



Sirius Venture Consulting Pte Ltd
30 Cecil Street Prudential Tower #15-00
Singapore 049712
Tel: (65) 6232 2742 Fax: (65) 6232 2888
Web: www.sirius.com.sg

PRESS RELEASE

Contact Information:

August Consulting Pte Ltd
Tel: (65) 6733 8873 Fax: (65) 6733 9913
CHIN May Nah – maynah@august.com.sg
Adeline SIM – adeline@august.com.sg

New S\$30m venture capital fund targets only Singapore-based SMEs

- ***Known as “Sirius SME Growth Partners I” with initial closing of S\$15m***
- ***Fund strategy is to invest in growth and expansion-stage SMEs in various industries***

SINGAPORE – 12 May 2008 – Sirius Venture Consulting Pte Ltd (together with its associated companies, known as “Sirius Group”), a boutique venture capital and finance advisory firm focused on small and medium-sized companies, has announced a new S\$30 million venture capital fund targeted specifically at Singapore-based small and medium enterprises (“SMEs”)¹ at the growth and expansion stage.

The Fund – **Sirius SME Growth Partners I Fund** (“Sirius SME Growth Fund”) – is believed to be one of the few private equity funds with a proactive investment focus on SMEs in Singapore. The Fund has successfully completed its first closing with an initial capital commitment of S\$15 million, and aims to grow its fund size to at least S\$30 million by mid 2008.

Amidst a global credit crunch where funding has become a challenge, local SMEs looking to finance their business expansion will welcome this alternative source of equity capital – one that not only provides the appropriate amount of capital that SMEs seek, but also offers value-add in terms of strategic advice and consultancy.

¹ SPRING Singapore, the primary government agency in Singapore responsible for SMEs, defines a SME as a business with fixed assets of less than S\$15 million and less than 200 employees (non manufacturing).

Eugene Wong, Managing Director of Sirius Group and co-founder of the Fund, says, “Equity investments in local SMEs are few and far between. Most SMEs are not financed through equity but instead rely primarily on debt as their main source of financing. In our opinion, this is mainly due to a mismatch in expectations between investment firms and SMEs.”

“It is this significant gap in the funding environment for SMEs, which the Sirius SME Growth Fund aims to fill. Given the large number of SMEs in Singapore, there is a huge market opportunity for our Fund to generate attractive returns for investors.”

According to the SME Development Survey 2007 conducted by the DP Information Group, the majority of SMEs in Singapore are only seeking between S\$0.5 to S\$5 million – an investment size that the Sirius SME Growth Fund is targeting. This amount that a typical SME seeks is significantly lower than the minimum investment size of at least US\$5 million of many investment firms.

In addition, investment companies looking at opportunities in Singapore are predominantly late-stage investors who are primarily concerned with achieving a near-term liquidity event. SME owners, on the other hand, are focused on building and growing their companies in a sustainable and competitive manner².

“Large venture capitalists (‘VCs’) oversee many companies and may less likely have the time to work with an entrepreneur who needs merely S\$2 to S\$3 million. Bigger VCs tend to gravitate towards later-stage deals that require more dollars. In the case of SMEs, these entrepreneurs sometimes need more coaching, rather than money. This is where we believe our Fund’s value-added approach will be attractive to SMEs,” adds Mr Wong.

Market Opportunities in the Local SME Space

SPRING Singapore, the primary government agency responsible for SMEs in Singapore, estimates there were about 148,000 SMEs in Singapore, in 2007, a number that has been steadily increasing over the years. According to SPRING Singapore, SMEs accounted for 42% (about S\$88 billion) of Singapore’s annual GDP of S\$210 billion in 2006, and employed 50% of the total workforce.

² DP Information Group Info Steps Survey 2007 highlighted major challenges facing Singapore SMEs as being: (1) management gap; (2) attracting young and quality talent; (3) lack of experience in planning, operating and managing a growing business; and (4) reliance on referrals for business.

These statistics testify to the quality of SMEs and the vital role they play in Singapore's economy, and more importantly, the more-than-ample funding opportunities in promising SMEs.

Explains Mr Wong, "The Sirius SME Growth Fund's strategy is to invest in growth and expansion-stage SMEs in various industries, who can be leaders in their respective fields. Investing in SMEs, who have passed the formative risk stage and remain viable, can offer attractive return potential."

"Take for example companies such as BH Global Marine, Ezra, Hyflux, Raffles Education, Swiber and Swissco. They were all once SMEs and have generated significant returns for their investors since their IPO. The returns would have been better had an investment been made during these companies' growth and expansion stage," he notes.

The Sirius SME Growth Fund targets to lead or co-lead 10 to 12 growth- and expansion-stage SME investments over a 4- to 5-year period. The Fund's target investment size is S\$2 million to S\$3 million per investment, with an average anticipated holding period of 3 years from the initial investment. It targets an upside of at least 2 to 3 times its initial investment.

"If you look at the approximately 90 Singapore-based SMEs listed on SGX-ST and SESDAQ from 2001 to 2007, over 50 of these SMEs would have met our investment criteria in the 1 to 3-year period prior to their listing. We believe that our investment strategy of targeting SMEs will create investment opportunities and consequently, higher returns for our investors," adds Mr Wong.

Value-Added Approach

What sets the Sirius SME Growth Fund apart from many existing equity providers and financial institutions is the hands-on support that the Managers of the Fund will provide to its investee companies.

The Fund will assist the SMEs with corporate and business development efforts, financing strategies, recruitment, strategic planning, internal systems and controls, as well as corporate governance issues.

Besides Mr Wong, the other co-founder of the Fund is Mr Glenn Chao, who has been a partner at Venture TDF Pte Ltd, a venture capital fund management company, since 1999. Messrs Wong and Chao, who are both Managing Directors of the Fund, have in the past, consistently provided active guidance and support to their respective portfolio companies.

Collectively, Messrs Wong and Chao have over 20 years of relevant investment experience and proven track record in helping to build outstanding companies and generating superior returns for investors. They plan to establish an advisory board for the Fund, comprising experienced entrepreneurs and industry captains.

“We believe our Fund offers a strong value proposition – not only to investors, but also to investee companies. Our value-added approach will help create stronger and better managed SMEs, and in turn increase their investment return potential,” concludes Mr Wong.

###

About Sirius Venture Consulting

Sirius Venture Consulting Pte Ltd (together with its associated companies, known as “Sirius Group”) is a boutique venture capital and finance advisory firm, focused on small and medium-sized companies in Singapore and overseas. Some of Sirius Group’s notable investments include Singapore-based firms like Jackspeed, Comms Design International, Grand Team Technologies, Jason Parquet, Opentech, Soundbuzz and Jason Electronics, as well as overseas enterprises like Ajisen China. For more information, please visit www.sirius.com.sg

About Sirius SME Growth Partners I Fund

Sirius SME Growth Partners I Fund (the “Fund”), managed through Sirius Group, is an investment fund targeting Singapore-based small and medium enterprises (“SMEs”) at the growth and expansion-stage, who are looking for capital to finance their business expansion.

Specifically, the Fund will target promising SMEs which have a strong and capable founder, a proven product line or technology, a recognised brand, customer traction and a scalable sales process. Financially, the Fund is looking for SMEs which have an operating track record of 5 years and above, with a net profit after tax of between S\$1 million to S\$5 million at the time of the Fund’s initial investment.