CIRCULAR DATED 9 APRIL 2020

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

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your ordinary shares (the "**Shares**") in the capital of Starburst Holdings Limited (the "**Company**"), you should immediately forward this Circular, together with the Notice of Annual General Meeting and Proxy Form enclosed with the Annual Report of the Company, immediately to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This Circular has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

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

STARBURST

MODERN FIREARMS-TRAINING FACILITIES

STARBURST HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201329079E)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	25 April 2020 at 10.00 a.m.
Date and time of Annual General Meeting	:	27 April 2020 at 10.00 a.m.
Place of Annual General Meeting	:	Conference Meeting Room 6 Tuas View Circuit Singapore 637599

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DEFINITIONS

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

"**2019 AGM**"	:	The annual general meeting of the Company held on 25 April 2019
"**2020 AGM**"	:	The annual general meeting of the Company to be held on 27 April 2020 at 10.00 a.m. at Conference Meeting Room, 6 Tuas View Circuit, Singapore 637599
"**AGM**"	:	The annual general meeting of the Company
"**Board**"	:	The board of Directors of the Company for the time being
"**Catalist**"	:	The sponsor-supervised listing platform of the SGX-ST
"**Catalist Rules**"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular to Shareholders dated 9 April 2020
"**Companies Act**"	:	The Companies Act, Chapter 50, as amended, modified or supplemented from time to time
"**Company**"	:	Starburst Holdings Limited
"**Constitution**"	:	The regulations of the Company, comprising its Memorandum and Articles of Association, as amended, modified or supplemented from time to time
"**Controlling Shareholder**"	:	A person who: (a) Holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) In fact exercises control over the Company
"**Director**"	:	A director of the Company for the time being
"**FY**"	:	Financial year ended, or as the case may be, ending 31 December
"**Group**"	:	The Company and its subsidiaries, collectively

"**Latest Practicable Date**"	:	13 March 2020, being the latest practicable date prior to the printing of this Circular
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Relevant Period**"	:	The period commencing from the date on which the renewal of the Share Purchase Mandate is approved and expiring on the date on which the next AGM of the Company is held or is required by law to be held, whichever is the earlier
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Share Purchase Mandate**"	:	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire Shares on behalf of the Company in accordance with the terms set out in this Circular and the rules and regulations set forth in the Companies Act and the Catalist Rules
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**SIC**"	:	The Securities Industry Council of Singapore
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"**treasury shares**"	:	Issued Shares of the Company which were (or are treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and have since purchase been continuously held by the Company
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**" or "**percent**"	:	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 (as amended, modified or supplemented from time to time).

The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act. The term "**subsidiary holdings**" shall mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

DEFINITIONS

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

References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be. Summaries of the provisions of any laws or regulations contained in this Circular are of such laws or regulations as at the Latest Practicable Date.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

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

STARBURST HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201329079E)

Directors:

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)

Registered Office:

6 Tuas View Circuit
Singapore 637599

9 April 2020

To: The Shareholders of Starburst Holdings Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

We refer to the Notice of AGM of the Company dated 9 April 2020 in respect of the 2020 AGM and Resolution 10 set out under "Special Business" in the Notice of AGM.

1. INTRODUCTION

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company's constitution. Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by the Companies Act, the Constitution and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on Catalist, it is also required to comply with Part XI of Chapter 8 of the Catalist Rules, which relates to the purchase or acquisition by an issuer of its own shares. Article 9(B) of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares.

It is a requirement under the Companies Act and the Catalist Rules that a company which wishes to purchase or otherwise acquire its own shares should obtain approval of its shareholders to do so at a general meeting. Accordingly, the Shareholders had approved the adoption of the Share Purchase Mandate at the extraordinary general meeting of the Company held on 22 April 2016 to enable the Company to purchase or otherwise acquire issued Shares in the capital of the Company. The Share Purchase Mandate was last renewed at the 2019 AGM and will expire on the date of the forthcoming 2020 AGM.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the Share Purchase Mandate. The purpose of this Circular is to explain the reasons for and to provide Shareholders with information relating to the proposed renewal of the Share Purchase Mandate.

2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The Share Purchase Mandate would give the Company the flexibility to undertake share purchases or acquisitions up to the limit described in Section 3 below at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force.

The rationale for the Share Purchase Mandate includes the following:

(a) The Share Purchase Mandate would provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements and investment needs to its Shareholders in an expedient and cost-efficient manner;

(b) The purchase or acquisition of Shares under the Share Purchase Mandate is one of the ways in which the return on equity of the Company may be enhanced, thereby increasing shareholder value;

(c) The Share Purchase Mandate will allow the Directors to exercise greater control over the Company's share capital structure, dividend policy and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share;

(d) The purchase or acquisition of Shares under the Share Purchase Mandate will help to mitigate short-term share price volatility by stabilising the supply and demand of issued Shares and offset the effects of short-term share price speculation, thereby supporting the fundamental value of the issued Shares and bolstering Shareholders' confidence; and

(e) The Share Purchase Mandate will allow the Directors to effectively manage and minimise any dilution impact associated with any share-based incentive scheme of the Company.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 5% limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity of Shares or the financial position of the Company and the Group or result in the Company being delisted. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Purchase Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

3. AUTHORITY AND LIMITS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if renewed at the 2020 AGM, are summarised below:

(a) Maximum Number of Shares

The Company may purchase only Shares which are issued and fully paid-up. The total number of Shares that may be purchased or acquired by the Company is limited to that number of Shares representing not more than 5% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM at which

the resolution renewing the Share Purchase Mandate is passed (the "**Approval Date**"), unless the Company has thereafter, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, 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 treasury shares and subsidiary holdings).

For illustrative purposes only, based on the issued share capital of the Company as at the Latest Practicable Date of 243,821,025 Shares (excluding 9,922,400 treasury shares held by the Company), and assuming that the number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company remains unchanged up to the date of the 2020 AGM, not more than 12,191,051 Shares, representing 5% of the issued Shares (excluding treasury shares and subsidiary holdings) as at that date, may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

While the Share Purchase Mandate would authorise the purchase or acquisition of Shares up to the 5% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out up to the full 5% limit as authorised, or at all. In particular, no purchase or acquisition of Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity or orderly trading of the Shares and/or financial position of the Group.

(b) Duration of Authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:

(i) the date on which the next AGM 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 in a general meeting.

The authority conferred on the Directors by the Share Purchase Mandate to purchase or acquire Shares may be renewed at the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Purchase Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares made pursuant to the Share Purchase Mandate during the previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

(c) Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made on the SGX-ST ("**Market Purchases**") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C(6) of the Companies Act) ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected through the SGX-ST's trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases or acquisitions of Shares by the Company made under an equal access scheme or schemes for the purchase or acquisitions of Shares from Shareholders. The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

  (aa) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

  (bb) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

  (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, Rule 870 of the Catalist Rules provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share purchase;

(iv) the consequences, if any, of share purchases by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the share purchase, if made, could affect the listing of the Shares on the Catalist;

(vi) details of any share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

(d) Maximum Purchase Price

The purchase price (excluding brokerage, stamp duties, commissions, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for the Shares must not exceed:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five Market Days on which transactions in 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 during such five-market day period and the day on which the Market Purchase is made or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase; and

"**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, 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.

4. STATUS OF PURCHASED OR ACQUIRED SHARES

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on such cancellation), unless such Share is held by the Company as a treasury share in accordance with the Companies Act. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, as the Directors deem fit in the interests of the Company at that time.

(a) Cancelled Shares

At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, as the Directors deem fit in the interests of the Company at that time. Shares which are cancelled will be automatically delisted by the SGX-ST, and certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of such purchased Shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company which are cancelled and not held as treasury shares.

(b) Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares. Any Shares in excess of this limit shall be disposed of or cancelled in accordance with the applicable provisions of the Companies Act.

(ii) Voting and Other Rights

The Company shall not exercise any right in respect of the treasury shares and any purported exercise of such a right is void. In particular, the Company will not have the right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of the treasury shares. However, the allotment of shares as fully paid bonus shares in respect of the treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed, so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

(aa) sell the treasury shares for cash;

(bb) transfer the treasury shares for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;

(cc) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(dd) cancel the treasury shares; or

(ee) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(31) of the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**Usage**"). Such announcement must include details such as the date of the Usage, the purpose of the Usage, the number of treasury shares comprised in the Usage, the number of treasury shares before and after the Usage, the percentage of the number of treasury shares comprised in the Usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the Usage, and the value of the treasury shares if they are used for a sale or transfer or cancelled.

5. SOURCE OF FUNDS

The Companies Act permits the Company to purchase or acquire its Shares out of capital or distributable profits so long as the Company is solvent. For this purpose, the Company is solvent if at the date of payment for the Shares purchased or acquired, the following conditions are satisfied:

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if:

  (i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

  (ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance the purchase or acquisition of Shares pursuant to the Share Purchase Mandate. However, in considering the option of external borrowings, the Directors will consider in particular the prevailing gearing level of the Company and the costs of such financing.

6. FINANCIAL EFFECTS

It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Purchase Mandate on the net tangible asset value or earnings per Share as the resultant effect would depend on factors such as the aggregate numbers of Shares purchased, the purchase prices paid at the relevant times, whether the Shares purchased or acquired are held in treasury or immediately cancelled on purchase or acquisition, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, whether the purchases or acquisitions are made out of profits and/or capital and the amounts (if any) borrowed by the Company to fund the purchases.

Where the purchase of Shares is made out of distributable profits, such purchase (including costs incidental to the purchase) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of Shares is financed through internal resources, it will reduce the cash reserves of the Group and the Company, and thus the current assets and shareholders' funds of the Group and the Company will decrease. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

Where the purchase or acquisition of Shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company, and a decline in the current ratios and shareholders' funds of the Group and the Company, with the actual impact dependent on the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

For illustrative purposes only and on the basis of the following assumptions:

(a) that the purchase or acquisition by the Company of 12,191,051 Shares, representing 5% of its issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, was made on the Latest Practicable Date;

(b) that, in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$0.4221 for each Share (being 105% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date), and, in the case of Off-Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$0.4824 for each Share (being 120% of the Average Closing Price of the Shares for the five Market Days on which transactions in the Shares were recorded immediately preceding the Latest Practicable Date); and

(c) that the purchase or acquisition of Shares by the Company, which required funds amounting to, in the case of Market Purchases, S$5,145,843, and in the case of Off-Market Purchases, S$5,880,963, was financed entirely using its internal sources of funds,

the financial effects of Share purchases by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial statements of the Group for FY2019, are set out below assuming that the Share Purchase Mandate had been effective on 1 January 2019 and transaction costs incurred for the Share purchases were insignificant and have been ignored for the purposes of computing the financial effects.

Scenario 1

Purchase or acquisition of 12,191,051 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and held as treasury shares

	Group			Company		
		After Share Purchase			After Share Purchase	
As at 31 December 2019	**Before Share Purchase S$'000**	**Market Purchase S$'000**	**Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**Market Purchase S$'000**	**Off-Market Purchase S$'000**
Share capital	41,055	41,055	41,055	41,055	41,055	41,055
Currency translation reserve	2	2	2	–	–	–
Merger reserve	(25,438)	(25,438)	(25,438)	–	–	–
Warrant reserve	422	422	422	422	422	422
Retained earnings	9,933	9,933	9,933	818	818	818
Treasury shares	(3,745)	(8,891)	(9,626)	(3,745)	(8,891)	(9,626)
Total equity	22,229	17,083	16,348	38,550	33,404	32,669
Net tangible assets	22,229	17,083	16,348	38,550	33,404	32,669
Current assets	10,994	5,848	5,113	2,209	(2,937)	(3,672)
Current liabilities	1,913	1,913	1,913	97	97	97
Working capital	9,081	3,935	3,200	2,112	(3,034)	(3,769)
Total borrowings	12,101	12,101	12,101	–	–	–
Cash and cash equivalents	4,987	(159)	(894)	67	(5,079)	(5,814)
Number of Shares ('000)	242,019	229,828	229,828	242,019	229,828	229,828
Financial Ratios						
Net tangible assets per Share[(1)] (cents)	9.18	7.43	7.11	15.93	14.53	14.21
(Loss) Profit per Share (cents)	(0.99)	(1.04)	(1.04)	0.21	0.23	0.23
Gearing ratio[(2)] (times)	0.54	0.71	0.74	–	–	–
Current ratio[(3)] (times)	5.75	3.06	2.67	n.m.	n.m.	n.m.

Notes:

(1) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.

(2) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).

(3) Current ratio equals current assets divided by current liabilities.

n.m. denotes not meaningful

Scenario 2

Purchase or acquisition of 12,191,051 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and held as treasury shares

	Group			Company		
		After Share Purchase			After Share Purchase	
As at 31 December 2019	**Before Share Purchase S$'000**	**Market Purchase S$'000**	**Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**Market Purchase S$'000**	**Off-Market Purchase S$'000**
Share capital	41,055	41,055	41,055	41,055	41,055	41,055
Currency translation reserve	2	2	2	–	–	–
Merger reserve	(25,438)	(25,438)	(25,438)	–	–	–
Warrant reserve	422	422	422	422	422	422
Retained earnings	9,933	9,933	9,933	818	818	818
Treasury shares	(3,745)	(8,891)	(9,626)	(3,745)	(8,891)	(9,626)
Total equity	22,229	17,083	16,348	38,550	33,404	32,669
Net tangible assets	22,229	17,083	16,348	38,550	33,404	32,669
Current assets	10,994	5,848	5,113	2,209	(2,937)	(3,672)
Current liabilities	1,913	1,913	1,913	97	97	97
Working capital	9,081	3,935	3,200	2,112	(3,034)	(3,769)
Total borrowings	12,101	12,101	12,101	–	–	–
Cash and cash equivalents	4,987	(159)	(894)	67	(5,079)	(5,814)
Number of Shares ('000)	242,019	229,828	229,828	242,019	229,828	229,828
Financial Ratios						
Net tangible assets per Share[(1)] (cents)	9.18	7.43	7.11	15.93	14.53	14.21
(Loss) Profit per Share (cents)	(0.99)	(1.04)	(1.04)	0.21	0.23	0.23
Gearing ratio[(2)] (times)	0.54	0.71	0.74	–	–	–
Current ratio[(3)] (times)	5.75	3.06	2.67	n.m.	n.m.	n.m.

Notes:

(1) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.

(2) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).

(3) Current ratio equals current assets divided by current liabilities.

n.m. denotes not meaningful

Scenario 3

Purchase or acquisition of 12,191,051 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of capital and cancelled

	Group			Company		
		After Share Purchase			After Share Purchase	
As at 31 December 2019	**Before Share Purchase S$'000**	**Market Purchase S$'000**	**Off-Market Purchase S$'000**	**Before Share Purchase S$'000**	**Market Purchase S$'000**	**Off-Market Purchase S$'000**
Share capital	41,055	35,909	35,174	41,055	35,909	35,174
Currency translation reserve	2	2	2	–	–	–
Merger reserve	(25,438)	(25,438)	(25,438)	–	–	–
Warrant reserve	422	422	422	422	422	422
Retained earnings	9,933	9,933	9,933	818	818	818
Treasury shares	(3,745)	(3,745)	(3,745)	(3,745)	(3,745)	(3,745)
Total equity	22,229	17,083	16,348	38,550	33,404	32,669
Net tangible assets	22,229	17,083	16,348	38,550	33,404	32,669
Current assets	10,994	5,848	5,113	2,209	(2,937)	(3,672)
Current liabilities	1,913	1,913	1,913	97	97	97
Working capital	9,081	3,935	3,200	2,112	(3,034)	(3,769)
Total borrowings	12,101	12,101	12,101	–	–	–
Cash and cash equivalents	4,987	(159)	(894)	67	(5,079)	(5,814)
Number of Shares ('000)	242,019	229,828	229,828	242,019	229,828	229,828
Financial Ratios						
Net tangible assets per Share[(1)] (cents)	9.18	7.43	7.11	15.93	14.53	14.21
(Loss) Profit per Share (cents)	(0.99)	(1.04)	(1.04)	0.21	0.23	0.23
Gearing ratio[(2)] (times)	0.54	0.71	0.74	–	–	–
Current ratio[(3)] (times)	5.75	3.06	2.67	n.m.	n.m.	n.m.

Notes:

(1) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.

(2) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).

(3) Current ratio equals current assets divided by current liabilities.

n.m. denotes not meaningful

Scenario 4

Purchase or acquisition of 12,191,051 Shares by the Company pursuant to the Share Purchase Mandate made entirely out of profits and cancelled

	Group			Company		
		After Share Purchase			After Share Purchase	
As at 31 December 2019	Before Share Purchase S$'000	Market Purchase S$'000	Off-Market Purchase S$'000	Before Share Purchase S$'000	Market Purchase S$'000	Off-Market Purchase S$'000
Share capital	41,055	41,055	41,055	41,055	41,055	41,055
Currency translation reserve	2	2	2	–	–	–
Merger reserve	(25,438)	(25,438)	(25,438)	–	–	–
Warrant reserve	422	422	422	422	422	422
Retained earnings	9,933	4,787	4,052	818	(4,328)	(5,063)
Treasury shares	(3,745)	(3,745)	(3,745)	(3,745)	(3,745)	(3,745)
Total equity	22,229	17,083	16,348	38,550	33,404	32,669
Net tangible assets	22,229	17,083	16,348	38,550	33,404	32,669
Current assets	10,994	5,848	5,113	2,209	(2,937)	(3,672)
Current liabilities	1,913	1,913	1,913	97	97	97
Working capital	9,081	3,935	3,200	2,112	(3,034)	(3,769)
Total borrowings	12,101	12,101	12,101	–	–	–
Cash and cash equivalents	4,987	(159)	(894)	67	(5,079)	(5,814)
Number of Shares ('000)	242,019	229,828	229,828	242,019	229,828	229,828
Financial Ratios						
Net tangible assets per Share[(1)] (cents)	9.18	7.43	7.11	15.93	14.53	14.21
(Loss) Profit per Share (cents)	(0.99)	(1.04)	(1.04)	0.21	0.23	0.23
Gearing ratio[(2)] (times)	0.54	0.71	0.74	–	–	–
Current ratio[(3)] (times)	5.75	3.06	2.67	n.m.	n.m.	n.m.

Notes:

(1) Net tangible assets per Share is computed based on total net assets less deferred expenditure, other intangible assets and non-controlling interests, divided by the number of issued Shares.

(2) Gearing ratio equals total borrowings divided by shareholders' funds (excluding non-controlling interest).

(3) Current ratio equals current assets divided by current liabilities.

n.m. denotes not meaningful

Shareholders should note that the financial effects set out above are purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical FY2019 audited numbers and is not necessarily reflective of the future financial performance of the Company and the Group. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 5% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not purchase or acquire or be able to purchase or acquire such amount in full. In addition, the Company may cancel all or part of the Shares purchased, or hold all or part of the Shares purchased in treasury.

7. CATALIST RULES

Under the Catalist Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3(d) of this Circular, conforms to this restriction.

The Catalist Rules specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form in Appendix 8D of the Catalist Rules. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the necessary notifications to the SGX-ST.

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in observing the best practices recommended in the Catalist Rules on securities dealings, the Company will not purchase or acquire any Shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's half-year and full-year financial statements, as the case may be, and ending on the date of announcement of the relevant financial statements.

8. LISTING STATUS ON THE SGX-ST

The Company is required under Rule 723 of the Catalist Rules to ensure that at least 10% of its issued Shares (excluding preference shares, convertible equity securities and treasury shares) are in the hands of the public. The "**public**", as defined in the Catalist Rules, are persons other than the Directors, Chief Executive Officer, substantial shareholders and controlling shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Catalist Rules) of such persons.

The Company does not have any individual shareholding limit or foreign shareholding limit. As at the Latest Practicable Date, there were approximately 68,507,225 issued Shares in the hands of the public (as defined above), representing approximately 28.1% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 5% limit pursuant to the Share Purchase Mandate and holds the purchased Shares as treasury shares, the number of issued Shares in the hands of the public would be reduced to 56,316,174 Shares, representing approximately 24.3% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company. As at the Latest Practicable Date, the Company held 9,922,400 treasury shares.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 5% limit pursuant to the Share Purchase Mandate without:

(a) affecting adversely the listing status of the Shares on the SGX-ST;

(b) causing market illiquidity; or

(c) affecting adversely the orderly trading of Shares.

9. TAX IMPLICATIONS

When a company purchases its own shares using its distributed profits or contributed capital, it will be regarded as any other disposal of shares by the shareholders from whom the shares are acquired.

For income tax purposes, whether or not the proceeds received by the Shareholders are taxable in the hands of the Shareholders who sell their Shares to the Company for which the purchases were made out of distributed profits or contributed capital will depend on whether such proceeds are receipts of an income or capital nature.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

10. IMPLICATIONS OF TAKE-OVER CODE

10.1 Obligation to Make a Take-over Offer

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase of Shares by the Company are set out in Appendix 2 ("**TOC Appendix 2**") of the Take-over Code.

In relation to Directors and persons acting in concert with them, Rule 14 provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:

(a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(b) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of six months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

10.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert: (i) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts; and (ii) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

As at the Latest Practicable Date, Mr. Edward Lim Chin Wah (the Chairman and Executive Director of the Company) and Mr. Yap Tin Foo (the Managing and Executive Director of the Company), who are deemed to be acting in concert with each other, collectively held 71.90% of the issued Shares (excluding treasury shares and subsidiary holdings). They would not be obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity before they acquire any Shares during the period when the Share Purchase Mandate is in force.

11. REPORTING REQUIREMENTS

Within 30 days of the passing of the Shareholders' resolution to renew the Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of Share purchase within 30 days of a Share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase, whether the Shares were purchased out of the profit or the capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

12. SHARE PURCHASES IN THE PREVIOUS 12 MONTHS

381,600 Shares had been purchased by the Company in the 12 months preceding the Latest Practicable Date by way of Market Purchases at prices per Share ranging from S$0.365 to S$0.385, and the total consideration paid for the purchases (including brokerage and other charges) amounted to approximately S$143,528. These 381,600 Shares are held as treasury shares by the Company.

13. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and substantial Shareholders in the share capital of the Company as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Edward Lim Chin Wah[(1)]	90,113,800	36.96	–	–
Yap Tin Foo[(2)]	85,180,000	34.94	–	–
Martin Muller	–	–	–	–
Lai Keng Wei	–	–	–	–
Gopal Perumal	20,000	0.01	–	–
Tan Teng Wee	–	–	–	–
Substantial Shareholders (other than Directors)	–	–	–	–

Notes:

(1) Edward Lim Chin Wah holds 13,019,750 warrants, with each warrant carrying the right to subscribe for one new Share.

(2) Yap Tin Foo holds 11,020,000 warrants, with each warrant carrying the right to subscribe for one new Share.

14. ANNUAL GENERAL MEETING

The 2020 AGM, notice of which is circulated together with the Annual Report of the Company for FY2019 and this Circular, will be held at Conference Meeting Room, 6 Tuas View Circuit, Singapore 637599 on Monday, 27 April 2020 at 10.00 a.m., for the purpose, *inter alia*, of considering and, if thought fit, passing with or without modifications Resolution 10 as set out in the Notice of AGM.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the 2020 AGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 72 hours before the time fixed for the 2020 AGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the 2020 AGM in person if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the 2020 AGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the 2020 AGM.

16. DIRECTORS' RECOMMENDATIONS

Having fully considered the rationale and information relating to the proposed renewal of the Share Purchase Mandate as set out in this Circular, the Directors are of the opinion that the renewal of the Share Purchase Mandate is in the best interest of the Company, and accordingly recommend that Shareholders vote in favour of Resolution 10, being the ordinary resolution relating to the renewal of the Share Purchase Mandate to be proposed at the 2020 AGM.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 6 Tuas View Circuit, Singapore 637599, during normal business hours from the date of this Circular up to and including the date of the 2020 AGM:

(a) the Constitution of the Company; and

(b) the Annual Report of the Company for FY2019.

Yours faithfully

For and on behalf of the Board of Directors of
STARBURST HOLDINGS LIMITED

Edward Lim Chin Wah
Chairman and Executive Director