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

PROPOSED ACQUISITION OF CERTAIN ASSETS OF CC AMERICAN GROUP

---

1. INTRODUCTION

1.1 The Board of Directors ("**Board**") of CSE Global Limited (the "**Company**" or "**CSE**") wishes to announce that its wholly-owned subsidiary, CSE Americas Inc. together with its subsidiaries, has acquired certain assets ("**Acquired Assets**") of C C American Oilfield, L.L.C. and ROC-MAR, Inc. (jointly known as "**CC American Group**") from Kenneth R. Martin, Solo Energy, L.P., and C C American Oilfield, L.L.C. (collectively known as "**Sellers**") under an asset purchase agreement ("**APA**"), ("**Proposed Acquisition**").

2. INFORMATION ON CC AMERICAN GROUP ("CCAG")

CCAG, incorporated in United States of America, is a certified ASME-code and non-code company principally engaged in the business of manufacturing and repairing pressure vessels for wellhead oil and gas production. CCAG also manufactures and services a wide range of production equipment including, but not limited to separators, fuel scrubbers, filter separators, production skids and line heaters.

3. RATIONALE FOR THE PROPOSED 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 Proposed Acquisition is in line with the long term business plans of CSE to expand through acquisition of companies with specialized skills and technologies complementary to the existing businesses of CSE and strengthen its geographical coverage.

3.3 With the acquisition, there will be stronger alignment of CSE's customer base and the current and potential customer base of CCAG. CSE has strong relationships with many of the large, active producers in the Eagle Ford shale region. The addition of an ASME certified vessel manufacturer to CSE will create opportunities in new markets, especially midstream processing.

3.4 CSE believes the acquisition of CCAG will provide future growth to the Group, though CCAG's business in the short term may be impacted due to the current low oil prices.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 Consideration

The aggregate consideration for the Acquired Assets shall be US$6,050,000 (S$8,651,500) ("**Consideration**") is payable to the Sellers upon signing of the APA, subject to any adjustments for the net asset value taken over within 90 days from the date of the APA. An additional consideration of US$750,000 (S$1,072,500) will be payable to the Sellers upon the achievement of the profit before tax targets of US$4 million per annum set for 2015 and 2016 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$3,814,626 (S$5,454,915) for the financial year ended 31 December 2014 of CCAG as tabled under the financial effects of the acquisition;
ii. The profit before tax of US$2,385,965 (S$3,411,930) for the 9 months ended 30 September 2015 of CCAG;
iii. The profit before tax targets set for 2015 and 2016;
iv. The net book value of Acquired Assets as at completion of US$1,437,329 (S$2,055,380);
v. The strategic fit between CCAG and CSE businesses and operations;
vi. The established track record of CCAG in United States of America;
vii. The future prospects of CCAG.

The Proposed Acquisition will be financed using internal resources and bank borrowings.

5. FINANCIAL EFFECTS

The *pro forma* financial effects of the Proposed Acquisition, based on the audited consolidated financial statements of the Group ("CSE Global Limited and its subsidiaries") for the financial year ended 31 December 2014, 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 Proposed Acquisition. Transaction costs for the Proposed Acquisition are ignored for computation purposes.

Key assumptions:
a. Consideration is US$6.05 million (S$8.652 million);
b. CSE borrows US$6.05 million (S$8.652 million) at 3% interest rate per annum;
c. The exchange rate of 1US$ to S$ is 1.43;
d. US tax rate assumed at 35%
e. Book value of Acquired Assets is US$1.437 million (S$2.055 million)

Proforma financials for CCAG after taking into account interest expenses:

	S$'000
Profit after tax	3,546
Interest expenses	(260)
Addition to CSE's profit after tax	3,286

5.1 Net Tangible Assets

Assuming that the Proposed Acquisition was completed on 31 December 2014, the effect on the net tangible assets ("**NTA**") per share of the Group would be as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
NTA (S$'000)	165,991	159,394
Number of issued shares ('000)	516,068	516,068
NTA per share (S$ cents)	32.16	30.89

5.2 Earnings per Share

Assuming that the Proposed Acquisition was completed on 1 January 2014, the effect on the earnings per share ("**EPS**") of the Group would be as follows:

	Before the Proposed Acquisition	**After the Proposed Acquisition**
Profit attributable to shareholders (S$'000)	35,357	38,643
Number of issued shares ('000)	516,068	516,068
EPS (S$ cents)	6.85	7.49

6. RELATIVE FIGURES OF THE PROPOSED 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 Proposed 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 2015, 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.	9.83(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.	3.81(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 CCAG of US$2,385,965 (S$3,411,930) for the period ended 30 September 2015 and the Group's unaudited net profits of S$34,725,000 for the period ended 30 September 2015.

.

(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$0.44, being the weighted average share price of the Company's shares on 15 January 2016, being the market day preceding the date of the APA.

(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 Proposed 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 Proposed 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 Proposed Acquisition, other than through their respective shareholdings in the Company.

9. DOCUMENTS FOR INSPECTION

A copy of the APA 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 Proposed Acquisition.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
19 January 2016