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 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 first quarter ended 31 March 2019:

<u>Update on Financial Situation</u>

The Group has released its financial statement for the quarter ended 31 March 2019 ("1Q2019") on 10 May 2019. Shareholders should refer to the announcement for full details.

Revenue for 1Q2019 increased by 41% to $10.33 million compared with 1Q2018 due to marine cables and accessories increased by 41% to $5.28 million, marine lighting equipment and accessories increased by 2% to $2.11 million and Lamp and others increased by 13% to $1.26 million compared with 1Q2018, while the Security division registered a revenue of $1.58 million in 1Q2019 as compared to $0.34 million in 1Q2018 and Engineering services registered a revenue of $0.10 million in 1Q2019 as compared to $0.06 million in 1Q2018. The Group recorded a net profit of $0.16 million in 1Q2019 as compared to a net loss of $2.36 million in 1Q2018 due mainly to higher revenue, lower provision for doubtful debts expenses and lower personnel related costs, partially offset by higher provisions for stock obsolescence.

At 31 March 2019, the Group had cash and cash equivalents as per statement of cash flows of $4.67 million (31 December 2018: $6.12 million) and net current assets of the Group amounted to $23.10 million (31 December 2018: $8.43 million).

<u>Update on Future Direction</u>

The Group entered FY2019 with cautious optimism.

Offshore and Marine (O&M) activities saw some indications of improvements coming into 2019 with some level of stabilisation of oil prices from 2018. The Group's core business, the Supply Chain Management ("SCM") division, regained some footing on the back of these developments with a 20% increase in revenue for 1Q2019 to S$8.6 million, from $6.9 million in 1Q2018, driven primarily by increased orders from the marine cables and accessories segment. The Group looks forward to new regulations by the International Maritime Organization ("IMO") to reduce sulphur oxide emissions coming into effect in 2020 as a strong driver for the increase in demand for the SCM division's products in FY2019 and FY2020.

The Engineering Services division continues to work with reputable Japanese partners, Taiyo Electric Co. Ltd ("Taiyo") and Sanshin Electric Corporation Ltd ("Sanshin"). The Group is working on securing orders to be delivered in Japan and China in FY2019 and FY2020, tapping on the strong network and connections of its Japanese partners. Another key initiative that the

Engineering Services division is driving relates to the exclusive distribution agreement obtained from Future Pipes Industry (“FPI”) for glass reinforced epoxy (“GRE”) pipes in the territories of Singapore, Vietnam and Japan. Similar to what has been noted for the SCM division, upcoming IMO regulations has produced rising demand for the Engineering division’s turn key solutions in GRE pipes material supplies, pre-fabrications, engineering designs, installation and commissioning. Such solutions and capabilities were strategically planned ahead by the Group two years prior, making for a timely entrance into the market as demand increases in reaction to the related IMO regulations. The Engineering division is also looking towards environmental, electrification and digitalization initiatives in Singapore to uplift the presence and quality of green technologies and solutions in Singapore, as part of the Group’s pivot of its business focus towards solutions that reinforce green practices and sustainability development.

The Group’s Security division continues to see orders from both government agencies and private companies in Singapore and overseas. Focus for this division is on expediting the pace of research and development (“R&D”) through its Taipei facility, thereby facilitating the launch of a series of products to complete the division’s range of advanced sensing systems. Once achieved, the full product range will increase the division’s competitiveness and standing in the market. The division also seeks to grow its cyber security business regionally by leveraging on partnerships with strong partners such as Sasa Software (Israel) and Horangi Cyber Security, providing access and solutions to powerful and effective cyber security solutions towards the protection of critical info-infrastructures.

For its LED lighting systems business, the Group’s associated company, GL Lighting Holding Pte Ltd (“GLH”), saw the completion of its new LED factory in Kunshan in 4Q2018. The new factory offers 22,500 square meters of mechanical and electronic production facilities featuring automation processes. With the increased capacities and the ability to comply with strict safety and technical requirements, GLH will be able to take on long-term OEM/ODM contracts with major international customers. Production has commenced in 1Q2019.

BY ORDER OF THE BOARD

Vincent Lim Hui Eng
Executive Chairman and Chief Executive Officer
10 May 2019