

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 and 5 December 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 2018:

Update on Financial Situation

The Group has released its financial statements for the quarter ended 31 December 2018 (“4Q2018”) and full year ended 31 December 2018 on 1 March 2019. Shareholders should refer to the announcement for full details.

Revenue for 4Q2018 increased by 3% to \$12.04 million compared with 4Q2017 due to marine cables and accessories increased by 84% to \$6.36 million, marine lighting equipment and accessories decreased by 25% to \$2.46 million and Lamp and others decreased by 3% to \$1.29 million compared with 4Q2017, while the Security division registered a revenue of \$1.90 million in 4Q2018 as compared to \$0.78 million in 4Q2017 and Engineering services registered a revenue of \$0.04 million in 4Q2018 as compared to \$2.80 million in 4Q2017. The Group recorded a net loss of \$2.11 million in 4Q2018 as compared to a net loss of \$24.80 million in 4Q2017 due mainly to decrease in provision for doubtful debts and stock obsolescence, provision for liabilities, impairment loss on investment in an associated company, intangible assets and goodwill.

Revenue for FY2018 increased by 5% to \$40.41 million compared with FY2017 due mainly to marine cables and accessories increased by 46% to \$20.82 million, marine lighting equipment and accessories increased by 8% to \$10.15 million and Lamp and others decreased by 9% to \$4.48 million compared with FY2017, while the Security division registered a revenue of \$4.62 million in FY2018 as compared to \$2.66 million in FY2017 and Engineering services registered a revenue of \$0.35 million in FY2018 as compared to \$7.05 million in FY2017. The Group recorded a net loss of \$5.51 million in FY2018 as compared to a net loss of \$26.96 million in FY2017 due mainly to decrease in provision for doubtful debts and stock obsolescence, provision for liabilities, impairment loss on investment in an associated company, intangible assets and goodwill.

At 31 December 2018, the Group had cash and cash equivalents as per statement of cash flows of \$3.57 million (31 December 2017: \$6.33 million) and net current assets of the Group amounted to \$20.64 million (31 December 2017: \$10.13 million).

Update on Future Direction

The Group's core business, the Supply Chain Management division, has seen a 24% increase in revenue for FY2018 to S\$35.4 million, driven primarily by increased orders from the marine cables and marine lighting segments. It has seen increasing levels of enquiries from both Singapore and overseas customers, however this trend may be impacted by the continuing volatility of oil prices. The Group also expects new regulations by the International Maritime Organization coming into effect in 2020 to have a positive impact on the demand of the Supply Chain Management division's products in FY2019 and FY2020.

The Group's Security division continues to see good prospects, steadily growing with orders from both government agencies and private companies in Singapore and overseas. The Group is continuing to invest in product development activities - a research and development ("R&D") facility was set up in Taipei to accelerate the pace of R&D activities of various new products. This will help facilitate the launch of a series of products to complete the Group's Security division's range of advanced sensing system products. On the cybersecurity front, the Group has established strategic partnerships with Sasa Software (Israel) to promote its unique Content, Dis-arm and Re-construction (CDR) technology to the Asia Pacific region. The Good Hackers Alliance (GHA) was also strengthened with the addition of Horangi Cyber Security to its list of reputable white hat hackers. These recent developments put the Group in a strong position to offer timely and relevant cyber security solutions to aid the protection of critical info-infrastructures in the region.

The Group is also building on its strength in LED lighting systems. Its associated company, GLH, has seen the completion of its new LED factory in Kunshan in 4Q2018 and the commencement of production in 2019. The new factory offers 22,500 square meters of mechanical and electronic production facilities featuring automation processes. With the increased capacities, GLH will be able to take on long-term OEM/ODM contracts with major international customers with improved efficiency and compliance with strict safety and technical requirements.

The Group has commenced liquidation proceedings of GSSI in 4Q2018, which is expected to be completed by 3Q2019. The Group will update on the progress accordingly.

On its Engineering Services division, the liquidation of OGS remains ongoing. The Group's joint venture company which was set up in FY2017 with reputable Japanese partners, sees good prospects on the distribution of the Group's products and services to the Japanese maritime market. The Group is working on securing orders to be delivered in Japan in FY2019 and FY2020 through this joint venture company.

On 28 September 2018, the Group announced the proposal to undertake a renounceable non-underwritten rights issue on the basis of three Rights Shares for every two existing ordinary shares in the issued and paid up capital of the Company held by Entitled Shareholders. A total of 179,999,992 Rights Shares were listed and quoted on the Main Board of the SGX-ST on 15 February 2019.

BY ORDER OF THE BOARD

Vincent Lim Hui Eng
Executive Chairman and Chief Executive Officer
1 March 2019