BH GLOBAL CORPORATION LTD
(Company Registration No: 200404900H)

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

BH Global Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") was placed on the Watch-List pursuant to Rule 1311 of the SGX-ST Listing Manual on 5 June 2017 as the Company recorded:

(i) Pre-tax losses for the three most recently completed consecutive financial years (based on audited full year consolidated accounts and average daily market capitalization of less than $40 million over the last 6 months ("**Financial Entry Criteria**"); and

(ii) A volume weighted average price of less than $0.20 and an average daily market capitalization of less than $40 million over the last 6 months ("**MTP Entry Criteria**").

Pursuant to Rule 1313(2) of the SGX-ST Listing Manual, The Board of Directors (the "**Board**") of the Company wishes to provide the following update for the fourth quarter ended 31 December 2017, and full year ended 31 December 2017:

Update on Financial Situation

The Group has released its financial statement for the quarter ended 31 December 2017 ("4Q2017") and full year ended 31 December 2017 on 21 February 2018. Shareholders should refer to the announcement for full details.

Revenue for 4Q2017 increased by 9% to $11.2 million compared with 4Q2016 due to marine lighting equipment and accessories increased by 134% to $3.2 million. However, revenue from marine cables and accessories and Lamp and others decreased by 37% to $4.8 million compared with 4Q2016, while the Security division registered a revenue of $594k in 4Q2017 as compared to $260k in 4Q2016 and Engineering services registered a revenue of $2.5 million in 4Q2017 as compared to $955 in 4Q2016. The Group recorded a net loss of $22.4 million in 4Q2017 as compared to $10.1 million in 4Q2016 due mainly to higher provision for doubtful debts and stock obsolescence, impairment loss in an associated company, goodwill and intangible assets and provision for liabilities.

Foreign currency exchange fluctuations had a significant impact on our results. In 4Q2017, we incurred foreign currency exchange loss of $0.9 million as compared to foreign exchange gain of $0.8 million in 4Q2016.

Revenue for FY2017 decreased by 27% to $37.9 million compared with FY2016 due to continuing slowdown in activities in the marine and offshore sectors as a result of weak global shipping markets and low oil prices, while the Security division registered a revenue of $2.7 million in FY2017 as compared to $974k in FY2016 and Engineering services registered a revenue of $6.5 million in FY2017 as compared to $1.9 million in FY2016. The Group recorded a net loss of $24.6 million in FY2017 as compared to $11.3 million in FY2016 due mainly to higher provision for doubtful debts and stock obsolescence, impairment loss on goodwill, intangible assets and investment in an associated company, and provision for liabilities.

At 31 December 2017, the Group had cash and cash equivalents of $5.8 million (31 December 2016: $7.0 million) and net current assets of the Group amounted to $12.2 million (31 December 2016: $19.3 million).

Update on Future Direction

The Group's core business, the Supply Chain Management division, saw overall revenue decrease in 4Q2017 despite an increase in marine LED lighting sales. The Group is focused on consistent improvements to enhance its business functions that will help stabilize and subsequently bolster performance in the long run. The Group's cost cutting measures showed progress and it will maintain these measures while exploring other viable opportunities in the industrial and petrochemical space.

The Security division was formed in 2Q2016 and focuses on cybersecurity, enterprise IT operation management and sensing security products for both public and private sectors in Singapore and the region. This division has shown considerable growth and potential with orders from both government agencies and private companies. The Group aims to further its exposure in regional markets.

The operations of GLH, the Group's associated company, faced supplier-related issues and delays in the completion of its new factory in FY2017 which resulted in lower sales to major customers. The construction of the new factory is poised to be completed by 2Q2018. The Group made provisions for losses after assessing the future discounted cash flow of GLH and will focus on ramping up production and sales once the factory has been completed.

The situation of the Group's galvanized steel wire factory in Oman has not improved and the Group has made the necessary provisions in its FY2017 financial statements. The Group will continue to work closely with its Omani joint venture partner to explore all possible options for this business.

On its Engineering Services division, the liquidation of OGS remains ongoing. On PTE, the Group is currently in discussion with a potential buyer for the Batam land. The recently formed BOS Engineering International Pte Ltd has entered into a joint venture with Japanese partners during FY2017 to explore any business expansion opportunities in the Japanese market.

BY ORDER OF THE BOARD

Vincent Lim Hui Eng
Executive Chairman and Chief Executive Officer
21 February 2018