

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

Rights Issue. The Board of Directors ("**Directors**") of BH Global Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing to undertake a renounceable non-underwritten rights issue (the "**Rights Issue**") of up to 179,999,992 new ordinary shares in the capital of the Company ("**Rights Shares**"), at an issue price of S\$0.085, for each Rights Share ("**Issue Price**"), on the basis of three (3) Rights Shares for every two (2) existing ordinary shares in the issued and paid up capital of the Company ("**Shares**") held by Entitled Shareholders (as defined below) as at the date and time to be determined by the Directors, at and on which the register of members and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders (the "**Books Closure Date**") under the Rights Issue, fractional entitlements to be disregarded. The Rights Issue is subject to, *inter alia*, the approvals set out in paragraph 5 below.

2. IRREVOCABLE UNDERTAKINGS

2.1 **Irrevocable Undertakings.** As at the date of this announcement, the number of Shares held and the percentage proportion held in the Company's issued and paid-up share capital by each of the Undertaking Shareholders (as defined below) is as follows:

Undertaking Shareholders	Direct Interest		Deemed Interest	
	Shares	%	Shares	%
Beng Hui Holding (S) Pte. Ltd.	71,668,900	59.72	-	-
Vincent Lim Hui Eng ⁽¹⁾⁽⁵⁾	951,172	0.80	71,668,900	59.72
Patrick Lim Hui Peng ⁽²⁾⁽⁵⁾	951,172	0.80	71,668,900	59.72
Johnny Lim Huay Hua ⁽³⁾⁽⁵⁾	951,172	0.80	71,668,900	59.72
Eileen Lim Chye Hoon ⁽⁴⁾⁽⁵⁾	729,285	0.61	71,668,900	59.72

Notes:

- (1) Vincent Lim Hui Eng holds 21.00% of the issued share capital in Beng Hui Holding (S) Pte. Ltd.
- (2) Patrick Lim Hui Peng holds 21.00% of the issued share capital in Beng Hui Holding (S) Pte. Ltd.
- (3) Johnny Lim Huay Hua holds 21.00% of the issued share capital in Beng Hui Holding (S) Pte. Ltd.
- (4) Eileen Lim Chye Hoon holds 16.00% of the issued share capital in Beng Hui Holding (S) Pte. Ltd.
- (5) Vincent Lim Hui Eng, Patrick Lim Hui Peng, Johnny Lim Huay Hua and Eileen Lim Chye Hoon are siblings.

Accordingly, the Undertaking Shareholders will be entitled to subscribe for an aggregate of 112,877,551 Rights Shares.

In order to show its support for the Rights Issue and to demonstrate its commitment and confidence in the prospects of the Group, each of Beng Hui Holding (S) Pte. Ltd. ("**Beng Hui**"), Mr Vincent Lim Hui Eng, Mr Patrick Lim Hui Peng, Mr Johnny Lim Huay Hua and Ms Eileen Lim Chye Hoon, (collectively, the "**Undertaking Shareholders**") had on 28 September 2018, pursuant to deeds of undertaking (the "**Undertakings**"), irrevocably and unconditionally undertaken to the Company to subscribe for and/or procure the subscription of their pro-rata entitlement of the Rights Shares under the Rights Issue.

In addition, Beng Hui has pursuant to its Undertaking irrevocably and unconditionally undertaken to the Company to subscribe for and/or procure the subscription of any excess Rights Shares not subscribed for by the Entitled Shareholders (other than the Undertaking Shareholders).

- 2.2 On the assumption that the Rights Issue is fully subscribed by all Entitled Shareholders and no new Share is issued on or prior to completion of the Rights Issue, upon completion of the Rights Issue, the Undertaking Shareholders will have a total interest in approximately 62.71% of the enlarged share capital of the Company.
- 2.3 On the assumption that there are no subscription applications for the Rights Shares by the Entitled Shareholders (other than the Undertaking Shareholders), and that Beng Hui subscribes for all such excess Rights Shares, the Undertaking Shareholders would have a total interest in approximately 85.08% of the enlarged share capital of the Company.
- 2.4 **Payment by the Undertaking Shareholders.** Beng Hui previously extended a loan of S\$11,500,000 to the Company ("**Beng Hui Loans**"). The aggregate payment for the subscription of Beng Hui pro-rata entitlement of the Rights Shares under the Rights Issue is to be satisfied entirely by the offsetting of the outstanding amount of Beng Hui Loans. After such offsetting, there remains a balance of S\$2,362,215 ("**Balance Sum**") due by the Company to Beng Hui.

The details of the loans extended by Beng Hui are as follows:

	Amount to be paid for pro-rata entitlement of the Rights Shares	Offsetting against Beng Hui Loans	Balance due by the Company to Beng Hui (i.e. Balance Sum)
Beng Hui	S\$9,137,785	S\$11,500,000	S\$2,362,215

- 2.5 To demonstrate their commitment to the Group, Mr Vincent Lim Hui Eng, Mr Patrick Lim Hui Peng, Mr Johnny Lim Huay Hua and Ms Eileen Lim Chye Hoon will subscribe for their pro-rata entitlement of Rights Shares arising from their direct interest in the Shares in cash and will not apply the Balance Sum towards such subscription.
- 2.6 The payment for the subscription by Beng Hui, pursuant to its Undertaking, of any excess Rights Shares not subscribed for by the Entitled Shareholders (other than the Undertaking Shareholders), is to be satisfied by the offsetting of the Balance Sum and any shortfall will be satisfied by Beng Hui in cash. On the assumption that there are no subscription applications for the Rights Shares by the Entitled Shareholders (other than the Undertaking Shareholders), and that Beng Hui subscribes for all such excess Rights Shares, the total subscription amount payable by Beng Hui for such excess Rights Shares is S\$5,705,407 of which S\$2,362,215 will be satisfied by offsetting of the Balance Sum and balance subscription amount payable by Beng Hui in cash would be S\$3,343,192.
- 2.7 The Undertaking Shareholders have demonstrated to the Company that they have sufficient funds in their respective bank accounts to fulfil their obligations under the Undertakings.
- 2.8 The Undertakings by the each of the Undertaking Shareholder as set out above are subject to and conditional upon the following:
- receipt of the listing and quotation notice granted by the SGX-ST for the listing and quotation of the Rights Shares on the Main Board of the SGX-ST;
 - the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at an extraordinary general meeting (the "**EGM**") to be convened by the Company in due course; and

- (c) the lodgment of the Offer Information Statement (as defined below) together with all other accompanying documents by the Company with the Monetary Authority of Singapore.
- 2.9 Based on the Undertaking Shareholders' aggregate interest in the Shares of the Company, as at the date of this Announcement, the acquisition of the Rights Shares by the Undertaking Shareholders pursuant to the Undertaking will not (a) result in the Undertaking Shareholders being obliged to make a mandatory general offer under the Singapore Code on Take-overs and Mergers for Shares; or (b) result in the Company failing to comply with the free float requirement in Rule 723 of the SGX-ST Listing Manual.

3. RATIONALE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

3.1 **Rationale of the Rights Issue.** The Rights Issue has been proposed to raise funds towards improving the Group's working capital position, strengthening the Group's financial position and thereby providing the Group with more flexibility and enhancing its ability to formulate, strategise and execute its business plans. A stronger financial position will also allow the Group to seize any opportunities for business growth and expansion into other business area in a timely manner as and when opportunities arise.

3.2 Use of Proceeds.

On the basis that none of the Entitled Shareholders (other than the Undertaking Shareholders who subscribe for the Rights Shares in accordance with the terms of the Undertakings) subscribes for any Right Shares, the entire 179,999,992 Rights Shares under the Rights Issue will be paid for by the Undertaking Shareholders by offsetting all of the Beng Hui Loans and a cash payment of approximately S\$3.8 million ("**Minimum Subscription Scenario**"), and the estimated net proceeds (the "**Net Proceeds**") after deducting estimated expenses of approximately S\$0.3 million are expected to be approximately S\$3.5 million.

On the basis that all the Entitled Shareholders subscribe in full for their pro rata Rights Shares under the Rights Issue, 107,503,350 of the 179,999,992 Rights Shares under the Rights Issue will be paid for by Beng Hui by offsetting part of the Beng Hui Loans to leave the Balance Sum and the remaining 72,496,642 Rights Shares under the Rights Issue will be paid for in cash of approximately S\$6.2 million ("**Maximum Subscription Scenario**"), and the Net Proceeds after deducting estimated expenses of approximately S\$0.3 million are expected to be approximately S\$5.9 million.

The Company intends to use the entire Net Proceeds from the Rights Issue under both the Maximum Subscription Scenario and the Minimum Subscription Scenario in accordance to the proportions set out below:

Use of Proceeds	Maximum Subscription Scenario		Minimum Subscription Scenario	
	(S\$ mil)	%	(S\$ mil)	%
R&D activities and patents applications	1.9	32.20	1.8	51.43
Expansion of production facilities, product range, engineering capabilities, cyber security operation and digitalisation service offerings	2.0	33.90	1.4	40.00
Repayment of borrowings	0.8	13.56	-	-
General working capital	1.2	20.34	0.3	8.57

Total Net proceeds arising from the Rights Issue	5.9	100.00	3.5	100.00
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The above allocations are based on the Maximum Scenario and the Minimum Scenario only. In the event the Net Proceeds fall in between the Maximum Scenario and the Minimum Scenario, the Company will make the necessary announcements on the allocations when the final Net Proceeds have been determined. It is anticipated that the allocations would not deviate significantly from the above illustrations.

Pending the deployment of the Net Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of such proceeds from the Rights Issue as and when such proceeds are materially disbursed and provide a status report on the use of the proceeds in the Company's annual report. Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of proceeds for working capital in the announcements and status reports.

- 3.3 The Directors are of the reasonable opinion that, barring unforeseen circumstances and after taking into consideration:
- (a) the Group's internal resources, operating cash flow, present banking facilities and the financial support from Beng Hui, the working capital available to the Group is sufficient to meet its present requirements; and
 - (b) the Group's internal resources, operating cash flow, present banking facilities, the net proceeds of the Rights Issue and the financial support from Beng Hui, the working capital available to the Group is sufficient to meet its present requirements.

4. PRINCIPAL TERMS OF THE RIGHTS ISSUE

- 4.1 **Terms.** The Company is proposing the Rights Issue to be offered on a renounceable non-underwritten basis to Entitled Shareholders (as defined below) on the basis of three (3) Rights Shares for every two (2) existing Shares held by Entitled Shareholders (as defined below) as at the Books Closure Date, fractional entitlements to be disregarded.
- 4.2 **Issue Price.** The Issue Price is proposed to be S\$0.085 per Rights Share. The Issue Price represents a discount of:
- (a) approximately 46.88% to the closing market price of S\$0.16 per Share for trades done on the SGX-ST on 24 August 2018, being the last trading day of the Shares on which the Shares were transacted on the SGX-ST prior to this announcement; and
 - (b) approximately 26.09% to the theoretical ex-rights price of S\$0.115 per Share ("**Theoretical Ex-Rights Price**"). The Theoretical Ex-Rights Price per Share is calculated based on the closing market price of S\$0.16 per Share on the SGX-ST on 24 August 2018, being the last trading day of the Shares on the SGX-ST prior to this announcement.
- 4.3 **Size.** Based on the existing share capital of the Company of 119,999,995 Shares, as at the date of this announcement, 179,999,992 Rights Shares will be issued under the Rights Issue and upon completion of the Rights Issue, the share capital of the Company will be increased to 299,999,987 Shares ("**Enlarged Share Capital**").
- 4.4 **Eligibility of Shareholders to Participate in the Rights Issue.** The Company proposes to provisionally allot Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), comprising Entitled Depositors and Entitled Scripholders (both as defined below), on the basis of their shareholdings as at the Books Closure Date.

Entitled Shareholders will be entitled to participate in the Rights Issue and receive the offer information statement to be issued for the Rights Issue (the "**Offer Information Statement**") together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited ("**CDP**") or the Share Registrar (as defined below), as the case may be.

- 4.5 **Entitled Depositors.** Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have registered addresses outside Singapore and provided CDP with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) market days prior to the Books Closure Date ("**Entitled Depositors**").

Entitled Depositors will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

- 4.6 **Entitled Scripholders.** Entitled Scripholders are Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names, and (iii) registered addresses with the Company's share registrar, Tricor Barbinder Share Registration Services (the "**Share Registrar**"), are in Singapore as at the Books Closure Date or who have registered addresses outside Singapore and provided the Share Registrar with addresses in Singapore for the service of notices and documents not later than 5.00 p.m. (Singapore time) on the date falling three (3) market days prior to the Books Closure Date and persons who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date ("**Entitled Scripholders**").

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Share Registrar, in order to be registered to determine the transferee's provisional allotments of Rights Shares entitlements.

- 4.7 **Foreign Shareholders.** For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Rights Shares will NOT be offered to Shareholders with registered addresses outside Singapore and who have not, at least three (3) market days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The Offer Information Statement to be issued for the Rights Issue and accompanying documents will not be mailed outside Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue. No provisional allotment of Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application for any excess Rights Shares therefore by any Foreign Shareholder will be valid.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the discretion of the Company, be sold "nil-paid" on the SGX-ST, as soon as practicable, after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be dealt with in accordance with the terms set out in the Offer Information Statement.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

4.8 **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitlements which are not allotted or taken up for any reason (including any fractions of a Rights Share) will be aggregated and issued to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots. Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment or issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders at a general meeting.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

4.9 **Offer Information Statement.** The terms and conditions of the Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement to be lodged with the SGX-ST, acting as an agent on behalf of the Authority, and despatched by the Company to Entitled Shareholders in due course, subject to paragraph 6 below.

4.10 **Ranking.** The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares, for any dividends, rights, allotments or other distributions, the record date for which falls on or after the date of issue of the Rights Shares.

4.11 **Non-Underwritten Rights Issue.** In view of the Undertakings, and the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Rights Issue without having the Rights Issue being underwritten by any financial institution.

4.12 **Manager of the Rights Issue.** The Company has appointed CEL Impetus Corporate Finance Pte Ltd as the Manager for the Rights Issue.

4.13 **Odd Lots.** Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on the SGX-ST should note that they will be able to do so on the Unit Share Market.

5. APPROVALS

The Rights Issue is subject to, *inter alia*, the following:

- (a) the in-principle approval of the SGX-ST for the listing and quotation of the Rights Shares on the Main Board of the SGX-ST;
- (b) the Rights Issue, including the allotment and issue of the Rights Shares, being approved by Shareholders at the EGM; and
- (c) the lodgement of the Offer Information Statement together with all other accompanying documents (if applicable) with the SGX-ST, acting as an agent on behalf of the Authority.

An application will be made by the Company to obtain the SGX-ST's approval for the listing of and quotation for the Rights Shares. An appropriate announcement on the outcome of the application will be made in due course.

6. GENERAL

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem appropriate. Subject to Section 5 above, an Offer Information Statement containing further details on the Rights Issue will be lodged with the SGX-ST, acting as an agent on behalf of the Authority and despatched to Entitled Shareholders in due course.

7. CIRCULAR AND EGM

The Company will be convening an EGM to seek Shareholders' approvals for, *inter alia*, the Rights Issue, and a circular will be despatched by the Company to the Shareholders in due course.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the Undertaking Shareholders, none of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

9. 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 Rights Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

BY ORDER OF THE BOARD

Vincent Lim Hui Eng
Executive Chairman and Chief Executive Officer
28 September 2018