



STARBURST HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 28 October 2013)
(Company Registration No.: 201329079E)

PROPOSED DISPOSAL OF 6 TUAS WEST STREET SINGAPORE 637442

1. INTRODUCTION

The Board of Directors of Starburst Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that Starburst Engineering Pte Ltd ("**SEPL**"), a wholly-owned subsidiary of the Company has entered into a conditional sale and purchase agreement ("**SPA**") with United Steel Pte Ltd (the "**Purchaser**") on 25 November 2016 for the sale of SEPL's property at 6 Tuas West Street Singapore 637442 (the "**Property**") at the price of S\$7,028,000 (the "**Proposed Disposal**").

2. INFORMATION ON THE PROPERTY

The Property is a leasehold property and was used as corporate office and fabrication facility by the Group. It has a land area of approximately 3,904.7 square meters and a gross floor area of approximately 2,308.4 square meters. The term of lease is 43 years 6 months and 24 days from 5 June 2007. The Property will be sold on an 'as-is-where-is' basis with vacant possession.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Property is not a core asset of the Group as a new factory has been purchased in 2015 at 6 Tuas View Circuit Singapore 637599 with a land area of approximately 8,805.6 square meters and a gross floor area of approximately 7,002.4 square meters. The Group consolidates all its activities in the new premise to enhance efficiency and improve the Group's ability to execute larger and more complex projects. In addition, the Proposed Disposal will reduce the Group's bank borrowings and its interest expense, and increase working capital. SEPL has been looking for a buyer for the Property for the past one and a half years but has yet to receive any offer which is higher than or close to the current offer by the Purchaser. The management is of the reasonable opinion that this Proposed Disposal is in the best interests of the Shareholders, as it helps to reduce future depreciation, land rent and property maintenance expenses.

4. CONSIDERATION

The sale consideration of the Property is S\$7,028,000 (the "**Consideration**"), exclusive of goods and services tax. The Consideration was arrived at after arms' length negotiations between SEPL and the Purchaser, and on a 'willing-buyer and willing-seller' basis.

5. DEPOSIT

Pursuant to the SPA, the Purchaser has paid to SEPL a sum of S\$702,800, equivalent to ten (10%) per cent of the consideration as the deposit.

6. CONDITIONS PRECEDENT

The Proposed Disposal is subject to the fulfilment of certain conditions precedent including but not limited to the following:

- (a) The Said Property is sold subject to and conditional upon consent being obtained from PIP Pte Ltd and/or JTC (if required) and any other relevant competent authority in relation to the Proposed Disposal.
- (b) JTC gives their approval for the Purchaser's use of the Property for 'manufacture of steel and related products activities'.

7. COMPLETION

The balance of the purchase price shall be paid and the sale and purchase herein shall be completed:

- (i) Ten (10) weeks from the date of exercise of the option to purchase; OR
- (ii) Three (3) weeks from the date of a letter in-principle from PIP Pte Ltd and JTC approving the sale, if Environmental Baseline Study ("**EBS**") is not required; OR
- (iii) Three (3) weeks from the date of the approval of the EBS by PIP Pte Ltd and JTC, if an EBS is required but the Vendor is not required to effect decontamination of the land on which the Property is situated; OR
- (iv) Three (3) weeks from the date of PIP Pte Ltd and/or JTC's letter confirming that the land on which the Property is situated has been decontaminated to the satisfaction of JTC, if an EBS is required by PIP Pte Ltd and/or JTC and the Vendor is required to decontaminate the land. The Vendor agrees that the decontamination shall be carried out at its cost and expense,

Whichever is the latest date.

8. MORTGAGE ON THE PROPERTY

The Property is mortgaged to DBS Bank Ltd ("**DBS**") under a mortgage executed by SEPL in favour of DBS ("**Mortgage**"). The Mortgage shall be discharged on completion.

9. USE OF PROCEEDS

The proceeds arising from this Proposed Disposal shall be used for repayment of bank borrowings and overdraft, and for working capital purposes.

10. FAIR VALUE LOSS ON THE PROPOSED DISPOSAL

The Group is expected to record a fair value loss of approximately S\$200,000 in the other comprehensive income statement from the Proposed Disposal, after taking into account the carrying value of the Property of approximately S\$7,135,000 as at 30 November 2016 and estimated expenses of S\$93,000 on the disposal of the Property.

11. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The proforma financial effects of the Group after the Proposed Disposal set out below are for illustrative purposes only and should not taken as an indication of the actual future financial performance or position of the Group following the Proposed Disposal, nor a projection of the future financial performance or position of the Group after completion of the Proposed Disposal.

The proforma financial effects of the Proposed Disposal are based on the Group's audited financial statements for the financial year ended 31 December 2015 ("FY2015").

11.1 Net tangible asset ("NTA") per share

Assuming that the Proposed Disposal had been completed on 31 December 2015, the NTA per share of the Group as at 31 December 2015 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal ⁽¹⁾
NTA (S\$'000)	46,813	47,604
Number of issued shares ('000)	250,000	250,000
NTA per share (Singapore cents)	18.73	19.04

Note:

(1) The increase in NTA per share after the Proposed Disposal is mainly due to the derecognition of deferred tax liabilities relating to the asset revaluation reserve of the Property.

11.2 Earnings per share ("EPS")

Assuming that the Proposed Disposal had been completed on 1 January 2015, the EPS of the Group for FY2015 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal ⁽²⁾
Net loss after tax (S\$'000)	1,660	1,660
Number of issued shares ('000)	250,000	250,000
EPS (Singapore cents)	(0.66)	(0.66)

Note:

(2) The fair value loss and related expenses of the Proposed Disposal will be recorded in the other comprehensive income statement via adjusting the asset revaluation reserve and there will be no impact for the net loss after tax for the year.

12. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN CATALIST RULE 1006

The relative figures⁽¹⁾ of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”) are as follows:

Rule	Bases of computation	Size of relative figure
1006(a)	The net asset value of the asset to be disposed of, compared with the Group’s net asset value	19.4% ⁽²⁾
1006(b)	Net profits attributable to the assets disposed of, compared with the Group’s net profits	N.A. ⁽³⁾
1006(c)	The aggregate value of the consideration received, compared with the Company’s market capitalisation based on the total number of issued shares, excluding treasury shares	14.06% ⁽⁴⁾
1006(d)	The Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
1006(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group’s proven and probable reserves. This basis is not applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) The figures computed here are based on the latest unaudited results for the nine month period ended 30 September 2016 (“**3Q2016**”) which was announced by the Company on 11 November 2016.
- (2) “Net asset” means the total assets less total liabilities. Based on the net asset value of the Property of S\$7,170,500 and the Group’s unaudited net asset value of approximately S\$36,896,000 as at 30 September 2016.
- (3) The fair value loss of the Proposed Disposal will be recorded in the other comprehensive income statement via adjusting the asset revaluation reserve and there will be no impact for the net profit after tax for the year.
- (4) The figure was calculated based on the aggregate value of the consideration of S\$7,028,000 and the market capitalisation of the Company of approximately S\$50,000,400 (determined by multiplying the existing number of shares in issue, being 250,002,000 shares as at the date of this announcement, by S\$0.20, being the last traded price of such shares on 22 November 2016, being the last market trading day for the shares prior to the signing of the SPA).

The Board notes that the relative figures computed under Catalist Rules 1006(a) and 1006(c) exceed 5% but are less than 50%. Accordingly, the Proposed Disposal constitutes a “Discloseable Transaction” as defined under Chapter 10 of the Catalist Rules.

13. INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors (other than in his capacity as a Director or shareholder of the Company) or controlling shareholders of the Company (other than through their respective shareholdings in the Company) has any interest, direct or indirect in the Proposed Disposal.

14. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

15. DOCUMENTS FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

EDWARD LIM CHIN WAH
Executive Chairman
30 November 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, DBS Bank Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Koh Boon Pin, Senior Vice President, Capital Markets, DBS Bank Ltd., at 12 Marina Boulevard Level 46, Marina Bay Financial Centre Tower 3, Singapore 018982, telephone +65 6878 8888.