
ENTRY INTO A SALE AND PURCHASE AGREEMENT RELATING TO THE PROPOSED DISPOSAL OF THE COMPANY'S ENTIRE 60% SHAREHOLDINGS IN Z-POWER AUTOMATION PTE. LTD.

1. INTRODUCTION

The Board of Directors ("**Board**") of BH Global Corporation Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to its announcement dated 20 August 2014 regarding the memorandum of understanding ("**MOU**") signed in respect of the Proposed Disposal and its announcement dated 15 October 2014 regarding the extension of the long stop date of the MOU. The Board wishes to announce that the Company, together with Ang Cheng Siew, See Hoon, Tang Hing Yiu, Tai Mui Foong (collectively, the "**Vendors**") and Z-Power Automation Pte. Ltd. ("**ZPA**") has on 14 November 2014 entered into a sale and purchase agreement ("**SPA**") with XMH Holdings Ltd. ("**Purchaser**") for the sale of 2,146,668 shares representing 80% of the issued share capital of ZPA ("**Sale Shares**") held by the Vendors.

Pursuant to the SPA, the Company will dispose of 1,610,000 shares, representing 60% shareholding interest ("**60% Shareholdings**") in ZPA, being the Company's entire shareholding in the issued and paid-up capital of ZPA to the Purchaser ("**Proposal Disposal**").

ZPA has 50% shareholding in a Vietnam-incorporated Company, named Z-Power Automation Co. Ltd. ("**ZPAC**"). Following the Completion of the Proposed Disposal, ZPA will cease to be a subsidiary of the Company and ZPAC will cease to be an associated company of Group.

For the purpose of this Announcement:

"**SGX-ST**" means Singapore Exchange Securities Trading Limited.

"**Parties**" means the parties to SPA, i.e. the Vendors, ZPA, and the Purchaser, and "**Party**" means any of them.

2. INFORMATION ON THE ASSETS TO BE DISPOSED OF AND THE PURCHASER

2.1 Information on Z-Power Automation Pte. Ltd. and Z-Power Automation Co. Ltd.

ZPA was incorporated in Singapore in May 2008.

As at the date of this announcement, ZPA has an issued and paid-up share capital of S\$1,955,008 comprising 2,683,336 ordinary shares, and the shareholding held by the Company, Ang Cheng Siew, See Hoon, Tang Hing Yiu and Tai Mui Foong are as follows: -

Shareholders	No. of Shares	Percentage Shareholding (%)
The Company	1,610,000	60
Ang Cheng Siew	268,334	10
See Hoon	268,334	10
Tang Hing Yiu	268,334	10
Tai Mui Foong	268,334	10
	2,683,336	100

ZPAC was incorporated in Vietnam in January 2012. As at the date of this announcement, ZPAC has an authorised and paid-up capital of VND 6,225 million (equivalent to USD300,000).

ZPA and ZPAC (collectively the “**Sale Entities**”), make up the switchboard sub-division of the Company, specialising in the design and manufacture of marine switchboards, remote control distribution systems, motor control centers, shipboard cable installation and other integrated marine automation products.

As at the date of this announcement, ZPA has the following recognitions:

- It is the appointed agent of Niigata Power System of Japan as their OEM manufacturer for their main engines and propulsion system for marine vessels and provides technical service and maintenance support for their products.
- It is the sales & technical representative for IMESA equipment. IMESA s.p.A is an Italian manufacturer of Medium Voltage (MV) and Low Voltage (LV) switchgears for the marine and offshore industries.
- It is also the authorised distributor for the Valcom marine automation productions for the Singapore and Vietnam markets.
- It was appointed by Lilaas AS of Norway as the service agent for their maritime control levers and joysticks.

2.2 Information on the Purchaser

The Purchaser, XMH Holdings Ltd., was incorporated in Singapore in 2010 and is a company listed on the SGX-ST. The Purchaser and its subsidiaries distribute a wide range of marine and industrial diesel engines, propulsion, power generating solutions (including power generating sets) and related components in the marine and industrial sectors.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL UNDER THE SPA

3.1 Consideration

The aggregate consideration (“**Total Consideration**”) for the Sale Shares is the aggregate of S\$12.8 million. The consideration (the “**Consideration to BHG**”) payable by the Purchaser to the Company for its 60% Shareholdings in ZPA is S\$9.6 million.

The Purchaser shall pay the Total Consideration in full to Vendors no later than 15 business days after the Completion Date (as defined below) or such later date as the parties may mutually agree in writing.

The Total Consideration (including the Consideration to BHG) was mutually arrived after arms’ length negotiations between the Vendors and the Purchaser on a willing seller and willing buyer basis after taking into consideration (i) the agreed valuation of ZPA at S\$16.0 million (ii) the book value of ZPA, (iii) the NTA Warranty (as defined below), (iv) existing order book on hand, business prospect and growth potential.

3.2 Completion Date

Completion of the Proposed Disposal shall be not later than ten (10) business days after the date on which the last of the conditions precedent is fulfilled or waived (the “**Completion Date**”), in any event not later than three (3) months after the date of the SPA, subject to such extension of time as may be agreed in writing between the Parties (the “**Completion**”).

The Parties shall use their best endeavours to complete the Proposed Disposal as soon as practicably possible.

3.3 Conditions Precedent to Completion

Completion of the Proposed Disposal shall be subject to the satisfaction of all the following conditions precedent *amongst others* on or prior to the Completion Date:-

- (a) if required, the requisite approval of the shareholders of the Purchaser at an extraordinary general meeting having been obtained for the transactions contemplated in the SPA;
- (b) if required, the requisite approval of the shareholders of the Company at an extraordinary general meeting having been obtained for the transactions contemplated in the SPA without undue or unreasonable delay;
- (c) the completion of a legal and financial (including tax) due diligence exercise by the Purchaser on the Sale Entities;
- (d) the approval of the SGX-ST for the Proposed Disposal and if such approval is subject to conditions, such conditions being reasonably acceptable to the Vendors and the Purchaser, and such approval remaining in full force and effect at Completion;
- (e) the purchase and transfer of the Sale Shares upon the terms and conditions of the SPA not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or authority of Singapore and any other jurisdictions;
- (f) all approvals and consents from all relevant governmental, statutory, regulatory and other competent authorities in Singapore and any other relevant jurisdictions and any other third parties applicable to the Purchaser and/or any of the Vendors, as the case may be, for the sale and purchase of the Sale Shares;
- (g) the due execution of the shareholders' agreement between the Vendors (other than the Company) and the Purchaser;
- (h) all necessary bank consents and other consents and other approvals having been obtained by the Sale Entities on terms and conditions reasonably acceptable to the Purchaser for the sale and purchase of the Sale Shares;
- (i) there not having been at any time prior to or on Completion the occurrence of any of the following events:-
 - (i) liquidation, bankruptcy or insolvency of any entity within the Sale Entities;
 - (ii) termination of substantially all or part of the business of any entity within the Sale Entities by resolution of the general meeting of their respective shareholders;
 - (iii) appointment of any assignee, receiver or liquidator for substantially all or part of the assets or business of any entity within the Sale Entities; or
 - (iv) attachment, sequestration, execution or seizure of substantially all or part of the assets of any entity within the Sale Entities,
- (j) the resignation of all nominee directors appointed by the Company on the board of directors of ZPA and nominee directors of the Company on the board of directors of ZPAC with effect from the Completion Date;and

- (k) the renewal of the existing service agreements between each of Ang Cheng Siew, Tang Hing Yiu and See Hoon with ZPA for a fixed period of three (3) years with effect from the Completion Date and thereafter renewable for another three (3) years on terms to be mutually agreed.

3.4 Specific Warranties

Each of the Vendors and ZPA shall provide the usual representations and warranties including but not limited to the following:-

- (a) ZPA has and shall have sufficient working capital for its operations and the cash on hand shall not be less than S\$2.0 million as at the date of SPA and the Completion Date as reasonably determined by the Purchaser pursuant to the financial (including tax) due diligence to be conducted by the Purchaser; and
- (b) the net tangible asset value (“NTA”) of ZPA as at the Completion Date shall not be less than S\$7.0 million, as reasonably determined by the Purchaser pursuant to the financial (including tax) due diligence to be conducted by the Purchaser (“NTA Warranty”). If the NTA Warranty is not achieved for whatever reason, the Vendors shall compensate the Purchaser by deducting the full amount of the shortfall between the NTA Warranty and the actual NTA of the Company as reasonably determined by the Purchaser pursuant to the aforesaid financial due diligence as at the Completion Date from the Total Consideration. For the avoidance of doubt, if the NTA Warranty is achieved or exceeded, there shall be no adjustment to the Total Consideration.

3.5 Termination of the SPA

The SPA will be terminated if Completion does not take place on or before three months after the date of the SPA, or such later date as the Parties may mutually agree in writing (“**Long-stop Date**”).

The SPA may be terminated by the Vendors or the Purchaser by written notice to the other Parties prior to Completion and prior to the Long-stop Date as follows: -

- (a) at the election of either the Vendors or the Purchaser as the case may be, if the other party has breached any representation, warranty, undertaking or any term whatsoever under the SPA, which breach cannot be or is not cured by the Long-stop Date; or
- (b) if any of the conditions precedent are not satisfied or are not waived by the Purchaser or (as the case may be) the Company acting for and on behalf of and whose decision in this respect will be conclusive and binding upon all the Vendors on or before the Long-stop Date.

4. FINANCIAL INFORMATION

4.1 Net Asset Value

Based on the latest audited financial statements of the Group for the financial year ended 31 December 2013 (“**FY2013**”), the net asset value represented by the 60% Shareholdings was S\$3,906,548.

4.2 Excess of the Consideration over the Book Value

On the assumption that the NTA Warranty is achieved, the Consideration to BHG represents an excess of S\$5,693,462 over the net book value of the 60% Shareholdings as at 31 December 2013.

The actual excess or deficit of the proceeds over the book value can only be finalised after the Completion.

4.3 Net Profits Attributable to the Sale Entities, and the Gain on the Proposed Disposal

Based on the latest audited financial statements of the Group for FY2013, the net profit attributable to the 60% Shareholdings is S\$1,150,482.

Assuming the Proposed Disposal had been completed on 31 December 2013, the Group would recognize a gain on disposal of approximately S\$5,466,452 at the Group level based on the audited net book value represented by the 60% Shareholdings as at 31 December 2013.

The actual gain or loss on the Proposed Disposal can only be finalised after the Completion.

4.4 Financial Effects

The proforma financial effects of the Proposed Disposal, based on the audited consolidated financial statements of the Group for FY2013, are set out below. The proforma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after completion of the Proposed Disposal.

For the purpose of illustration, it is assumed that the NTA Warranty is achieved and that Total Consideration of S\$12.8 million (including the Consideration to BHG of S\$9.6 million) is payable by the Purchaser to the Vendors pursuant to the terms of SPA.

NTA

Assuming that the Proposed Disposal had been completed on 31 December 2013 and based on the Group's audited consolidated financial statements for FY2013, the effects on the Net Tangible Assets ("NTA") per share of the Group are as follows:

As at 31 December 2013	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	83,225	88,918
Number of issued shares	480,000	480,000
NTA per share (cents)	17.34	18.52

EPS

Assuming that the Proposed Disposal had taken place on 1 January 2013 and based on the Group's audited consolidated financial statements for FY2013, the Proposed Disposal would have the following effects on the Group's earnings per share ("EPS") as presented in the following table:

As at 31 December 2013	Before the Proposed Disposal	After the Proposed Disposal
Profits attributable to shareholders (S\$'000)	2,397	6,846
Number of issued shares	480,000	480,000
EPS (cents)	0.50	1.43

Gearing

The Proposed Disposal has no material financial impact on the gearing ratio (that is total borrowing divided by total shareholders' funds) of the Group.

Share Capital

The Proposed Disposal would not impact on the issued share capital and the number of shares of the Company.

5. RELATIVE FIGURES OF THE DISPOSAL UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the unaudited consolidated financial statements of the Group for the financial year ended 30 September 2014, the relative figures in respect of the Proposed Disposal, as computed on the bases set out in Rule 1006 of the Listing Manual, are as follows:

	Relative Figures (%)
Rule 1006 (a) Net asset value of the assets to be disposed of (S\$7.41million), compared with the Group's net asset value (S\$81.56million)	9.09%
Rule 1006 (b) Net profits ⁽¹⁾ attributable to the assets disposed of (S\$1.69million), compared with the Group's net profits (loss of S\$0.73million)	(232%) ⁽²⁾
Rule 1006 (c) Aggregate value of the consideration given or received (S\$9.60million) ⁽³⁾ , compared with the Company's market capitalisation ⁽⁴⁾ as at 14 November 2014 (S\$59.04million), being the date immediately preceding the execution of the SPA	16.26%
Rule 1006 (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Nil

Notes: -

- (1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.
- (2) The Group has been loss making in the financial period ended 30 September 2014.
- (3) Based on the assumption that the NTA Warranty is achieved and that Total Consideration of S\$12.8 million (including the Consideration to BHG of S\$9.6 million) is payable by the Purchaser to the Vendors pursuant to the terms of SPA.
- (4) The market capitalisation is calculated based on the issued share capital of the Company of 480,000,000 Shares and the weighted average price of S\$0.123 transacted on the Mainboard of the SGX-ST on 14 November 2014, being the latest market day preceding the date of the sale and purchase agreement with transactions on the Company's shares.

The Company will be seeking clarification from the SGX-ST on whether the Proposed Disposal will constitute a major transaction under Rule 1007 of the Listing Manual, thus attracting shareholders' approval. Rule 1007(1) provides that if any of the relative figures computed pursuant to Rule 1006 is a negative figure, Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST.

6. RATIONALE AND USE OF PROCEEDS

- 6.1 The Proposed Disposal provides a good opportunity for the Group to unlock value in the business and consequently maximize returns to its shareholders. The Board is of the view that the Consideration to BHG offered represents an attractive price for the value of its 60% Shareholdings in ZPA.

- 6.2 The proceeds from the Proposed Disposal will go towards repayment of bank borrowings, thus strengthening the financial position of the Group, to finance the growth of the remaining businesses and to capitalise on other business opportunities to enhance the long term value for shareholders. The Group intends to use the net proceeds of the Proposed Disposal to strengthen its capital bases, support its existing business development and provide liquidity for business expansion through acquisitions, joint ventures and collaborations as and when opportunities arise.
- 6.3 Pending the deployment of the net proceeds for the purposes mentioned above, the net proceeds may be placed as deposits with financial institutions or invested in short-term money markets or used for any other purposes on a short-term basis.
- 6.4 After the Proposed Disposal, the Company will continue to be engaged in its existing business interests, including but not limited to distribution of a wide spectrum of marine and offshore electrical products like premium lighting systems, cables, consumables and other electrical equipment, provision of turnkey installation services for fire and gas, safety and security systems and other marine sub-contracting businesses targeted at new build, repairs and retrofitting projects, manufacturing and supply of specialty steel wire.

7. OTHER MATTERS

7.1 Interest of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company have any direct or indirect interest in the SPA or the Proposed Disposal, other than through their respective shareholdings in the Company.

7.2 Service contracts of the Directors

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries or associated companies in connection with the Proposed Disposal.

7.3 Directors' responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the SPA, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

The Directors confirm that the terms of the Proposed Disposal do not contravene any laws and regulations governing the Company and the articles of association of the Company.

7.4 Documents for Inspection

A copy of the SPA and independent valuation report will be available for inspection during normal business hours at the Company's registered office at 8 Penjuru Lane Singapore 609189 for three (3) months from the date hereof.

BY ORDER OF THE BOARD

Alvin Lim Hwee Hong
Executive Chairman

17 November 2014