

CSE GLOBAL LIMITED

(Company Registration No. 198703851D)

(Incorporated in Singapore)

PROPOSED ACQUISITION OF 66% OF THE TOTAL ISSUED SHARE CAPITAL OF POWER DIESEL ENGINEERING PTE LTD

The Board of Directors is pleased to announce that CSE Global Limited (“CSE”), together with Tan Mok Koon (“TMK”) and Vivek M Dixit (“Vivek”) (collectively known as the “Purchasers”), have entered into a sale and purchase agreement with Lim Lin, Lim Tai Nam and Ng Cher Kiat (collectively known as the “Vendors”) to acquire 100% of the total issued share capital of Power Diesel Engineering Pte. Ltd. (“Power Diesel”) for a cash consideration of up to S\$9.5million (the “Proposed Acquisition”). CSE, TMK and Vivek will own 66%, 32% and 2% respectively. Upon completion, Power Diesel will be a 66% owned-subsi-dary of CSE. TMK and Vivek will join the board of directors of Power Diesel, along with Lim Boon Kheng, Managing Director of CSE Global (Asia) Limited.

The Purchase Consideration

The purchase consideration of up to S\$9.5million (CSE’s 66% share is S\$6.27 million) was arrived at following negotiations between the Purchasers and the Vendors on a willing-buyer and willing-seller basis, and having taken into account the following factors:-

- i. Earnings accretive;
- ii. Solid gross margin, net margin and cash generation;
- iii. Potential consolidation to be a bigger player in the business; and
- iv. High quality management team.

The purchase consideration of up to S\$9.5 million comprises:-

- a. a first tranche, an aggregate of S\$6,000,000, which shall be payable on Completion;
- b. a second tranche, an aggregate of S\$1,000,000 in the event that the audited net profit after tax (“NPAT”) for FY2012 shall be not less than S\$2,000,000 and an additional sum equivalent to an aggregate of 50% of any NPAT for FY2012 in excess of S\$2,000,000, such additional sum subject to a maximum of S\$500,000 in aggregate;
- c. a third tranche, an aggregate of S\$500,000 in the event that the audited NPAT for FY2013 shall be not less than S\$2,400,000 and an additional sum equivalent to an aggregate of 50% of any NPAT for FY2013 in excess of S\$2,400,000, such additional sum subject to a maximum of S\$500,000 in aggregate; and
- d. a fourth tranche, an aggregate of S\$500,000 in the event that the audited NPAT for FY2014 shall be not less than S\$2,800,000 and an additional sum equivalent to an aggregate of 50% of any NPAT for FY2014 in excess of S\$2,800,000, such additional sum subject to a maximum of S\$500,000 in aggregate.

Based on the maximum purchase consideration of S\$9.5million, the annualized unaudited earnings for the financial period of 10 months ending 31st October 2012 of S\$2.20 million (S\$2.65 million annualized) is about 3.6 times. The price to net assets at completion is about 2.0 times.

The Proposed Acquisition will be funded through internal resources and bank borrowings.

Interested Person Transactions

TMK is an interested person within the meaning of Chapter 9 of the Listing Manual in relation to the Proposed Acquisition by virtue of the following:

- a. TMK is a director of CSE; and
- b. TMK is a co-investor in Power Diesel.

Based on the maximum purchase consideration of S\$9.5 million, CSE's share of S\$6.27 million constitutes about 6.23% of its latest audited consolidated net tangible assets as at 31 December 2011. However, CSE is not required to seek shareholders' approval as the Proposed Acquisition fulfills all the following 3 conditions under Rule 916(2) of the Listing Manual:

- (a) The risks and rewards of CSE and TMK are in proportion to their equity as they purchased their respective shares in Power Diesel directly from the Vendors at the same terms and price;
- (b) The Audit Committee confirmed that the risks and rewards by CSE and TMK are in proportion to their respective shares in Power Diesel and the terms of the Proposed Acquisition are not prejudicial to the interests of CSE and its minority shareholders ; and
- (c) TMK does not have an existing equity interest in the Power Diesel prior to the participation of CSE.

Save as disclosed above, besides TMK, none of the substantial shareholders of CSE or its Directors has any interest, direct or indirect, in the Proposed Acquisition.

Non-Discloseable Transactions

For the purpose of Rule 1006 of the Listing Manual, the Proposed Acquisition will be regarded as a non-discloseable transaction based on the following:

- (a) Rule 1006(b) - Net Profit attributable to the assets acquired, compared with the group's net profits

CSE's share of the annualized profit before tax for the financial period of 10 months ending 31st October of S\$1.76 million (S\$2.11 million annualized) attributable to Power Diesel is approximately 3% compared to the annualized CSE Group's profit before tax for the financial period of 9 months ending 30th September 2012 of S\$56.56 million (S\$75.41 million annualized).

- (b) Rule 1006(c) – Aggregate value of the consideration given, compared with the issuer’s market capitalization based on the total number of issued shares excluding treasury shares

The share of CSE’s purchase consideration of up to S\$6.27million is approximately 1.5% compared to the market capitalization of CSE of approximately S\$411 million (based on 516,067,852) shares in issue and the weighted average transacted price on 29th November 2012 of S\$0.796 per CSE share).

Based on the above computations, the Proposed Acquisition constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual.

Information on Power Diesel

Founded in 2004 and registered in Singapore provides sales and services of diesel engine parts, transmission, fabrication and repair works mainly for the oil and gas industries. The company currently has 30 employees.

Top Customers 2011: Emas offshore Services Pte Ltd, Hallin Marine (Singapore) Pte Ltd, Bourbon Offshore Asia Pte Ltd and Posh Fleet Services Pte Ltd.

Business Overview:

Activities

Overhauling and spares supply for diesel engines for Marine, Oil and Gas, Industrial and construction sectors

Services:

- Overhauling of Main / Auxiliary engines on Marine, Oil and Gas and offshore support vessels.
- Diesel Engine Components overhauling
- CAT Electronic Engines overhauling and trouble-shooting
- Volvo Electronic Engine Overhauling and trouble-shooting
- On-site and Overseas Trouble-shooting and Overhauling
- Coolers fabrication and repairs
- Workshop facilities for engineering projects

Engine and Components overhaul but not limited to :

Caterpillar, Cummins, EMD, Detroit Diesel, Perkins, Volvo, Mitsubishi, Yanmar, Hanshin, Daihatsu, MAK, Bergen

Parts supply for Major Diesel Engine Brands :

CAT, Cummins, Detroit Diesel, Volvo and Perkins

Financials:

i. Profit and loss statements

S\$'000	10 Months Ending 31 October 2012 (Unaudited)	Full Year Ending 31 December 2011 (Audited)	Full year Ending 31 December 2010 (Audited)	Full year Ending 31 December 2009 (Audited)
Turnover	9,442	9,391	7,634	6,038
Profit before Taxation	2,660	1,415	1,565	498
Taxation	452	224	245	86
Profit after Taxation	2,208	1,191	1,320	412
Net margin (%)	23.4%	12.7%	17.3%	6.8%

Power Diesel was able to increase its turnover over the last 3 financial years as it increased the number of customers it serves and with increase in jobs from the same customers once their service proved reliable and of high quality. The fluctuation in net margin was due to the mix of business (parts sales and services) as services have a higher margin than parts sales.

ii. Balance Sheets

S\$'000	31 October 2012 (Unaudited)	31 December 2011 (Audited)	31 December 2010 (Audited)	31 December 2009 (Audited)
Fixed Asset	1,044	1,068	1,106	842
Cash and Cash Equivalent	3,336	718	1,243	227
Other Current Assets	2,814	3,113	1,523	2,252
Other Liabilities	(1,233)	(969)	(1,011)	(1,239)
Dividend payable	(1,000)	-	-	-
Non-Current Liabilities	(208)	(385)	(508)	(449)
Net Assets	4,753	3,545	2,353	1,633
Share Capital	100	100	100	100
Revenue Reserve	5,653	3,445	2,253	1,533
Dividend payable	(1,000)	-	-	-
Shareholders' Funds	4,753	3,545	2,353	1,633

Rationale for the Proposed 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 increase the services offered to the Oil & Gas Industry.

Financial effects of the Proposed Acquisition

For illustrative purposes, the pro forma financial effects of the Proposed Acquisition set out below are prepared using CSE's audited consolidated financial statements for the financial year ended 31st December 2011 and CSE's unaudited consolidated financial statements for the 9 months ending 30th September 2012 and based on, inter alia, the following key assumptions:

- a. The completion of the Proposed Acquisition at the beginning of the respective financial year;
 - b. CSE's net borrowing of S\$6.27million at 5% interest per annum; and
 - c. The annualized unaudited profit after tax for the financial period of 10 months ending 31st October of S\$2,208,000 (S\$2,650,000 annualized) for Power Diesel.
1. Proforma financials for Power Diesel after taking into account interest expenses:

	S\$'000
Profit after tax (66%, annualized)	1,749
Interest expenses	(260)
Addition to CSE's profit after tax	1,489

2. Proforma effects on the consolidated net tangible assets per share

	Based on CSE's audited consolidated financial statements for the year ended 31 st December 2011		Based on CSE's unaudited consolidated financial statements for the period ended 30 th September 2012	
	Before Acquisition	After Acquisition	Before Acquisition	After Acquisition
Net tangible assets (S\$'000)	100,677	97,544	122,686	119,553
No of issued shares	516,067,852	516,067,852	516,067,852	516,067,852
Net tangible assets per share (cents)	19.5	18.9	23.8	23.2
Change (%)	-3.0%		-2.5%	

3. Proforma effects on the consolidated earnings per share of the Group

	Based on CSE's audited consolidated financial statements for the year ended 31 st December 2011		Based on CSE's annualized unaudited consolidated financial statements for the 9 months ended 30 th September 2012*	
	Before Acquisition	After Acquisition	Before Acquisition	After Acquisition
Profit After Tax (S\$'000)	27,687	29,176	45,901	47,390
No of issued shares	516,067,852	516,067,852	516,067,852	516,067,852
Earnings per share (cents)	5.36	5.65	8.89	9.18
Increase (%)	+5.4%		+3.3%	

*Using CSE's unaudited consolidated operating profit after tax for the 9 months ended 30th September 2012 of S\$34,426,000 which excluded the one-time gain from disposal of associated company of S\$10,016,000.

4. Gearing

	Based on CSE's audited consolidated financial statements for the year ended 31 st December 2011		Based on CSE's unaudited consolidated financial statements for the period ended 30 th September 2012	
	Before Acquisition	After Acquisition	Before Acquisition	After Acquisition
Bank Borrowings (S\$'000)	123,540	129,810	123,245	129,515
Cash in hand and bank (S\$'000)	53,524	55,860	60,809	63,145
Shareholder Fund (S\$'000)	204,107	204,107	220,819	220,819
Net gearing (%)	34%	36%	28%	30%

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

30 November 2012