

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

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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 December 2019:

**Update on Financial Situation**

The Group has released its financial statement for the quarter ended 31 December 2019 (“4Q2019”) on 28 February 2020. Shareholders should refer to the announcement for full details.

Revenue for 4Q2019 increased by 29% to \$15.47 million compared with 4Q2018 due to marine lighting equipment and accessories increased by 17% to \$2.88 million, marine cables and accessories decreased by 1% to \$6.30 million, and Lamp and others decreased by 7% to \$1.19 million compared with 4Q2018, while the Security division registered a revenue of \$0.90 million in 4Q2019 as compared to \$1.90 million in 4Q2018 and Engineering services registered a revenue of \$4.22 million in 4Q2019 as compared to \$0.04 million in 4Q2018. The Group registered a net profit of \$0.4 million in 4Q2019 as compared with a net loss of \$2.1 million in 4Q2018, mainly due to higher revenue, lower allowance for impairment of trade receivables, lower impairment on intangible assets and lower provisions for liabilities, offset by higher provisions for inventory obsolescence.

Revenue for FY2019 increased by 22% to \$49.37 million compared with FY2018 due to marine cables and accessories increased by 19% to \$24.71 million, marine lighting equipment and accessories remained unchanged and Lamp and others decreased by 2% to \$4.38 million compared with FY2018, while the Security division registered a revenue of \$3.76 million in FY2019 as compared to \$4.62 million in FY2018 and Engineering services registered a revenue of \$6.42 million in FY2019 as compared to \$0.35 million in FY2018. The Group registered a net profit of \$1.1 million in FY2019 as compared with a net loss of \$5.5 million in FY2018, mainly due to higher revenue, lower impairment of intangible assets and lower provisions for liabilities.

At 31 December 2019, the Group had cash and cash equivalents as per statement of cash flows of \$6.00 million (31 December 2018: \$6.12 million) and net current assets of the Group amounted to \$23.02 million (31 December 2018: \$8.43 million).

## **Update on Future Direction**

FY2019 proved to be a challenging year, with geopolitical tensions impacting global shipping and maritime activities as well as overall global economic growth. However, FY2019 was also a year of opportunities for BH Global as the Group started to realise positive outcomes from its efforts towards providing products and services that promote environmental sustainability in the maritime industry. The Group concluded the financial year with positive results, with a turnaround from net loss of S\$5.5 million for FY2018 to a net profit of S\$1.1 million for FY2019.

Going into FY2020, the Group continues to face challenges at the macro level. The sudden outbreak of the Covid-19 virus in early FY2020 may have an impact on the Group's operations. However, the outbreak has also led to increased opportunities for the Group, where orders for its Mass Fever Screening Systems have increased significantly in the first two months of FY2020, to which the Group is in the process of ramping up production activities to meet the increase in demand. Other macro issues continue to be of concern, such as the trade tensions between USA and China.

For FY2019, the Group's Supply Chain Management Division saw a 11% increase in revenue year-on-year from S\$35.4 million in FY2018 to S\$39.2 million in FY2019, mainly attributable to the rising demand for marine cables and accessories. The elevated demand for Supply Chain Management Division's offerings was mainly driven by offshore marine clients seeking electrical supply and management solutions to upgrade vessels to comply with the International Maritime Organisation regulation which caps sulphur content for marine fuels to 0.5% from 2020 onwards ("IMO 2020").

The Group's Engineering Services Division continues to see strong demand for Glass Reinforced Epoxy ("GRE") pipes supply and installation in the fourth quarter, bringing up the full year revenue from S\$0.3 million in FY2018 to S\$6.4 million in FY2019, a surge of 1746%. This was also largely attributable to IMO 2020, which has fuelled demand for the Engineering services turn-key solutions in GRE pipe material supplies, pre-fabrications, engineering designs, installations and commissioning. In FY2019, the Group has secured 17 projects as compared to 1 in FY2018 to provide end-to-end services of GRE pipes in Singapore, Japanese and Chinese shipyards, in addition to direct supply of GRE pipes and materials to customers.

The Group is continuing with its efforts to strengthen and grow its Security Division, which comprises cybersecurity and surveillance security businesses. On the cybersecurity front, the Group continues to identify and secure strong partnerships in bringing innovative and market-relevant solutions to address gaps currently faced by the industry. The Group is also working on new partnership structures with major IT and OT solutions provider to integrate the Group's cybersecurity solutions into those major platforms, which will allow the Group to bring its innovative and high performing cybersecurity solutions to the masses. On the surveillance security front, the Group is stepping up on its R&D activities through its R&D facilities in both Singapore and Taipei to expedite the launch of a series of advanced sensing system products. The Group expects to complete its range of advanced sensing system products to penetrate both the regional and international markets in FY2020.

Following the opening of new Kunshan plant in June 2019 by its associated company, GL Lighting Holdings Pte Ltd ("GLH"), the Group continues to build on its strength in the LED lighting systems business and has engaged with several major international lighting companies who has started utilising the Group's R&D and product design services and capabilities. GLH has started to realise some of these partnerships into Original Equipment Manufacturing (OEM) and Original Design Manufacturing (ODM) contracts, and the Group expects this growth momentum to continue in the foreseeable future. The favourable outlook for green and energy efficient lighting solutions is expected to present substantial growth opportunities for the Group.

The Group has started FY2020 on a strong note, with the signing of a Memorandum of Understanding (“MoU”) with strategic partners on 11 February 2020 to officialise the collaborative cooperation to develop and launch Singapore’s first hybrid electric propulsion fast launch scheduled for delivery in 1H2020. Under the MoU, the strategic partners will also work together to develop the Group’s Marine Electric Integration Centre, as well as further initiatives towards the digitalisation of vessel operations and the establishment of a full eco system to support the adoption of electrification in Singapore’s maritime industry. The Group will continue to develop and launch various initiatives to further strengthen its lead in delivering environmentally friendly and technologically advanced solutions to the local maritime industry.

**BY ORDER OF THE BOARD**

Vincent Lim Hui Eng  
Executive Chairman and Chief Executive Officer  
28 February 2020