

## NEWS RELEASE

### STARBURST LAUNCHES IPO AT S\$0.31 PER INVITATION SHARE

- ***2 million Offer Shares at S\$0.31 each by way of public offer;***
- ***48 million Placement Shares at S\$0.31 each by way of placement;***
- ***Offering opens on July 3, 2014 at 9.00 am and closes on July 8, 2014 at 12.00 pm; First day of trading expected on July 10, 2014 at 9.00 am.***

**Singapore, July 2, 2014 – Starburst Holdings Limited (“Starburst”,** and together with its subsidiaries, the “**Group**”), a Singapore-based engineering group specialising in the design and engineering of firearms-training facilities, has launched its initial public offering (“**IPO**”) in Singapore. The Group is seeking a listing on the Catalist board (“**Catalist**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). DBS Bank Ltd. (“**DBS**”) has been appointed as the Sponsor, Issue Manager, Underwriter and Placement Agent in connection with the IPO. In addition, DBS will be Starburst’s continuing sponsor following its listing on Catalist.

The Group is an engineering specialist in a niche industry, and designs, fabricates, installs and maintains anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups. The Group’s firearms-training facilities and tactical training mock-ups are utilised by law enforcement, military and security agencies as well as civil authorities in Southeast Asia and the Middle East. In addition, Starburst offers complete service and maintenance programmes to ensure that the completed firearm shooting ranges and tactical training mock-ups are kept in optimal condition.

Mr. Edward Lim Chin Wah (林清华), Chairman and Executive Director of Starburst said: “Starburst, an engineering specialist in a niche industry, envisions creating a safer environment for firearms training. This IPO marks a special significant milestone for the Group, as we have come to a stage of development whereby we’re ready to raise our profile and visibility.”

## **The Invitation**

The Invitation is in respect of 50 million Invitation Shares at S\$0.31 each, comprising 2 million Offer Shares by way of public offer; and 48 million Placement Shares by way of placement, payable in full on application.

At S\$0.31 each, Starburst is priced at a historical price earnings ratio of approximately 8.88 times, based on its net earnings per share of 3.49 Singapore cents for the financial year ended December 31, 2013 and based on the Company’s enlarged share capital of 250 million shares.

The public offer will open at 9.00 am on July 3, 2014 and will close at 12.00 pm on July 8, 2014. Listing and trading of Starburst’s shares on the Catalist is expected to commence at 9.00 am on July 10, 2014.

## **Use of Proceeds**

Starburst intends to utilise the net proceeds of approximately S\$13.5 million from the Invitation for acquisition of leasehold land and buildings, acquisition of plant and machinery and general working capital purposes.

## **Overview of Starburst**

The Group currently has three main business segments: (i) firearm shooting ranges; (ii) tactical training mock-ups; and (iii) maintenance services for firearm shooting ranges and tactical training mock-ups and other activities.

The Group is one of the few companies in the industry, operating primarily in Southeast Asia and the Middle East, which provides in-house integrated solutions in the design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearms training facilities and tactical training mock-ups.

Mr. Yap Tin Foo (叶鼎富), Managing Director of Starburst: “With our in-house capabilities to provide solutions starting from design through to installation, we are able to integrate different systems and services to meet strict quality and safety standards.”

“As we are involved from the beginning, Starburst is able to incorporate operational and material efficiency into the design, and ensure ease of maintenance after installation. This puts us in a better position to secure maintenance contracts and provide maintenance services in a more efficient and cost-effective manner for our customers.”

With its established track record of close to 15 years in the niche business of design, fabrication, installation and maintenance of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups, Starburst is able to meet the requirements of government bodies and open doors in the Middle Eastern markets. Starburst’s close business relationships with its business partners also enable the Group to secure work in Southeast Asia and the Middle East.

In addition, Starburst has developed a proprietary line of anti-ricochet ballistic protection materials, including anti-ricochet plastic and rubber materials, under its “Searls” trademark. By using and supplying its proprietary line of anti-ricochet ballistic protection materials, Starburst is able to better manage and control costs and offer customised solutions to its customers.

Starburst is helmed by an experienced management team that has an in-depth understanding of its customer's requirements, substantial exposure, experience in engineering and project management. The management team is supported by experienced project management and engineering teams with extensive engineering and fabrication, project management experience and comprehensive professional qualifications.

## **Financial Highlights**

Over the years, Starburst worked on projects with greater complexity and contract value, which typically command a higher project margin. The Group's revenue increased by 21.4% from S\$17.3 million for the financial year ended December 31, 2012 to S\$21.0 million for the financial year ended December 31, 2013. Over the same period, net profit increased by 33.8% from S\$6.5 million to S\$8.7 million and the net profit margin increased by 4.2 percentage points from 37.3% to 41.5% over the same period.

As at June 9, 2014, the Group has secured contracts which would translate into revenues for Starburst of approximately S\$45.8 million. This comprises approximately S\$19.7 million for the "firearm shooting ranges and tactical training mock-ups" business segments, which would translate into revenues over the next one year; and approximately S\$26.1 million for the "maintenance services and others" business segment, which would translate into revenues over the next one to nineteen years.

## **Dividends**

Although the Group has no fixed dividend policy, it currently intends to distribute an aggregate of at least 20.0% of the Group's profit after tax for the financial year ending December 31, 2014 (excluding any exceptional and extraordinary income and subject to factors disclosed in the offer document dated July 2, 2014 issued by Starburst) to its shareholders.

## **Prospects and Future Plans**

The core markets of Southeast Asia and the Middle East continue to offer attractive opportunities for growth.

In Southeast Asia, the armed forces of the countries in the region have pursued varying levels of modernisation programmes due to key domestic and external events. The task of protecting against attacks on key installations such as sea-ports, airports, petrochemical plants and government administration buildings, which play an important role in the economic growth and social stability of a country, fall on the military and law enforcement agencies. Economic progress and population growth, amongst others, contribute towards the need to step up the security preparedness, and positively influencing the growth projections of defence spending in Southeast Asia.

In the Middle East, mandatory military services is expected to result in an overall increase in the number of military personnel which will precede the increased investments into military installations and infrastructure, including military training facilities. The Middle East is experiencing rapid growth in infrastructure investments and construction activities due to public sector investments, inflow of foreign investments and major regional or global events to be hosted in the Middle East such as the 2022 FIFA World Cup and the 2020 Dubai World Expo.

It is projected that the increase in the spending in infrastructure as well as the inflow of foreign direct investment spur the need to protect these assets and investments, therefore driving the increased training expenditure for law enforcement and military personnel.

Mr. Lim added: “The industry prospects in Southeast Asia and the Middle East are positive and with Starburst’s unique strengths, we are well-positioned to embark on our next phase of growth, as we tap into the demand for firearms-training facilities.”

Starburst plans to increase its existing fabrication efficiency and capacity through acquisition or expansion. At the same time, Starburst also plans to leverage on its market standing in Southeast Asia to grow its brand and marketing capabilities worldwide, with a focus on the Middle East. The Group also plans to focus on larger projects with greater complexity and to diversify its income and provide the Group with a stream of recurring income by actively marketing and undertaking more contracts for the maintenance of firearm shooting ranges and tactical training mock-ups. Additionally, the Group plans to seek and identify acquisition and strategic partnership opportunities with companies which complement its product offerings.

### **Important Notice**

*Capitalised terms used herein, shall, unless otherwise defined, bear the same meanings assigned to them in the Offer Document (as defined herein). This news release is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any securities, nor should it or any part of it form the basis of, or be relied upon in any connection with, any contract, commitment or investment decision whatsoever. Any decision to purchase or subscribe for Shares should be made solely on the basis of information contained in the final offer document (the "Offer Document") registered on 2 July 2014 by the Singapore Exchange Securities Trading Limited (the "SGX-ST") acting as agent on behalf of the Monetary Authority of Singapore after seeking appropriate professional advice, and no reliance should be placed on any information other than that contained in the Offer Document. A printed copy of the Offer Document and the application forms relating to the Offering will be available for collection, subject to availability, during normal office hours from the office of DBS Bank Ltd. at 12 Marina Boulevard, DBS Asia Central, Marina Bay Financial Centre Tower 3, Singapore 018982 and, where applicable, from branches of DBS Bank (including POSB), members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. An electronic copy of the Offer Document is also available on the SGX-ST website at <http://www.sgx.com>. Anyone wishing to acquire Invitation Shares in connection with the Offering will need to make an application in the manner set out in the Offer Document.*

*DBS Bank Ltd. is acting as the sponsor, issue manager, underwriter and placement agent for the Offering and may receive from the Company a fee and/or underwriting commission in respect thereof.*

*In addition, this news release may contain forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on a number of estimates and current assumptions which are subject to business, economic and competitive uncertainties and contingencies as well as various risks and these may change over time and in many cases are outside the control of the Company and its Directors. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of the management of the Company on future events. No assurance can be given that future events will occur, that the Company's assumptions are correct. The Company does not assume any responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise. These statements can be recognised by the use of words such as "expects", "plans", "will", "estimates", "projects" or words of similar meaning. Such forward-looking statements are not guarantees of future performance and actual results may differ from those forecast and projected or in the forward-looking statements as a result of various factors and assumptions. A potential investor should read the Offer Document first for details of forecasts and consider the assumptions used and make their own assessments of the future performance of the Company before deciding to subscribe for or purchase the Shares.*

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