the Company are on demand or due within one year except for amount owing by subsidiaries of $643,000.

(v) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

(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 15, issued capital and retained earnings. The Group is required to maintain specified gearing ratios in order to comply with covenants in loan agreements with banks and is in compliance with such requirements.

The Group's overall strategy remains unchanged from the preceding year.

5 RELATED COMPANY TRANSACTIONS

Related companies in these consolidated 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 consolidated financial statements. The intercompany balances are unsecured, interest-free and 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 related parties and the effect of these on the basis determined between the parties is reflected in these consolidated financial statements. Balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year were as follows:

	2018 $'000	2017 $'000
Short-term benefits	**2,185**	2,406
Post-employment benefits	**69**	73
	2,254	2,479

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

7 CASH AND BANK BALANCES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Fixed deposits	**2,815**	5,404	2,077	**–**	–	–
Cash on hand and at bank	**7,966**	8,292	787	**242**	191	68
	10,781	13,696	2,864	**242**	191	68
Less: Fixed deposits pledged (non-current)^	**(2,815)**	(2,394)	(2,077)			
Less: Bank overdrafts (Note 15)	**–**	–	(499)			
Less: Fixed deposits with maturity date that is more than 3 months from the end of the reporting period	**–**	(3,010)	–			
Cash and cash equivalents in the consolidated statement of cash flows	**7,966**	8,292	288			

7 CASH AND BANK BALANCES *(CONTINUED)*

Fixed deposits bear interest at an average effective interest rate of 0.49% (December 31, 2017: 0.42%, January 1, 2017: 0.32%) per annum and for a weighted average tenure of approximately 328 days (December 31, 2017: 248 days, January 1, 2017: 325 days).

^ The fixed deposits are pledged to a bank to secure banking facilities for the Group (Note 15).

8 TRADE AND OTHER RECEIVABLES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Unbilled revenue	**630**	397	781	**–**	–	–
Trade receivables from outside parties	**1,364**	3,557	6,011	**–**	–	–
Allowance for doubtful debts	**(172)**	(172)	(6)	**–**	–	–
	1,822	3,782	6,786	**–**	–	–
Prepayment^	**1,486**	1,470	1,689	**22**	16	4
Amount owing by subsidiaries – non-trade	**–**	–	–	**2,093**	4,073	5,850
Other receivables	**165**	194	174	**–**	–	–
Deposits	**37**	51	58	**–**	–	–
	3,510	5,497	8,707	**2,115**	4,089	5,854
Less: Prepayment (non-current)	**(932)**	(977)	(1,022)	**–**	–	–
Amount owing by subsidiaries – non-trade (non-current)	**–**	–	–	**(643)**	–	–
Trade and other receivables (current)	**2,578**	4,520	7,685	**1,472**	4,089	5,854

^ An amount of $977,000 (December 31, 2017: $1,022,000, January 1, 2017: $1,067,000) relates to life insurance policy premium for certain directors which are pledged to secure bank facilities (Note 15).

8 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Trade receivables

The average credit period ranges from 30 to 90 days (December 31, 2017: 30 to 90 days, January 1, 2017: 30 to 90 days) and non interest bearing. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The table below shows the lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

Group	**Lifetime ECL – credit-impaired $'000**
Balance as at January 1, 2018 and December 31, 2018	172

In 2018, the age of receivables past due but not impaired amounted to $172,000 and ranged from more than 30 days. The Group has recognised a loss allowance of 100% against all receivables over a year past due of $172,000 because historical experience has indicated that these receivables are generally not recoverable.

8 TRADE AND OTHER RECEIVABLES *(CONTINUED)*

Previous accounting policy for allowance for trade receivables

In 2017, 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 $933,000 (January 1, 2017: $2,154,000) 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 considered recoverable.

Movement in the allowance for doubtful trade receivables in 2017:

	Group $'000
Balance at January 1, 2017	6
Charged to profit and loss	166
Balance at December 31, 2017	172

Other receivables

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

9 CONTRACT ASSETS

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Construction contracts	**808**	2,262	6,186

Amounts relating to construction contracts are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance – related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

There were no significant changes in the contract asset balances during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due.

As there was no historical credit loss experience by the Group, no provision for loss allowance has been made.

10 INVENTORIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Materials	**2,110**	2,042	2,226

The cost of inventories recognised as an expense includes an expenses of $Nil (December 31, 2017: a credit of $507,000, January 1, 2017: a credit of $1,031,000) in respect of the write-downs (2017: reversal of write-downs, January 1, 2017: reversal of write-downs) of inventories to net realisable value.

11 PROPERTY HELD FOR SALE

In 2016, the Group entered into a non-cancellable agreement with a third party to sell the property situated at 6 Tuas West Street, Singapore 637442, for a consideration of $6,935,000 (net of estimated transaction costs). Accordingly, the carrying amount of the property, had been classified as held for sale. The property was used for the Group's operations as a whole and not specific to any segment of the Group. The transaction was completed on March 10, 2017.

12 INVESTMENT IN SUBSIDIARIES

	Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Unquoted equity shares, at cost	**30,638**	30,638	30,438
Deemed investment	**5,800**	5,800	5,800
	36,438	36,438	36,238

Deemed investment represents advances to a subsidiary which was reclassified as deemed capital investment in Starburst Engineering Pte Ltd.

Name of subsidiaries	Country of incorporation/ operation	Proportion of ownership interest and voting power held Dec 31, 2018 %	Dec 31, 2017 %	Jan 1, 2017 %	Principal activity
Starburst Engineering Pte Ltd[1]	Singapore	**100**	100	100	Manufacturing of ordinary accessories, training, protection and containment system; and building construction including major upgrading works
Starburst Security Engineering Pte. Ltd.[1]	Singapore	**100**	100	–	Provision of security services and installation of fire protection and security alarm systems
Starburst Engineering (M) Sdn. Bhd.[2]	Malaysia	**100**	100	100	Dormant

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by Teh & Associates (JB) Chartered Accountants.

13 PROPERTY, PLANT AND EQUIPMENT

	Office equipment $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Computers $'000	Renovation $'000	Leasehold building $'000	Leasehold land $'000	Total $'000
Group									
Cost:									
At January 1, 2017	197	2,736	1,616	224	400	285	22,000	3,263	30,721
Additions	6	59	175	6	51	–	–	–	297
Disposals	–	(154)	(47)	(3)	–	–	–	–	(204)
Write-off	(1)	(4)	–	–	(6)	–	–	–	(11)
Remeasurement	–	–	–	–	–	–	–	(265)	(265)
At December 31, 2017	202	2,637	1,744	227	445	285	22,000	2,998	30,538
Additions	–	2	–	–	8	–	–	–	10
Write-off	–	–	–	–	(7)	–	–	–	(7)
Remeasurement	–	–	–	–	–	–	–	(18)	(18)
At December 31, 2018	**202**	**2,639**	**1,744**	**227**	**446**	**285**	**22,000**	**2,980**	**30,523**
Accumulated depreciation:									
At January 1, 2017	48	1,193	986	62	295	33	–	–	2,617
Depreciation	63	475	303	70	68	57	536	77	1,649
Disposal	–	(154)	(47)	(3)	–	–	–	–	(204)
Write-off	(1)	(2)	–	–	(6)	–	–	–	(9)
At December 31, 2017	110	1,512	1,242	129	357	90	536	77	4,053
Depreciation	59	446	196	68	58	57	537	73	1,494
Write-off	–	–	–	–	(7)	–	–	–	(7)
At December 31, 2018	**169**	**1,958**	**1,438**	**197**	**408**	**147**	**1,073**	**150**	**5,540**
Carrying amount:									
At December 31, 2018	**33**	**681**	**306**	**30**	**38**	**138**	**20,927**	**2,830**	**24,983**
At December 31, 2017	92	1,125	502	98	88	195	21,464	2,921	26,485
At January 1, 2017	149	1,543	630	162	105	252	22,000	3,263	28,104

13 PROPERTY, PLANT AND EQUIPMENT *(CONTINUED)*

Leasehold building is located at 6 Tuas View Circuit, Singapore 637599 with an unexpired leasehold tenure of approximately 40 years (December 31, 2017: 41 years, January 1, 2017: 42 years).

Management has elected the transition exemption to measure its leasehold building at fair value and uses that fair value of $22,000,000 as its deemed cost at the date of transition to SFRS(I), January 1, 2017. The cost is depreciated over the remaining useful life of the leasehold building.

The leasehold building is mortgaged to a bank to secure a bank loan (Note 15).

The Group leases several assets including land and motor vehicles. The average lease term is 40 years (December 31, 2017: 41 years, January 1, 2017: 42 years).

Right-of-use assets

	Leasehold land $'000	Motor vehicles $'000	Total $'000
Net carrying amount			
January 1, 2017	3,263	120	3,383
December 31, 2017	2,921	86	3,007
December 31, 2018	**2,830**	**66**	**2,896**
Depreciation expenses for the year ended			
December 31, 2017	77	137	214
December 31, 2018	**73**	**21**	**94**

Amount recognised in profit or loss

	2018 $'000	2017 $'000
Depreciation expense on right-of-use assets	**94**	214
Interest expense on lease liabilities (Note 26)	**85**	89
Expenses relating to short-term leases (Note 25)	**229**	258
Expenses relating to leases of low value assets (Note 25)	**9**	9

At December 31, 2018, the Group is committed to $164,000 (December 31, 2017: $162,000, January 1, 2017: $221,000) for short-term and low value leases.

The total cash outflow for leases amount to $148,000 (December 31, 2017: $145,000).

14 INTANGIBLE ASSETS

	Customer list $'000
Group	
Cost:	
At January 1, 2017	–
Addition during the year	600
At December 31, 2017	600
Addition during the year	–
At December 31, 2018	**600**
Amortisation:	
At January 1, 2017	–
Amortisation for the year	(150)
At December 31, 2017	(150)
Amortisation for the year	(300)
At December 31, 2018	**(450)**
Carrying Amount	
At December 31, 2018	**150**
At December 31, 2017	450
At January 1, 2017	–

On June 6, 2017, the Group through its wholly-owned subsidiary entered into an agreement with a company which an ex-director has significant influence, to acquire a customer list with a 2 year anti-competition clause for a consideration of $600,000. The consideration is amortised over the estimated useful life of 2 years. The remaining useful life as at December 31, 2018 is 0.5 years (December 31, 2017: 1.5 years).

15 BANK OVERDRAFTS AND LOANS

		Group	
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Secured – at amortised cost			
Bank overdrafts	**–**	–	499
Bank loans	**12,738**	13,392	13,999
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(639)**	(563)	(1,120)
Amount due for settlement after 12 months	**12,099**	12,829	13,378

15 BANK OVERDRAFTS AND LOANS *(CONTINUED)*

The Group's bank loans of $12,738,000 (December 31, 2017: $13,392,000, January 1, 2017: $13,999,000) bear floating interest ranging from 1.98% to 3.18% (December 31, 2017: 1.68% to 3.97%, January 1, 2017: 1.68% to 3.97%) per annum. They are repayable in 240 monthly instalments from May 2015.

The average effective interest rates were as follows:

	Group		
	December 31, 2018 %	December 31, 2017 %	January 1, 2017 %
Bank overdrafts	**–**	–	5.75
Bank loans	**2.71**	3.84	3.84

The bank loans are secured on:

(1) The first legal mortgage of the leasehold building at 6 Tuas View Circuit (Note 13);

(2) Fixed deposits of not less than $2,061,000 (Note 7);

(3) 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 certain directors (Note 8);

(4) A corporate guarantee from the Company.

Management is of the view that the fair values of the bank loans approximate their carrying amounts.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2018 $'000	Financing cash flows[i] $'000	Remeasurement (Note 13) $'000	December 31, 2018 $'000
Bank loans (Note 15)	**13,392**	(654)	–	**12,738**
Lease liabilities (Note 17)	**3,143**	(148)	(18)	**2,977**
	16,535	(802)	(18)	**15,715**

15 BANK OVERDRAFTS AND LOANS *(CONTINUED)*

Reconciliation of liabilities arising from financing activities *(Continued)*

	January 1, 2017 $'000	Financing cash flows (i) $'000	New finance leases $'000	Remeasurement (Note 13) $'000	December 31, 2017 $'000
Bank loans (Note 15)	13,999	(607)	–	–	13,392
Lease liabilities (Note 17)	3,513	(145)	40	(265)	3,143
	17,512	(752)	40	(265)	16,535

(i) The cash flows make up the net amount of proceeds from borrowings and repayment of borrowings in the statement of cash flows.

16 TRADE AND OTHER PAYABLES

	Group			Company		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000	**December 31, 2018 $'000**	December 31, 2017 $'000	January 1, 2017 $'000
Retention payables	**–**	–	104	**–**	–	–
Trade payables due to outside parties	**10**	126	811	**–**	–	–
	10	126	915	**–**	–	–
Other payables	**288**	298	317	**11**	17	28
Accrued expenses	**887**	1,238	1,728	**53**	58	49
	1,185	1,662	2,960	**64**	75	77

The credit period on trade payables ranges from 30 to 60 (December 31, 2017: 30 to 60 days, January 1, 2017: 30 to 60 days).

Trade payables principally comprise amounts outstanding for trade purchases and ongoing project costs.

17 LEASE LIABILITIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Amounts due for settlement within 12 months (shown under current liabilities)	**126**	148	130
Amounts due for settlement after 12 months	**2,851**	2,995	3,383
	2,977	3,143	3,513
Maturity analysis			
Not later than 1 year	**126**	148	130
Later than 1 year and not later than 5 years	**183**	261	338
Later than 5 years	**2,668**	2,734	3,045
	2,977	3,143	3,513

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

18 CONTRACT LIABILITIES

	Group		
	December 31, 2018 $'000	December 31, 2017 $'000	January 1, 2017 $'000
Amounts related to construction contracts	**–**	119	201

Contract liabilities relating to construction contracts are balance due to customers under construction contracts. These arise when a particular milestone payment exceeds the revenue recognised to date under the cost-to-cost method.

There were no significant changes in the contract liability balances during the reporting period.

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

18 CONTRACT LIABILITIES *(CONTINUED)*

Group's revenue recognised that was included in the contract liability balance at the beginning of the period:

	Group	
	2018	2017
	$'000	$'000
Amounts related to construction contracts	**119**	201

19 SHARE CAPITAL

	Group and Company			
	2018	2017	**2018**	2017
	Number of shares ('000)		**$'000**	$'000
Issued and fully paid:				
At beginning of year	**251,739**	250,002	**41,005**	40,570
Exercise of warrants	**93**	1,737	**23**	435
At end of year	**251,832**	251,739	**41,028**	41,005

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends.

20 TREASURY SHARES

	Group and Company			
	2018	2017	**2018**	2017
	Number of shares ('000)		**$'000**	$'000
At the beginning of the year	**4,869**	–	**1,658**	–
Repurchased during the year	**4,442**	4,869	**1,855**	1,658
At the end of the year	**9,311**	4,869	**3,513**	1,658

The Company acquired 4,441,300 (December 31, 2017:4,869,200, January 1, 2017: Nil) of its own shares through purchases on the Singapore Exchange during the year. The amount paid to acquire the shares was $1,854,804 (December 31, 2017:$1,658,306, January 1, 2017: Nil) and is presented as a deduction from shareholders' equity. The shares are held as 'treasury shares'.

The Company intends to either reissue these shares to the market at an appropriate time or to employees who exercise their options under the Starburst Employee Share Option Scheme.

21 RESERVES

Warrant reserve

During the financial year ended December 31, 2016, the Company issued 62,500,000 of warrants at an issue price of $0.01 for each warrant. Each warrant entitles the warrant holder to subscribe for one new ordinary share in the capital of the Company at the exercise price of $0.25 for each new share. The warrant reserve represents the gross proceeds from the issuance of warrants, net of direct issuance costs.

Asset revaluation reserve

The property revaluation reserve arises on the revaluation of building. Where revalued building is 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 reserve is not available for distribution to the Company's shareholders.

Movement in asset revaluation reserve arising on the property held for sale (Note 11):

	Group	
	2018	2017
	$'000	$'000
Balance at beginning of year	**–**	6,042
Transfer to retained earnings pertaining to disposal	**–**	(6,042)
Balance at end of year	**–**	–

Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to entities under common control.

22 REVENUE

The Group derives its revenue from the transfer of services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 31).

	Group	
	2018	2017
	$'000	$'000
Contract revenue	**270**	4,884
Maintenance services and others	**6,881**	10,992
	7,151	15,876
<u>Timing of revenue recognition</u>		
Over time:		
Contract revenue	**270**	4,884
Maintenance services and others	**6,881**	10,992
	7,151	15,876

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of December 31, 2017 is not disclosed, using the transition provisions of SFRS(I) 15.

	Group
	2018
	$'000
Maintenance services and others	**32,105**

Management expects that 19% of the transaction price allocated to the unsatisfied contracts as of December 31, 2018 will be recognised as revenue during the next reporting period amounting to $6,164,000. Of the remaining 81%, $4,751,000 will be recognised in the 2020 financial year, $2,700,000 in the 2021 financial year, $1,730,000 in the 2022 financial year, $1,554,000 in the 2023 financial year and $15,206,000 in the years thereafter.

23 OTHER OPERATING INCOME

	Group	
	2018	2017
	$'000	$'000
Net foreign exchange gain	**41**	–
Interest income	**33**	23
Gain on disposal of property, plant and equipment	**–**	7
Others	**103**	88
	177	118

24 PROJECT AND PRODUCTION COSTS

	Group	
	2018	2017
	$'000	$'000
Materials costs	**942**	1,753
Fabrication costs	**2,447**	2,945
Sub-contracting costs	**36**	2,213
Reversal of inventory obsolescence	**–**	(507)
Other costs	**888**	1,327
	4,313	7,731

Other costs include site equipment rental charges, project expendables, freight and handling charges, project related travelling costs and project consultant fees.

25 OTHER OPERATING EXPENSES

	Group	
	2018	2017
	$'000	$'000
Net foreign exchange loss	**–**	114
Professional fees	**647**	862
Expenses relating to short-term leases (Note 13)	**229**	258
Expenses relating to leases of low value assets (Note 13)	**9**	9
Sales and marketing expenses	**316**	364
Allowance of doubtful trade receivables	**–**	166
Amortisation of intangible asset	**300**	150
Others	**598**	684
	2,099	2,607

26 FINANCE COSTS

	Group	
	2018	2017
	$'000	$'000
Interest expense on lease liabilities (Note 13)	**85**	89
Interest on bank overdrafts and loans	**327**	340
	412	429

27 INCOME TAX EXPENSE

	Group	
	2018	2017
	$'000	$'000
Current tax	**17**	10
Adjustments recognised in the current year in relation to the current tax of prior years	**–**	(3)
	17	7

The income tax is calculated at 17% (2017: 17%) of the estimated assessable (loss) profit for the year. The total charge for the year can be reconciled to the accounting (loss) profit as follows:

	Group	
	2018	2017
	$'000	$'000
(Loss) Profit before income tax	**(4,227)**	113
Income tax (benefit) expense at statutory rate of 17%	**(719)**	19
Effect of non-deductible expenses	**386**	520
Tax concession	**(12)**	(20)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**382**	27
Effect of utilisation of deferred tax benefits previously not recognised	**–**	(535)
Overprovision in prior years	**–**	(3)
Others	**(20)**	(1)
Total income tax expense for the year	**17**	7

Subject to the agreement by the tax authorities, at the end of the reporting period, the Group has unutilised tax losses and capital allowances of $11.6 million (2017: $10.5 million) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

The realisation of the future income tax benefits from tax losses carried forward are available for an unlimited period subject to the conditions imposed by law including the retention of majority shareholders as defined.

28 (LOSS) PROFIT FOR THE YEAR

(Loss) Profit for the year has been arrived at after charging (crediting):

	Group	
	2018	2017
	$'000	$'000
Costs of inventories recognised as expense	**942**	1,753
Directors' remuneration – of the Company	**1,087**	1,088
Employee benefits expense (inclusive of directors' remuneration)	**3,619**	3,723
Cost of defined contribution plans included in employee benefit expense	**241**	272
Audit fees:		
– paid to auditors of the Company	**95**	108
– paid to other auditors	**–***	–*
Non-audit fees:		
– paid to auditors of the Company	**9**	9
Reversal of inventory obsolescence	**–**	(507)
Depreciation expense	**1,494**	1,649
Amortisation of prepaid insurance	**45**	45
Amortisation of intangible asset	**300**	150
Allowance of doubtful trade receivables	**–**	166

* This represents amount less than $1,000.

29 DIVIDEND

During the financial year, the Company declared and paid a final one-tier tax exempt dividend of 0.25 cents per ordinary share amounting to $606,000 in respect of the financial year ended December 31, 2017.

In the financial year 2017, the Company declared and paid a final one-tier tax exempt dividend of 0.25 cents per ordinary share amounting to $622,000 in respect of the financial year ended December 31, 2016.

Subsequent to the financial year, the Company proposed a final one-tier tax exempt dividend of 0.25 cents per ordinary share amounting to approximately $606,000 in respect of the financial year ended December 31, 2018. This dividend is subject to approval by shareholders at the Annual General Meeting and it has not been included as a liability for the current financial year in accordance with SFRS(I) 1-10 *Events After The Reporting Period*.

30 (LOSS) EARNINGS PER SHARE

The calculation of the (loss) earnings per share attributable to ordinary equity holders of the Company is based on the following data:

	2018 $'000	2017 $'000
(Loss) Profit for the purpose of basic and diluted (loss) earnings per share attributable to owners of the Company	**(4,244)**	106

	2018 '000	2017 '000
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**243,777**	248,154
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	**267,005**	264,641

The warrants that are outstanding have a dilutive effect as the average market price of the ordinary shares during the period exceeds the exercise price of the warrants.

31 SEGMENT BUSINESS INFORMATION

The Group operates in two principal geographical areas – Southeast Asia and Middle East.

The Group is organised into two principal business segments namely the firearm shooting ranges 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 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 designs, constructs and installs ballistic protection and security systems for various facilities, including high-security detention facilities.

31 SEGMENT BUSINESS INFORMATION *(CONTINUED)*

(a) Analysis by Business Segments

	Revenue		Net (loss) profit	
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
Firearm shooting range	**270**	4,884	**132**	1,470
Maintenance services and others*	**6,881**	10,992	**2,706**	6,675
Total	**7,151**	15,876	**2,838**	8,145
Other operating income			**177**	118
Other operating expenses			**(6,830)**	(7,721)
(Loss) Profit from operations			**(3,815)**	542
Finance costs			**(412)**	(429)
(Loss) Profit before income tax			**(4,227)**	113
Income tax expense			**(17)**	(7)
(Loss) Profit for the year			**(4,244)**	106

* Included reversal of inventory obsolescence of $Nil (2017: $507,000).

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in 2018 and 2017.

(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	
	2018	2017
	$'000	$'000
Southeast Asia	**7,008**	13,479
Middle East	**143**	2,397
	7,151	15,876

31 SEGMENT BUSINESS INFORMATION *(CONTINUED)*

(b) Analysis by Geographical Segments *(Continued)*

	Non-current assets	
	2018	2017
	$'000	$'000
Southeast Asia	**28,878**	30,290
Middle East	**2**	16
	28,880	30,306

Information about major customers

Included in revenues arising from the firearm shooting range segment of $270,000 (2017: $4,884,000) were revenue of $270,000 (2017: $4,297,000) which arose from services rendered to the Group's largest customer (2017: Group's two largest customers).

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) (SFRS(I)) for the first time for financial year ended December 31, 2018 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at end of the first SFRS(I) reporting period (December 31, 2018), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ending December 31, 2018, an additional opening statement of financial position as at date of transition (January 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (January 1, 2017) and as at end of last financial period under FRS (December 31, 2017), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended December 31, 2017). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 9 *Financial Instruments*, SFRS(I) 15 *Revenue from Contracts with Customers*, SFRS(I) 16 *Leases* and the election of certain transition options available under SFRS(I) 1 as follows:

- As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligation as of December 31, 2017 is not disclosed using the transition provisions of SFRS(I) 15.

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK *(CONTINUED)*

- The Group has applied the option to measure its leasehold building at fair value and use that fair value as its deemed cost at date of transition to SFRS(I), January 1, 2017.

- The Group has elected to apply the exemption to adopt SFRS(I) 9 on January 1, 2018. Accordingly the requirements of FRS 39 are applied to financial instruments up to the financial year ended December 31, 2017. The Group is also exempted from complying with SFRS(I) 7 to the extent that the disclosures required by SFRS(I) 7 relate to the items within the scope of SFRS(I) 9.

General impact of application of SFRS(I) 16 Leases

In the current year, the Group, for the first time, has applied SFRS(I) 16 Leases in advance of its effective date.

SFRS(I) 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease requires and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 2. The impact of the adoption of SFRS(I) 16 on the Group's consolidated financial statements is described below.

The date of initial application of SFRS(I) 16 for the Group is January 1, 2017 (date of transition to SFRS(I)).

The Group has applied SFRS(I) 16 using the cumulative catch up approach, as permitted under the specific transition provisions in the standard. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2017 was 2.48%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the definition of a lease and related guidance set out in SFRS(I) 16 to all lease contracts existing as at January 1, 2017 or entered into or modified after that date (whether it is a lessor or a lessee in the lease contract). In preparation of the first-time application of SFRS(I) 16, the Group has carried out an implementation project. The project has shown that the new definition in SFRS(I) 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK *(CONTINUED)*

Impact on Lessee Accounting

Former operating leases

SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under FRS 17, which were off-balance-sheet.

Applying SFRS(I) 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of profit or loss.

Under SFRS(I) 16, right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets*. This replaces the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as photocopier machines), the Group has opted to recognise a lease expense on a straight-line basis as permitted by SFRS(I) 16. This expenses is presented within 'Other Operating Expenses' in the consolidated statement of profit or loss.

Former finance leases

The main difference between SFRS(I) 16 and FRS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. SFRS(I) 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by FRS 17. This change did not have a material effect on the Group's consolidated financial statements.

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK *(CONTINUED)*

Reconciliations of equity and total comprehensive income

The effects of transition to SFRS(I), initial application of SFRS(I) 15 and initial application of SFRS(I) 16 are presented and explained below.

Group

(A) Impact on the Statement of Financial Position as at January 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS $'000	Application of SFRS(I) 1 $'000	Note	Initial application of SFRS(I) 15 $'000	Note	Initial application of SFRS(I) 16 $'000	Note	As adjusted under SFRS(I) $'000
Current assets								
Cash on hand and at bank	787	–		–		–		787
Trade and other receivables	10,110	–		(2,425)	(4)	–		7,685
Contract assets	–	–		6,186	(4)	–		6,186
Contract work-in- progress	3,761	–		(3,761)	(4)	–		–
Inventories	2,226	–		–		–		2,226
Property held for sale	6,935	–		–		–		6,935
Non-current assets								
Fixed deposits pledged	2,077	–		–		–		2,077
Prepayments	1,022	–		–		–		1,022
Property, plant and equipment	24,841	–	(1)	–		3,263	(2)	28,104
Current liabilities								
Lease liabilities	–	–		–		130	(2),(3)	130
Bank overdrafts and loans	1,120	–		–		–		1,120
Trade and other payables	2,960	–		–		–		2,960
Current portion of finance leases	86	–		–		(86)	(3)	–
Contract liabilities	–	–		201	(5)	–		201
Contract work-in-progress	201	–		(201)	(5)	–		–
Income tax payable	5	–		–		–		5
Non-current liabilities								
Lease liabilities	–	–		–		3,383	(2),(3)	3,383
Bank loans	13,378	–		–		–		13,378
Finance leases	164	–		–		(164)	(3)	–
Capital and reserves								
Share capital	40,570	–		–		–		40,570
Treasury shares	–	–		–		–		–
Warrant reserve	422	–		–		–		422
Asset revaluation reserve	6,042	–		–		–		6,042
Currency translation reserve	2	–		–		–		2
Merger reserve	(25,438)	–		–		–		(25,438)
Retained earnings	12,247	–		–		–		12,247

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK *(CONTINUED)*

Reconciliations of equity and total comprehensive income *(Continued)*

(B) Impact on the Statement of Financial Position as at December 31, 2017 (end of last period reported under FRS)

	As previously reported under FRS $'000	**Application of SFRS(I) 1 $'000**	**Note**	**Initial application of SFRS(I) 15 $'000**	**Note**	**Initial application of SFRS(I) 16 $'000**	**Note**	**As adjusted under SFRS(I) $'000**
Current assets								
Cash on hand and at bank	8,292	–		–		–		8,292
Fixed deposits	3,010	–		–		–		3,010
Trade and other receivables	5,221	–		(701)	(4)	–		4,520
Contract assets	–	–		2,262	(4)	–		2,262
Contract work-in-progress	1,561	–		(1,561)	(4)	–		–
Inventories	2,042	–		–		–		2,042
Non-current assets								
Fixed deposits pledged	2,394	–		–		–		2,394
Prepayments	977	–		–		–		977
Property, plant and equipment	23,564	–	(1)	–		2,921	(2)	26,485
Intangible assets	450	–		–		–		450
Current liabilities								
Lease liability	–	–		–		148	(2),(3)	148
Bank overdrafts and loans	563	–		–		–		563
Trade and other payables	1,662	–		–		–		1,662
Current portion of finance leases	106	–		–		(106)	(3)	–
Contract liabilities	–	–		119	(5)	–		119
Contract work-in-progress	119	–		(119)	(5)	–		–
Income tax payable	11	–		–		–		11
Non-current liabilities								
Lease liabilities	–	–		–		2,995	(2),(3)	2,995
Bank loans	12,829	–		–		–		12,829
Finance leases	83	–		–		(83)	(3)	–
Capital and reserves								
Share capital	41,005	–		–		–		41,005
Treasury shares	(1,658)	–		–		–		(1,658)
Warrant reserve	422	–		–		–		422
Currency translation reserve	1	–		–		–		1
Merger reserve	(25,438)	–		–		–		(25,438)
Retained earnings	17,806	–		–		(33)	(2)	17,773

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK *(CONTINUED)*

Reconciliations of equity and total comprehensive income *(Continued)*

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2017 (last financial year reported under FRS)

	As previously reported under FRS $'000	Application of SFRS(I) 1 $'000	Note	Initial application of SFRS(I) 15 $'000	Note	Initial application of SFRS(I) 16 $'000	Note	As adjusted under SFRS(I) $'000
Revenue	15,876	–		–		–		15,876
Other operating income	118	–		–		–		118
Project and production costs	(7,731)	–		–		–		(7,731)
Employee benefits expenses	(3,465)	–		–		–		(3,465)
Depreciation expense	(1,572)	–		–		(77)	(2)	(1,649)
Other operating expenses	(2,728)	–		–		121	(2)	(2,607)
Finance costs	(352)	–		–		(77)	(2)	(429)
Income tax expense	(7)	–		–		–		(7)
Profit for the year	139	–		–		(33)	(2)	106
Other comprehensive income (net of tax):								
<u>Items that may be reclassified subsequently to profit or loss:</u>								
Exchange differences on translation of foreign operation	(1)	–		–		–		(1)
Total comprehensive income for the year	138	–		–		(33)	(2)	105
Impacts on earnings per share								
Basic (loss) earnings per share	0.06	–		–		(0.02)	(2)	0.04
Diluted (loss) earnings per share	0.05	–		–		(0.01)	(2)	0.04

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK *(CONTINUED)*

Reconciliations of equity and total comprehensive income *(Continued)*

Notes to reconciliations:

SFRS(I) 1

(1) Management has elected the transition exemption to measure its leasehold building at fair value and use that fair value as its deemed cost at the date of transition to SFRS(I), January 1, 2017. There is no impact to the Statement of Financial Position and to the Statement of Profit or Loss as a result of this election.

SFRS(I) 16

(2) The application of SFRS(I) 16 to leases previously classified as operating leases under FRS 17 *Leases* resulted in the recognition of right-of-use assets and lease liabilities. It also resulted in a decrease in "Other operating expenses" and "Earnings per share" and an increase in "Depreciation expenses" and "Finance costs".

(3) Liabilities on leases previously classified as finance leases under FRS 17 and previously presented within obligations under finance leases is now presented in the line "Lease liabilities". There has been no change in the liability recognised.

SFRS(I) 15

(4) Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. These balances were previously recognised as contract work-in-progress. Retention sum receivables has also been reclassified as contract assets. There was no impact on the statement of profit or loss as a result of these reclassification.

(5) The contract liabilities include amounts reclassified from contract work-in-progress. This had no impact on the statement of profit or loss.

32 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK *(CONTINUED)*

(D) Impact on the Statement of Cash Flows

The transition to SFRS(I) have not had a material impact on the statement of cash flows.

The application of SFRS(I) 16 has an impact on the consolidated statement of cash flows of the Group. Under SFRS(I) 16, lessee must present:

- short-term lease payments and payments for leases of low value assets not included in the measurement of the lease liability as part of operating activities (the Group has included these payments as part of payments to suppliers);
- cash paid for the interest portion of lease liability as part of operating activities; and
- cash payments for the principal portion for lease liability, as part of financing activities.

Under FRS 17, all lease payments for operating leases were included as part of cash flows used in operating activities. Consequently, net cash generated from operating activities increased by $44,000 and net cash used in financing activities increased by the same amount.

The above does not impact net cash flows of the Group.

33 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, management anticipates that the adoption of the following SFRS(I) pronouncements which were issued but not effective will not have a material impact on the financial statements of the Group and the Company in the periods of their initial application.

Effective for annual periods beginning on or after January 1, 2019

- Amendments to SFRS(I) 9 Financial Instruments: Prepayment Features with Negative Compensation
- Amendments to SFRS(I) 1-19 Employee Benefits: Plan Amendment, Curtailment or Settlement
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

STATISTICS OF SHAREHOLDINGS

AS AT MARCH 14, 2019

Issued and fully paid-up capital	:	S$41,027,728
Number of issued shares (excluding treasury shares and subsidiary holdings)	:	242,290,925
Number of treasury shares held	:	9,540,800
Number of subsidiary holdings held	:	nil
Class of shares	:	ordinary shares
Voting rights	:	one vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at March 14, 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	52	6.89	476	0.00
100 – 1,000	47	6.23	28,202	0.01
1,001 – 10,000	336	44.50	2,025,400	0.84
10,001 – 1,000,000	308	40.79	27,032,485	11.16
1,000,001 and above	12	1.59	213,204,362	87.99
TOTAL	755	100.00	242,290,925	100.00

Based on information available to the Company as at March 14, 2019, 27.64% of the issued ordinary share of the Company were held by the public and therefore, Rule 723 of the Listing Manual, Section B: Catalist Rules of the Singapore Exchange Securities Trading Limited is complied with.

The Company holds 9,540,800 treasury shares as at March 14, 2019, representing 3.94% of the total number of issued ordinary shares excluding treasury shares and subsidiary holdings.

STATISTICS OF SHAREHOLDINGS

AS AT MARCH 14, 2019

TWENTY LARGEST SHAREHOLDERS

As at March 14, 2019

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	EDWARD LIM CHIN WAH	90,113,800	37.19
2	YAP TIN FOO	85,180,000	35.16
3	RHB SECURITIES SINGAPORE PTE. LTD.	11,244,200	4.64
4	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,270,000	3.00
5	DBS NOMINEES (PRIVATE) LIMITED	6,773,612	2.80
6	TAN KIM SENG	2,790,900	1.15
7	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,463,000	1.02
8	RAFFLES NOMINEES (PTE.) LIMITED	2,027,150	0.84
9	TANG CHONG SIM	1,725,400	0.71
10	LEOW CHIN YEE	1,345,000	0.56
11	OCBC SECURITIES PRIVATE LIMITED	1,178,100	0.49
12	UOB KAY HIAN PRIVATE LIMITED	1,093,200	0.45
13	SNG SIEW LIN	1,000,000	0.41
14	SNG THIAM HOCK	1,000,000	0.41
15	CITIBANK NOMINEES SINGAPORE PTE LTD	988,300	0.41
16	CHUA CHOON KIAT (CAI JUNJIE)	820,000	0.34
17	TAY THIAM SONG	665,700	0.27
18	CHOW MUN YIN	650,000	0.27
19	TEOU KEM ENG @TEOU KIM ENG	650,000	0.27
20	WANG JIANJUN	650,000	0.27
TOTAL		219,628,362	90.66

SUBSTANTIAL SHAREHOLDERS

As at March 14, 2019

NAME OF SHAREHOLDERS	DIRECT INTEREST	%
EDWARD LIM CHIN WAH	90,113,800	37.19
YAP TIN FOO	85,180,000	35.16

STATISTICS OF WARRANTHOLDINGS

AS AT MARCH 14, 2019

DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS

As at March 14, 2019

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	5	2.28	250	0.00
100 - 1,000	17	7.76	13,925	0.02
1,001 - 10,000	104	47.49	485,051	0.80
10,001 - 1,000,000	83	37.90	5,818,150	9.59
1,000,001 and above	10	4.57	54,350,899	89.59
TOTAL	219	100.00	60,668,275	100.00

TWENTY LARGEST WARRANTHOLDERS

As at March 14, 2019

	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1	RHB SECURITIES SINGAPORE PTE. LTD.	18,600,000	30.66
2	EDWARD LIM CHIN WAH	13,019,750	21.46
3	YAP TIN FOO	11,020,000	18.16
4	UOB KAY HIAN PRIVATE LIMITED	3,692,000	6.09
5	LEOW CHIN YEE	1,984,100	3.27
6	TANG CHONG SIM	1,382,749	2.28
7	SOEHASONO	1,300,000	2.14
8	SEAH KHENG LUN	1,172,900	1.93
9	DIANA SNG SIEW KHIM	1,131,000	1.86
10	CHUA CHAI TIANG	1,048,400	1.73
11	WONG SOOK ENG	465,125	0.77
12	TAN KIM SENG	460,750	0.76
13	KONG YOKE CHUN	408,600	0.67
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	396,100	0.65
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	374,600	0.62
16	SNG SIEW LIN	275,800	0.45
17	SNG THIAM HOCK	275,800	0.45
18	DBS NOMINEES (PRIVATE) LIMITED	263,200	0.43
19	TAN PANG KOK	186,475	0.31
20	YAP SOON YONG	150,000	0.25
TOTAL		57,607,349	94.94

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Edward Lim Chin Wah, Mr. Gopal Perumal, Mr. Martin Muller and Mr. Lai Keng Wei are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on April 25, 2019 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Catalist Rule 720(5), the information relating to the Retiring Directors as set out in Appendix 7F is set out below:

NAME OF DIRECTOR	Mr. EDWARD LIM CHIN WAH	Mr. GOPAL PERUMAL	Mr. MARTIN MULLER	Mr. LAI KENG WEI
Date of Appointment	October 28, 2013	May 24, 2014	December 10, 2018	January 28, 2019
Date of last re-appointment	April 27, 2017	April 27, 2017	N.A.	N.A.
Age	61	62	48	50
Country of principal residence	Singapore	Singapore	Switzerland	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Edward Lim Chin Wah for re-appointment as Chairman and Executive Director of the Company. The Board have reviewed and concluded that Mr. Lim possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Gopal Perumal for re-appointment as Independent and Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees of the Company. The Board have reviewed and concluded that Mr. Perumal possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company, has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualifications, work experience and suitability of Mr. Martin Muller for re-appointment as a Non-Independent and Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Muller possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualification, work experience and suitability of Mr. Lai Keng Wei for re-appointment as a Lead Independent and Non-Executive Director, Chairman of the Audit Committee and a member of Nominating and Remuneration Committees of the Company. The Board have reviewed and concluded that Mr. Lai possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	Mr. EDWARD LIM CHIN WAH	Mr. GOPAL PERUMAL	Mr. MARTIN MULLER	Mr. LAI KENG WEI
Whether appointment is executive, and if so, the area of responsibility	Executive Responsible for the overall management, strategic planning, technical and engineering activities of the Group.	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chairman and Executive Director	Independent and Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees	Non-Independent and Non-Executive Director	Lead Independent and Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees
Professional Qualifications	Singapore Polytechnic, Technician Diploma in Mechanical Engineering Member, Singapore Institute of Directors	National University of Singapore, Bachelor of Laws (with honours) Member, Law Society of Singapore	University of Bern, Master of Business Administration	Practising Member, Institute of Singapore Chartered Accountants Fellow member, the Association of Chartered Certified Accountants Member, the International Association of Certified Valuation Specialists
Working experience and occupation(s) during the past 10 years	2005 to present: Starburst Engineering Pte Ltd – Executive Director 2013 to present: Starburst Holdings Limited – Executive Chairman and Director 2017 to present: Starburst Security Engineering Pte. Ltd. – Executive Director	2009 to present: Gopal Perumal & Co – Sole Proprietorship	2004 to present: Head of Corporate Development at Securitas AG	October 2008 to November 2012: BDO LLP – Audit Partner December 2012 to present: Mazars LLP – Audit Partner and Head of Valuation
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 90,113,800 (shares) 13,019,750 (warrants)	Direct interest: 20,000 (shares)	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	Mr. EDWARD LIM CHIN WAH	Mr. GOPAL PERUMAL	Mr. MARTIN MULLER	Mr. LAI KENG WEI
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments Past Directorships (for the last 5 years) Present Directorships	Other Principal Commitments NIL Past Directorships (for the last 5 years) NIL Present Directorships Starburst Holdings Limited Starburst Engineering Pte Ltd Starburst Security Engineering Pte. Ltd.	Other Principal Commitments NIL Past Directorships (for the last 5 years) NIL Present Directorships NIL	Other Principal Commitments NIL Past Directorships (for the last 5 years) NIL Present Directorships Since 2017 – Lawoon AG, Switzerland Board member Since 2016 – g+m Elektronik AG, Switzerland Board member – Morphean AG, Switzerland Board member – China Alliance, Hong Kong, Board member Since 2014 – Beijing Jibao Ltd Co., Chairman, Legal Rep. – Swiss Securitas Beijing Chairman, Legal Rep.	Other Principal Commitments NIL Past Directorships (for the last 5 years) NIL Present Directorships NIL

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	Mr. EDWARD LIM CHIN WAH	Mr. GOPAL PERUMAL	Mr. MARTIN MULLER	Mr. LAI KENG WEI
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	Mr. EDWARD LIM CHIN WAH	Mr. GOPAL PERUMAL	Mr. MARTIN MULLER	Mr. LAI KENG WEI
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

NAME OF DIRECTOR	Mr. EDWARD LIM CHIN WAH	Mr. GOPAL PERUMAL	Mr. MARTIN MULLER	Mr. LAI KENG WEI
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (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 that period when he was so concerned with the entity or business trust?	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **STARBURST HOLDINGS LIMITED** will be held at Chart Room, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Thursday, April 25, 2019 at 10.00 a.m., to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended December 31, 2018 together with the Independent Auditor's Report thereon.

(Resolution 1)

2. To declare a final tax exempt (one-tier) dividend of S$0.0025 per ordinary share for the financial year ended December 31, 2018.

(Resolution 2)

3. To re-elect the following Directors retiring pursuant to Regulations 93 and 99 of the Constitution of the Company, and who have, being eligible, offered themselves for re-election as Directors:

Mr. Edward Lim Chin Wah	[Retiring under Regulation 93]	**(Resolution 3)**
Mr. Gopal Perumal	[Retiring under Regulation 93]	**(Resolution 4)**
Mr. Martin Muller	[Retiring under Regulation 99]	**(Resolution 5)**
Mr. Lai Keng Wei	[Retiring under Regulation 99]	**(Resolution 6)**

The detailed information of the above mentioned directors as recommended under Guideline 4.7 of the Code of Corporate Governance 2012 can be found under the section entitled 'Board of Directors' and the "Corporate Governance Report" in the Annual Report.

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$165,000 for the financial year ending December 31, 2019, payable quarterly in arrears.

[See Explanatory Note (ii)] **(Resolution 7)**

5. To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.

(Resolution 8)

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

SPECIAL BUSINESS

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

7. Authority to allot and issue shares

That pursuant to Section 161 of the Singapore Companies Act, Cap. 50 ("Companies Act") and Rule 806 of Section B of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of this Resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next 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.

[See Explanatory Note (iii)] **(Resolution 9)**

8. Authority to allot and issue shares under the Starburst Employee Share Option Scheme (the "Share Option Scheme")

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options under the Share Option Scheme provided always that the aggregate number of new shares to be allotted and issued pursuant to the Share Option Scheme, Starburst Performance Share Plan, and all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company shall not exceed fifteen per centum (15%) of the total number of issued share (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time, as determined in accordance with the provisions of the Share Option Scheme.

[See Explanatory Note (iv)] **(Resolution 10)**

9. Authority to allot and issue shares under the Starburst Performance Share Plan

That pursuant to Section 161 of the Companies Act, Cap 50, the Directors of the Company be authorised and empowered to grant awards in accordance with the provisions of the Starburst Performance Share Plan and to allot and issue from time to time, such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards under the Starburst Performance Share Plan, provided always that the aggregate number of shares issued and issuable pursuant to vesting of awards granted under the Starburst Performance Share Plan, when added to (i) the number of shares issued and issuable in respect of all awards granted or awarded thereunder; and (ii) all shares issued and issuable in respect of all options granted or awards granted under the Share Option Scheme, all options granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company for the time being in force, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the relevant date of the award.

[See Explanatory Note (v)] **(Resolution 11)**

10. Proposed Renewal of the Share Purchase Mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap 50, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("Shares") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "Market Purchase") on the Singapore Exchange Securities Trading Limited ("SGX-ST") transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the directors of the Company as they consider fit, such scheme satisfying all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next Annual General Meeting of the Company is held or is required by law to be held;

(ii) the date on which the purchase or acquisition of Shares have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:–

"Prescribed Limit" means the number of Shares representing 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of passing of this Resolution, unless the Company has reduced its share capital in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings);

"Relevant Period" means the period commencing from the date of the passing of this Resolution and expiring on the date on which the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price, where:

"Average Closing Price" is the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period;

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"Market day" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (vi)] **(Resolution 12)**

By Order of the Board

Wu Guangyi
Victor Lai
Company Secretaries

Singapore
April 10, 2019

EXPLANATORY NOTES:

(i) Mr. Edward Lim Chin Wah, upon re-election as a Director of the Company, will remain as Chairman and Executive Director.

Mr. Gopal Perumal, upon re-election as a Director of the Company, will remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees, and the Board of Directors (save for Mr. Gopal Perumal) considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

Mr. Martin Muller, upon re-election as a Director of the Company, will remain as a Non-Independent and Non-Executive Director.

Mr. Lai Keng Wei, upon re-election as a Director of the Company, will remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees, and the Board of Directors (save for Mr. Lai Keng Wei) considers him independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

(ii) Ordinary Resolution 7, if passed, will facilitate the payment of Directors' fees during the financial year ending December 31, 2019 in which the fees are incurred which is payable quarterly in arrears.

(iii) The Ordinary Resolution 9 in item 7 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 10 in item 8 above, if passed, will empower the Directors to issue shares up to an amount in aggregate not exceeding fifteen per centum (15%) of the issued share capital (excluding treasury shares) of the Company pursuant to the Starburst Employee Share Option Scheme which was approved at the Extraordinary General Meeting of the Company on May 28, 2014. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 9.

(v) The Ordinary Resolution 11 in item 9 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to grant awards under the Starburst Performance Share Plan in accordance with the provisions of the Starburst Performance Share Plan and to allot and issue from time to time such number of fully-paid shares as may be required to be issued pursuant to the vesting of the awards under the Starburst Performance Share Plan subject to the maximum number of shares prescribed under the terms and conditions of the Starburst Performance Share Plan.

The aggregate number of ordinary shares which may be allotted and issued pursuant to the Starburst Performance Share Plan and under any other share incentive scheme or share plan adopted by the Company for the time being in force, is limited to fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time. This authority is in addition to the general authority to issue shares sought under Ordinary Resolution No. 9.

(vi) The Ordinary Resolution 12 in item 10 above, if passed, will empower the Directors of the Company, during the period commencing from the date on which the Ordinary Resolution 12 is passed and expiring on the earliest of the date on which the next Annual General Meeting is held or is required by law to be held, the date on which the purchase of shares has been carried out to the full extent of the mandate or the date the said mandate is revoked or varied by the Company in a general meeting, to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price as defined in Ordinary Resolution 12.

The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate is set out in greater detail in the Appendix dated April 10, 2019 to the Annual Report.

NOTICE OF BOOKS CLOSURE AND PAYMENT DATE FOR DIVIDEND

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on May 3, 2019 for the purpose of determining Members' entitlements to the proposed first and final dividend of S$0.0025 per ordinary share for the financial year ended December 31, 2018 ("Proposed Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on May 3, 2019 will be registered to determine shareholders' entitlements to the Proposed Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares at 5.00 p.m. on May 3, 2019 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved by members at the Annual General Meeting to be held on April 25, 2019, will be paid on May 14, 2019.

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint one or two proxies to attend and vote at the annual general meeting ("Meeting") of the Company.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Act.
2. A proxy need not be a member of the Company.
3. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on his behalf.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Tuas View Circuit, Singapore 637599 not less than forty-eight (48) hours before the time appointed for holding the Meeting of the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

MODERN FIREARMS-TRAINING FACILITIES

STARBURST HOLDINGS LIMITED
(Company Registration No: 201329079E)
(Incorporated in the Republic of Singapore)

IMPORTANT
A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").

This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

ANNUAL GENERAL MEETING

*I/We ____ (Name)

____________________________________ (NRIC/Passport No./Company Registration No.)

of ____ (Address)

being *a Member/Members of Starburst Holdings Limited (the "Company") hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of shareholdings	
			No. of Shares	%

*and/or (delete as appropriate)

or failing *him/her, the Chairman of the Annual General Meeting (the "Meeting") of the Company as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf at the Meeting of the Company, to be held at Chart Room, Level 2, Raffles Marina Ltd, 10 Tuas West Drive, Singapore 638404 on Thursday, April 25, 2019 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Meeting.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
ORDINARY BUSINESS			
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended December 31, 2018 together with the Independent Auditor's Report thereon.		
2	To approve a first and final tax exempt (one-tier) dividend of S$0.0025 per ordinary share for the financial year ended December 31, 2018.		
3	To re-elect Mr. Edward Lim Chin Wah as a Director.		
4	To re-elect Mr. Gopal Perumal as a Director.		
5	To re-elect Mr. Martin Muller as a Director.		
6	To re-elect Mr. Lai Keng Wei as a Director.		
7	To approve of Directors' fees of S$165,000 for the financial year ending December 31, 2019, payable quarterly in arrears.		
8	To re-appoint Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration.		
SPECIAL BUSINESS			
9	To authorise Directors to allot and issue new shares.		
10	To authorise Directors to allot and issue shares pursuant to the Starburst Employee Share Option Scheme.		
11	To authorise Directors to allot and issue shares pursuant to the Starburst Performance Share Plan.		
12	To approve the Proposed Renewal of the Share Purchase Mandate.		

Dated this ________ day of ________________ 2019

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

____
Signature(s) of Member(s)/Common Seal

* *Delete accordingly*

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Such proxy need not be a member of the Company.

3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 6 Tuas View Circuit, Singapore 637599 not less than 48 hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Singapore Companies Act, Cap. 50.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated April 10, 2019.

STARBURST
MODERN FIREARMS-TRAINING FACILITIES

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