CSE GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number:198703851D)
(the "**Company**")

ACQUISITION OF 100% OF GULF COAST POWER & CONTROL OF LOUISIANA, L.L.C.

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1. INTRODUCTION

The Board of Directors ("**Board**") of CSE Global Limited (the "**Company**" or "**CSE**") wishes to announce that its wholly-owned subsidiary, CSE W-Industries, Inc. has entered into a sales and purchase agreement ("**SPA**") with Dewitt N. Poole, Brady C. Rutledge and Rutson Investments, L.L.C. (collectively known as "**Sellers**") to acquire 100% of Gulf Coast Power & Control of Louisiana, L.L.C. ("**Gulf Coast Power & Control**"), for an initial cash consideration of US$4.85 million (approximately S$7.02 million), and upon meeting certain profit targets for 2017 and 2018, up to additional cash consideration of US$500,000, giving a maximum cash consideration of US$5.35 million (approximately S$7.74 million), ("**Acquisition**").

2. INFORMATION ON GULF COAST POWER & CONTROL

Gulf Coast Power & Control ("**GCPC**"), incorporated in United States of America, is principally engaged in the provision of equipment and services for the midstream and downstream oil and gas industry, mainly in the Lake Charles city on the Gulf Coast.

3. RATIONALE FOR THE ACQUISITION

3.1 CSE and its subsidiaries are principally engaged in the provision of automation, telecommunications and security solutions to the oil and gas, infrastructure and mining industries.

3.2 The Acquisition is in line with the long term business plans of CSE to expand its services into the midstream and downstream oil and gas sector, and extend its geographical coverage.

3.3 CSE believes the acquisition of Gulf Coast Power & Control is complementary to CSE's existing businesses and will provide positive contribution to the Group in the future.

4. PRINCIPAL TERMS OF THE ACQUISITION

4.1 Consideration

The aggregate consideration for the acquisition of GCPC shall be US$4,850,000 (S$7,019,890) ("**Consideration**"), subject to adjustments for any changes in working capital value within 90 days from the date of SPA. An additional consideration of US$500,000 (S$723,700) will be payable to the Sellers upon the achievement of the EBITDA (known as "earnings before interest, tax, depreciation and amortization") targets of US$1.2 million per annum set for 2017 and 2018 respectively. The Consideration was arrived at following arm's length negotiations between CSE and the Sellers on a willing-buyer-willing-seller basis, after taking into consideration the following factors:-

i. The profit before tax of US$1,168,469 (S$1,691,242) for the financial year ended 31 December 2016 of GCPC;
ii. The net book value of GCPC as at completion of US$767,190 (S$1,110,431);
iii. The strategic fit between GCPC and CSE businesses and operations;
iv. The established track record of GCPC in United States of America;
v. The future prospects of GCPC.

The Acquisition is payable in cash and funded from internal resources.

5. FINANCIAL EFFECTS

The *pro forma* financial effects of the Acquisition, based on the audited consolidated financial statements of the Group ("CSE Global Limited and its subsidiaries") for the financial year ended 31 December 2015, are set out below.

The *pro forma* financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Acquisition. Transaction costs for the Acquisition are ignored for computation purposes.

Key assumptions:

a. Consideration is US$4,850,000 (S$7,019,890);
b. The exchange rate of 1 US$ to S$ is 1.4474;
c. US tax rate assumed at 35%
d. Book value of GCPC is US$767,190 (S$1,110,431)
e. No financing cost relating to the acquisition;
f. Profit after tax of GCPC for FY2016 is US$759,505 (S$1,099,307).

5.1 Net Tangible Assets

Assuming that the Proposed Acquisition was completed on 31 December 2015, the effect on the net tangible assets ("**NTA**") per share of the Group would be as follows:

	Before the Acquisition	**After the Acquisition**
NTA (S$'000)	196,759	190,850
Number of issued shares ('000)	516,068	516,068
NTA per share (S$ cents)	38.13	36.98

5.2 Earnings per Share

Assuming that the Proposed Acquisition was completed on 1 January 2015, the effect on the earnings per share ("**EPS**") of the Group would be as follows:

	Before the Acquisition	**After the Acquisition**
Profit attributable to shareholders (S$'000)	34,066	35, 165
Number of issued shares ('000)	516,068	516,068
EPS (S$ cents)	6.60	6.81

6. RELATIVE FIGURES OF THE ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

6.1 Relative Figures Pursuant to Rule 1006 of the Listing Manual

The relative figures in respect of the Acquisition, as computed on the bases set out in Rule 1006 of the Listing Manual and based on the latest announced unaudited consolidated financial statements of the Group for the period ended 30 September 2016, are as follows:

Bases of calculation		**Size of relative figures (%)**
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable[1]
(b)	The net profits[2] attributable to the assets acquired or disposed of, compared with the Group's net profits.	7.06% [3]
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation[4] based on the total number of issued shares excluding treasury shares.	2.96%[5]
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves[6].	Not applicable

Notes:

(1) This base is not applicable to an acquisition of assets.

(2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) Based on the unaudited profit before tax of GCPC of US$946,331 (S$1,369,719) for the period ended 30 September 2016 and the Group's unaudited net profits of S$19,387,445 for the period ended 30 September 2016.

(4) The market capitalisation of the Company is determined by multiplying the Company's total number of issued shares of 516,067,852 by S$0.46, being the weighted average share price of the Company's shares on 5 January 2017, being the market day preceding the date of the SPA.

(5) Based on the Consideration payable by the Company.

(6) This is only applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

As the relative figures under Rule 1006 (b) exceed 5% but do not exceed 20%, the Acquisition constitutes a Discloseable Transaction as defined under Chapter 10 of SGX-ST Listing Manual.

7. SERVICE AGREEMENTS

No person will be appointed to the Board in connection with the Acquisition and no service contracts in relation thereto will be entered into by the Company.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings in the Company.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection during normal business hours at the registered office of CSE at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 for a period of three (3) months from the date of this announcement.

10. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments on the Acquisition.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
12 January 2017