

CSE GLOBAL LIMITED

(Company Registration No. 198703851D)
(Incorporated in Singapore)

DISPOSAL OF 66% SHAREHOLDING IN THE ISSUED SHARE CAPITAL OF POWER DIESEL ENGINEERING PTE. LTD. (“POWER DIESEL”)

1. Introduction

- 1.1 The Board of Directors of CSE Global Limited (“**CSE**”) wishes to announce that CSE had entered into a sale and purchase agreement with IMR Power Pte. Ltd. (the “**Purchaser**”) to dispose of CSE’s shares (the “**Sale Shares**”) representing 66% of the issued share capital of Power Diesel (the “**Disposal**”).
- 1.2 The remaining 34% shares in Power Diesel were held 32% by Tan Mok Koon (“**TMK**”) and 2% by Vivek Mohan Dixit (“**Vivek**”). Both TMK and Vivek also entered into the same agreement to dispose of their shares to the Purchaser.
- 1.3 Completion of the Disposal (“**Completion**”) took place today immediately after the signing of the sale and purchase agreement. Following Completion, Power Diesel ceased to be a subsidiary of CSE.

2. Background and rationale for the Disposal

- 2.1 Power Diesel is a private limited company incorporated in Singapore on 22 November 2004. It is in the business of inspection, maintenance, repair and overhaul of diesel and marine engines and associated mechanical equipment onboard vessels and offshore installations in the marine and offshore industry. Power Diesel has an issued and paid up share capital of S\$100,000 comprising 100,000 ordinary shares.
- 2.2 The rationale for the Disposal would enable CSE to focus on its process controls and communication and security businesses.

3. Consideration

- 3.1 The consideration for the Sale Shares of S\$15,470,380 (the “**Sale Consideration**”) was paid in cash by the Purchaser on Completion.
- 3.2 The Sale Consideration was arrived at on a willing-buyer and willing-seller basis, and having taken into account the net book value and net profit of Power Diesel for the financial year ended 31 December 2014.

4. Relative figures for the Disposal

4.1 The relative figures computed on bases as set out in Rule 1006 of the Listing Manual of the SGX-ST are as follows:-

Rule 1006		%
(a)	The net asset value of the assets to be disposed of, compared with the net asset value of CSE and its subsidiaries (the "Group").	4.0
(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits.	9.9
(c)	The aggregate value of the consideration received, compared with CSE's market capitalisation based on the total number of issued shares excluding treasury shares.	5.1
(d)	The number of equity securities issued by CSE 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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such shares.	Not applicable

4.2 As the relative figures computed under Rule 1006 (b) and (c) exceed 5% but does not exceed 20%, the Disposal is a discloseable transaction pursuant to Rule 1010 of the Listing Manual.

5. Financial effects of the Disposal

5.1 Effects on net tangible assets per share and earnings per share

For illustrative purposes only, taking into account the net gain from the Disposal, the financial effects of the Disposal on the net tangible assets per share and earnings per share of the Group, based on the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2014 are set out below.

Effects on net tangible assets per share

Had the Disposal been effected on 31 December 2014, the financial effect on the net tangible assets of the Group is as follows:-

	Before Disposal	After Disposal
Net tangible assets (S\$'000)	165,991	171,809
Number of issued shares ('000)	516,068	516,068
Net tangible assets per share (cents)	32.16	33.29

Effects on earnings per share

Had the Disposal been effected on 1 January 2014, the financial impact on CSE's earnings per share for the financial year ended 31 December 2014 is as follows:-

	Before Disposal	After Disposal
Profit attributable to equity holders of CSE (S\$'000)	35,357	38,290
Weighted average number of issued shares ('000)	516,068	516,068
Earnings per share (cents)	6.85	7.42

5.2 Book value and profits

The book value of Power Diesel as at 31 March 2015 is S\$8,759,208. The Sale Consideration after deduction of all transaction costs and fees is approximately S\$10,964,524.

The excess of the net proceeds over book value as at 31 March 2015 is approximately S\$2.2 million. The net gain on the Disposal at completion date would be lower as the Group would continue to account for the profits for the period up to completion date.

In connection with the Disposal, CSE achieved an internal rate of return of approximately 40% on its investment in Power Diesel.

CSE intends to use the net proceeds for general working capital purposes.

6. Service contracts

There is no service contract of directors as no directors are proposed to be appointed to CSE in connection with the Disposal.

7. Interests of Directors and Controlling Shareholders

None of the Directors or Controlling Shareholders of CSE has an interest, direct or indirect, in the Disposal other than through their respective shareholding interests, if any, in CSE.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
12 June 2015