

**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 30 June 2019:

**Update on Financial Situation**

The Group has released its financial statement for the quarter ended 30 June 2019 (“2Q2019”) on 8 August 2019. Shareholders should refer to the announcement for full details.

Revenue for 2Q2019 increased by 17% to \$10.77 million compared with 2Q2018 due to marine cables and accessories increased by 34% to \$5.78 million, marine lighting equipment and accessories decreased by 23% to \$2.33 million and Lamp and others increased by 8% to \$1.01 million compared with 2Q2018, while the Security division registered a revenue of \$0.62 million in 2Q2019 as compared to \$0.86 million in 2Q2018 and Engineering services registered a revenue of \$1.03 million in 2Q2019 as compared to \$0.09 million in 2Q2018. The Group recorded a net profit of \$0.34 million in 2Q2019 as compared to a net loss of \$1.31 million in 2Q2018 due mainly to higher revenue, lower provision for doubtful debts expenses and lower personnel related costs, partially offset by higher provisions for stock obsolescence.

Revenue for 1H2019 increased by 27% to \$21.10 million compared with 1H2018 due to marine cables and accessories increased by 37% to \$11.06 million, marine lighting equipment and accessories decreased by 13% to \$4.43 million and Lamp and others increased by 11% to \$2.28 million compared with 1H2018, while the Security division registered a revenue of \$2.20 million in 1H2019 as compared to \$1.20 million in 1H2018 and Engineering services registered a revenue of \$1.13 million in 1H2019 as compared to \$0.16 million in 1H2018. The Group recorded a net profit of \$0.51 million in 1H2019 as compared to a net loss of \$3.67 million in 1H2018 mainly due to higher revenue, lower provision for doubtful debts and impairment expenses and amortization of intangible assets, partially offset by higher provisions for stock obsolescence.

At 30 June 2019, the Group had cash and cash equivalents as per statement of cash flows of \$5.63 million (30 June 2018: \$6.71 million) and net current assets of the Group amounted to \$23.03 million (31 December 2018: \$8.43 million).

## **Update on Future Direction**

BH Global rides into the second half of the year with cautious optimism, especially in light of recent macro-economic challenges posed by, for instance, the US-China trade war.

Notwithstanding oil price volatility in the first half of the year, upstream Offshore and Marine (O&M) activities continue to see improvement with more of the Group's customers registering higher business activities during the first half, translating to a second consecutive quarter of profitability.

The Supply Chain Management Division, the Group's core business, firmed its footing in the first half through posting a 17% year-on-year revenue increase to S\$17.8 million for 1H2019, after returning to profitability in FY2018. Ahead of the International Maritime Organisation regulation which caps sulphur content for marine fuels to 0.5% from 2020 onwards ("IMO 2020"), the Group anticipates elevated demand for its electrical supply and management solutions from offshore marine clientele looking to upgrade their vessels to comply with the regulatory requirements.

While still in its nascent stage, the Engineering Services Division made steady headway in the first half of the year on its Glass Reinforced Epoxy ("GRE") pipes supply and installation projects. As with the Group's Supply Chain Management, IMO 2020 has also fuelled demand for the Engineering services turn-key solutions in GRE pipe material supplies, pre-fabrications, engineering designs, installations and commissioning. To that end, the Group announced in July 2019 that it secured 11 projects worth S\$3.8 million involving the supply, engineering, fabrication and installation of GRE pipes to be delivered in Japanese and Chinese shipyards, related to the retrofitting of marine scrubber and ballast water management systems ahead of IMO 2020. The division also secured exclusive distribution rights of Future Pipes Industries (FPI) GRE pipes in Singapore, Japan and Vietnam. 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 IMO 2020. 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 increased attention towards targeting solutions supporting green practices and sustainability development.

The Group's Security Division, which covers both cybersecurity and surveillance security, continued its commitment to drive growth through both harnessing internal capabilities and forging partnerships. On the cybersecurity front, the first half saw the division enter into a strategic partnership with Israeli firm Sasa-Software to establish a regional hub in Singapore in its bid to provide Content Dis-arm and Re-construction (CDR) technologies in Asia Pacific. Focus for the surveillance security unit remains on product design and development, with an additional R&D facility set up in Taipei to expedite the launch of a series of advanced sensing system products.

For its LED lighting systems business, the Group's associated company, GL Lighting Holding Pte Ltd ("GLH"), has held official opening ceremony of its Kunshan plant in June 2019. The new factory, which commenced production in 1Q2019, houses 22,500 square meters of mechanical and electronic production facilities and will enable the business to take on long-term Original Equipment Manufacturing (OEM) and Original Design Manufacturing (ODM) contracts.

## **BY ORDER OF THE BOARD**

Vincent Lim Hui Eng  
Executive Chairman and Chief Executive Officer  
8 August 2019