

NEWS RELEASE

STARBURST ANNOUNCES RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2018

- ***Net loss attributable to shareholders of the Company at approximately S\$1.3 million in 1Q2018***
- ***Healthy working capital with cash and bank balances of S\$11.8 million and debt-to-equity ratio of 0.43 time***

Singapore, May 10, 2018 – Starburst Holdings Limited (“**Starburst**”, or the “**Company**” and together with its subsidiaries, the “**Group**”), a Singapore-based engineering group specialised in designing and engineering of firearms-training facilities, recorded a revenue of approximately S\$1.6 million, and net loss attributable to shareholders of approximately S\$1.3 million for the three months ended March 31, 2018 (“**1Q2018**”), as compared to a revenue of S\$4.2 million, and net profit attributable to shareholders of S\$0.4 million in the previous corresponding period (“**1Q2017**”).

As a result of the decline in revenue, the Group’s gross profit also decreased, from S\$2.3 million in 1Q2017 to S\$0.6 million in 1Q2018. The gross profit margin dropped 18.4 percentage points to 37.4% in 1Q2018 from 55.8% in 1Q2017, mainly due to lesser projects which reduces the cost benefits from economies of scale.

Mr. Edward Lim Chin Wah (林清华), Executive Chairman of Starburst said, “As a major portion of the Group’s business is project-based, revenue contribution from projects may vary from quarter to quarter, depending on the size and scope of the projects on hand and their completion schedules. Nonetheless, we will continue to focus on ensuring effective cost management of our projects and production costs to achieve sustainable operating performance.”

Performance Review

Starburst’s revenue in 1Q2018 was mainly contributed by maintenance works, whereas in 1Q2017, its revenue was comprised of (i) installation works for a firearm shooting range project in Southeast Asia and in the Middle East, (ii) Marina One architectural steel project, and (iii) maintenance works. This contributed to a decrease in revenue by approximately S\$2.6 million or 62.4% to S\$1.6 million in 1Q2018, from S\$4.2 million in the previous corresponding period.

The Group’s project and production costs dipped by S\$0.9 million or 46.8%, from S\$1.9 million in 1Q2017 to S\$1.0 million in 1Q2018, in line with the decreased revenue and primarily attributable to the decrease in material and fabrication costs in 1Q2018 as fewer projects were undertaken as compared to 1Q2017.

Other operating expenses remained stable at around S\$0.6 million for 1Q2017 and 1Q2018, while employee benefits expenses decreased to approximately S\$0.8 million or 10.1% in 1Q2018, from S\$0.9 million in 1Q2017. Overall, the Group recorded a net loss to shareholders of approximately S\$1.3 million in 1Q2018.

The Group’s working capital remained healthy, with cash and bank balances, including fixed deposits, totalling S\$11.8 million as at March 31, 2018 and a debt-to-equity ratio of 0.43 time for the period.

Outlook

Global defence spending in 2017 rose to US\$1.73 trillion, or roughly 2.2% of the global gross domestic product, with the balance of military spending shifting towards Asia, Oceania and the Middle East. Global defence spending for 2018 is also forecasted to reach US\$1.67 trillion¹. This also includes a rise in funding for the procurement of military equipment, which is expected to increase from US\$295 billion in 2017 to US\$315 billion in 2018, another record high in global terms.

Military expenditure in the Asia-Pacific region rose for the 29th successive year, with tensions between China and many of its neighboring countries continuing to drive the growth in military spending in Asia². Total defence spending of countries in Southeast Asia have also increased, amidst growing strategic uncertainty over China's rise, anxiety about United States' withdrawal from the region and the persistence of various flashpoints between the Southeast Asian countries. In the Middle East, armed conflicts and rivalries are also driving a rise in military spending in the region despite low oil prices².

Mr. Jonathan Yap (叶鼎富), Managing Director of Starburst commented, "On the back of the continuing geopolitical tensions and security threats, we continue to proactively pursue opportunities in designing and engineering of customised training solutions for existing and potential law enforcement-related customers, and actively respond to enquiries and requests for tenders from authorities in Southeast Asia and the Middle East. We remain committed to secure more contracts in both regions despite the competitive market conditions."

This press release should be read in conjunction with Starburst's 1Q2018 results announcement released on May 10, 2018 on SGXNET.

¹ *Global Defence Spending to Hit Post-Cold War High in 2018, Jane's by IHS Markit Says – IHS Markit, December 2017*

² *Global military spending remains high at \$1.7 trillion - Stockholm International Peace Research Institute, May 2, 2018*

ABOUT STARBURST HOLDINGS LIMITED

Starburst 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 operating conditions.

Starburst is one of the few companies 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. With its established track record in the niche business of anti-ricochet ballistic protection systems for firearm shooting ranges and tactical training mock-ups, Starburst is able to meet the requirements of government agencies in its key markets. Starburst maintains close business relationships with key global players in the military training software and equipment markets, which also enables the Group to secure contracts 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.

For more information, please visit www.starburst.net.sg

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