

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 2020:

Update on Financial Situation

In line with SGX’s risk-based approach to Quarterly Reporting, the Group is no longer required to issue quarterly results.

Despite heightened uncertainty attributable to the ongoing COVID-19 pandemic and erratic oil prices, the Group’s financial performance for FY2020 remains positive to date.

The Group’s revenue for the first quarter of 2020 (“**1Q2020**”) compared with the first quarter of 2019 (“**1Q2019**”) has increased by about S\$2 million or about 20%, mainly driven by higher sales revenue from its Electrical and Technical Supply Division, Infrared and Thermal Sensing Technology Division and Integration Engineering Division.

Infrared and Thermal Sensing Technology Division

Triggered by the widespread COVID-19 outbreak, the Group’s 76% subsidiary Omnisense Systems Pte Ltd saw growing opportunities through the pick-up in the number of enquiries and orders for its Mass Fever Screening System (“**MFSS**”) from both local and overseas buyers since the beginning of FY2020. Currently, the Group is in the process of ramping up its production capacity to meet the increasing demand.

Revenue for the Infrared and Thermal Sensing Technology Division has increased by S\$1.1 million or 116% in 1Q2020 compared to 1Q2019. As at the date of this announcement, the orderbook for the MFSS stands at around S\$8 million for which delivery is expected to be completed progressively over the next six months. Uncertainties remain as the COVID-19 situation evolves. The Group may face challenges in securing the necessary components for production, shipping and freight costs may also increase sharply due to restricted logistical operations worldwide.

Electrical and Technical Supply Division and Integration Engineering Division

The Group’s Electrical and Technical Supply and Integration Engineering Divisions have seen increase in revenues in 1Q2020 compared to 1Q2019 of \$0.5 million and \$0.8 million,

or 7% and 854% respectively, mainly due to increased level of business activities of customers during this period. In particular, BOS Offshore and Marine Pte Ltd has seen increase in revenues from its supply of Glass Reinforced Epoxy (“**GRE**”) materials and related turn-key engineering projects in shipyards in Singapore and Japan following the commencement of this new business operations in late FY2018.

The Group’s Electrical and Technical Supply Division continues to be profitable in 1Q2020, however the Integration Engineering Division has registered a loss for 1Q2020 despite the increase in revenue compared to the previous comparative period, mainly attributable to the impact from the emergence of the COVID-19 epidemic as discussed in the section below.

Cyber Security Division

Revenue for the Group’s Cyber Security Division decreased by about \$0.5 million or 78% in 1Q2020 compared to 1Q2019 due to slower take-up of its solutions by customers. The Group is continuing to work on securing new projects and customers for this division.

Update on Future Direction

While the COVID-19 pandemic has led to increased orders for the Group’s MFSS, it has also led to reduced level of operations for the Group’s customers. For instance, Singapore’s recent enhanced circuit breaker measures to curb the viral spread has led to reduced level of activities in shipyards. Further, some of the Group’s sub-contractors had to stop operations altogether at the directive of the Ministry of Trade and Industry. This may lead to delays in the Group’s ability to deliver on the project scope of its Integration Engineering Division. The full impact cannot be determined at this point. While there are delays of projects and slowing orders, there are also many customers continuing operations as essential services companies and exempted from the suspension of activities under the Government’s enhanced circuit breaker measures.

The COVID-19 impact notwithstanding, the Group is optimistic and is looking to extend its diversification strategy into FY2020. The Group has successfully expanded its business from supplying electrical and technical equipment to the offshore and marine industry to cybersecurity, infrared thermal sensing technology and even sustainability, leading to a profitable FY2019.

Given a profitable FY2019, the Group has satisfied one out of two conditions of the Financial Exit Criteria pursuant to Rule 1314 of the SGX-ST Listing Manual (“Financial Exit Criteria”), being the recording of consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts). To fulfil the Financial Exit Criteria, the Group needs to achieve an average daily market capitalisation of S\$40 million or more over a 6 months period.

The Group has submitted an application to the SGX-ST on 30 April 2020 to seek an extension of 12 months from the deadline prescribed under Rule 1315 of the Listing Manual to allow the Company to meet the Financial Exit Criteria on or before 4 June 2021.

BY ORDER OF THE BOARD

Vincent Lim Hui Eng
Executive Chairman and Chief Executive Officer
30 April 2020