

PROPOSED ACQUISITION OF 100% OF ASTIB GROUP PTY LTD

The Board of Directors is pleased to announce that CSE Global Limited (“CSE”), through its wholly-owned Australian subsidiary, CSE-Global (Australia) Pty Ltd, has entered into a sale and purchase agreement with Sofoulis Holdings Ptd, Robert Nicholas Sofoulis and Wendy Michelle Sofoulis (collectively known as “Vendors”) to acquire 100% of ASTIB Group Pty Ltd (“ASTIB”) for an initial consideration of AUD34.85 million (approximately SGD46.65 million), comprising cash of AUD30 million and 5 million ordinary shares of CSE and upon meeting certain profit targets for 2011 and 2012, up to an additional 15 million ordinary shares of CSE will be paid (approximately SGD19.05 million), giving a maximum consideration of approximately SGD64.7 million.

The Purchase Consideration and Source of Funds

The purchase consideration is: -

1. at completion, AUD30 million to be paid in cash and 5 million ordinary shares of CSE (“completion payment”); and
2. by the first half 2011 (end June) a profit before tax (PBT) of AUD5 million is achieved then an additional consideration will be paid consisting of 5 million ordinary shares of CSE as soon as the shares can be issued and listed on the Singapore Stock Exchange; and
3. if the 5 million shares in point 2 of this section are not issued because PBT of AUD5 million was not met, then the shares will only be paid out in full if the Company achieves the target set out in point 5 of this section; and
4. if the targets in points 2 and 5 of this section are not met, then the 5 million CSE shares will be paid out as additional consideration in accordance with the following linear scale within three months of the completion of the audit;

a.	2011 Full Year PBT AUD 6 million	0 shares issued
b.	2011 Full Year PBT AUD12 million	5 million shares issued

; and
5. if the profit before tax for ASTIB is greater than AUD12.336 million for the calendar year 2011, an additional 5 million ordinary shares of CSE will be paid within 3 months of the completion of the audit; and
6. if the profit before tax for ASTIB is greater than AUD14.186 million for the calendar year 2012, an additional 5 million ordinary shares of CSE will be paid within 3 months of the completion of the audit; and
7. if any ordinary shares of CSE due under clauses 3, 4, 5 and 6 are forgone because the targets were not achieved, then there is a final opportunity for the Vendors to receive any forgone ordinary shares of CSE. If after completion of the 2013 audit, it can be demonstrated that ASTIB for the calendar years 2011, 2012 and 2013 has achieved an average PBT equal to or greater than AUD14.186 million, then any forgone ordinary shares of CSE will be issued to the Vendors as soon as the shares can be issued and listed on the Singapore Stock Exchange.

The purchase consideration of cash of AUD 30 million and up to 20 million ordinary shares of CSE (approximately SGD64.7 million) was arrived at following negotiations between CSE and the Vendors on a willing-buyer and willing-seller basis, and having taken into account the following factors:-

- i. The AUD4.742 million (approximately SGD6.212 million) profit after tax for the financial year ended 30 June 2010 of ASTIB as tabled below under financial effects of the acquisition;
- ii. The profit before tax targets set for 2011 and 2012;

- iii. The fit between ASTIB and the CSE's operations;
- iv. The track record and customer base of ASTIB in Australia;
- v. The net assets of ASTIB as at completion of AUD13 million (approximately S\$17.0 million);
- vi. Established and proven profitable operations in Australia;
- vii. Established track record in mining and oil & gas.
- viii. The future prospects of ASTIB.

Using the completion payment of AUD30 million and 5 million ordinary shares of CSE (approximately SGD45.65 million), the price to earnings for the financial year ended 30 June 2010 is 7.35 times. Using the maximum consideration of AUD30 million and 20 million ordinary shares of CSE (approximately SGD64.7 million) and the meeting of the 2012 profit before tax target, which translates to a profit after tax of S\$13.0million, the price to earnings is 4.98 times. The price to net assets at completion is 3.81 times and 2.69 times respectively using maximum consideration and completion payment.

The CSE proposes to finance the acquisition from internal resources and bank borrowings.

Interests of Directors and Controlling Shareholders

None of the substantial shareholders or controlling shareholders of CSE or Directors has any interest, direct or indirect, in the proposed acquisition.

Discloseable Transaction

For the purposes of Rule 1006 of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited:

(i) The acquisition is regarded as a discloseable transaction based on the following tests:

(a) Net Profit Test

The proforma profits before tax attributable to ASTIB (amounting to AUD6.293 million (equivalent to S\$8.24 million) for the financial year ended 30 June 2010) is approximately 11.5% compared to the CSE Group's profits before tax of S\$53.86 million for the nine months ended 31 September 2010) (using a conversion rate of AUD1 : SGD1.31).

(b) Market Capitalisation Test

The maximum consideration of AUD30 million and 20 million ordinary shares of CSE (approximately SGD64.7 million) is approximately 10% compared to the market capitalisation of CSE of approximately SGD649.1 million (based on 511,067,852 shares in issue and the weighted transacted price on 23 December 2010 of SGD1.27 per CSE share and using a conversion rate of AUD1 : SGD1.31).

(c) Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue

The maximum number of ordinary shares of CSE to be issued is 20 million, approximately 3.9% of the 511,067,852 ordinary shares in issue.

Based on the above computations, the proposed acquisition constitutes a discloseable transaction under Chapter 10 of the Listing Manual.

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual exceed 5% but does not exceed 20%, the proposed acquisition is not conditional upon approval by the Company's shareholders in general meeting.

Information on ASTIB

ASTIB, headquartered in Perth, Australia, delivers a range of tailored telecommunications solutions. It provides engineering, design, installation and support services to its clients. ASTIB commenced

operations in 1995 by Robert and Wendy Sofoulis and currently employed 91 employees at offices in Perth, Darwin and Cairns.

ASTIB has developed strategic relationships with key technology suppliers, including EADS, Rohill, Funkwerk and Aviat Networks. The Group has a proven track record in successfully designing, implementing and supporting large scale, mission critical telecommunications systems for customers such as BHP Billiton, Woodside Energy, Rio Tinto, Newmont, British Petroleum, Multiplex and ConocoPhillips.

The Group can provide telecommunication EPCM services for large projects that require complete 'turnkey' solution.

Financials

i. Profit and loss statement

AUD'000	30 June 2010	30 June 2009	30 November 2008
Turnover	33,572	32,344	23,011
Profit before taxation	6,293	8,141	4,557
Taxation (30%)	1,888	2,442	1,367
Profit after taxation	4,405	5,699	3,190

* The financials are prepared on a proforma basis for the entities acquired.

The decrease in profit before taxation in FY2010 was mainly due to the increasing of AUD1.7 million in operating expenses contributed by the increase in sales and marketing expenses arising for the preparation of tenders for large projects and higher rental expense.

ii. Balance Sheet

AUD'000	30 June 2010	30 June 2009	30 November 2008
Fixed asset	5,183	5,083	4,041
Loans to Associated Entities	2,033	3,513	1,152
Other non current assets	149	20	10
Cash at bank	2,516	1,602	551
Other current assets	6,590	8,139	6,679
Total Assets	16,471	18,357	12,433
Non current loan	(819)	(987)	(846)
Bank loan and overdraft	(203)	(550)	(1,000)
Other current liabilities	(2,902)	(5,252)	(3,860)
Total Liabilities	(3,924)	(6,789)	(5,706)
Net Assets for the companies to be taken over	12,547	11,568	6,727

* The financials are prepared on a proforma basis for the entities acquired.

The reduction in other current assets of AUD1.5 million in 2010 was due to a reduction in inventory as a result of project deliveries. The reduction in other current liabilities of AUD2.4 million in 2010 was due to the payment of trade creditors.

Rationale for the acquisition

The proposed acquisition is in line with the long-term business plan of CSE to expand through acquisition of companies with specialized skills and technologies complementary to CSE. The proposed acquisition will enable CSE to strengthen its position in Australia.

Financial effects of the acquisition

For illustrative purposes, the pro forma financial effects of the acquisition set out below are prepared using the CSE's unaudited consolidated financial statements for the financial year ended September 2010 and based on, inter alia, the following key assumptions:-

Key assumptions:-

- a. the completion of the acquisition on at the beginning of the financial year;
 - b. CSE net borrows AUD30 million at 5.0% interest per annum;
 - c. The exchange rate of AUD1 to SGD1.31; and
 - d. Share price of SGD1.27 per share.
- i. Proforma financials for ASTIB after taking into account interest expenses.

SGD'000

Profit after tax	5,777
Interest expenses	1,376

Addition to CSE's profit after tax	4,401
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ii. Net tangible assets

a. As at 30 September 2010

	<u>Before Acquisition</u>	<u>After Acquisition</u>	<u>Maximum Consideration</u>
Net tangible assets (S\$'000)	108,331	86,061	86,061
No of shares outstanding	511,067,852	516,067,852	531,061,852
Net tangible assets per share (cents)	21.20	16.68	16.21

b. As at 31 December 2009

	<u>Before Acquisition</u>	<u>After Acquisition</u>	<u>Maximum Consideration</u>
Net tangible assets (S\$'000)	71,469	49,199	49,199
No of shares outstanding	511,067,852	516,067,852	531,061,852
Net tangible assets per share (cents)	13.98	9.54	9.27

iii. Earnings per share

a. For the nine months ending 30 September 2010

	<u>Before Acquisition</u>	<u>After Acquisition</u>	<u>Maximum Consideration</u>
Profit after tax (S\$'000)	40,660	43,961	43,961
No of shares outstanding	511,067,852	516,067,852	531,061,852
Earnings per share (cents), (Annualised)	10.61	11.36	11.04

b. For the financial year ending 31 December 2009

	<u>Before Acquisition</u>	<u>After Acquisition</u>	<u>Maximum Consideration</u>
Profit after tax (S\$'000)	43,659	48,060	48,060
No of shares outstanding	511,067,852	516,067,852	531,061,852
Earnings per share (cents)	8.54	9.31	9.05

iv. Gearing as at 30 September 2010

	<u>Before Acquisition</u>	<u>After Acquisition</u>	<u>Maximum Consideration</u>
Bank Borrowings (S\$'000)	82,234	121,534	121,534
Cash in hand and bank (S\$'000)	68,484	68,484	68,484
Shareholders Fund (S\$'000)	184,801	191,151	210,201
Net gearing (%)	7.4	27.8	25.2

Documents for Inspection

A copy of the Sale and Purchase Agreement 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 months from the date of this announcement.

By Order Of The Board

Tan San-Ju
Company Secretary
27 December 2010