

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND
PAID-UP SHARE CAPITAL OF LOGIC WIRELESS**

1. INTRODUCTION

The Board of Directors (the “**Board**”) of CSE Global Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) wishes to announce that CSE Technologies Pte Ltd and its subsidiaries (collectively, “**CSE Technologies**”), has on 8 November 2022 entered into a sale and purchase agreement (“**SPA**”) with Logic Technologies Limited (the “**Seller**”) to acquire the entire issued and paid-up share capital (“**Sale Shares**”) of its wholly-owned subsidiaries, Logic Wireless Limited, Logic Wireless Pty Ltd, and Logic Wireless Europe Limited (“**Target Group**” or “**Logic Wireless**”), in accordance with the terms and conditions of the SPA (the “**Proposed Acquisition**”).

2. INFORMATION ON THE TARGET GROUP

2.1 Information on the Target Group

The Target Group is a leading provider of critical communication such as two-way radio and cellular communication solutions through New Zealand (plus the Pacific Islands), Australia and the United Kingdom. The Target Group was founded by in 2004 by current directors, Scott Alexander Heywood and David Preston Hicks. Two-way radio communication and cellular solutions are distributed by Logic Wireless to governments and core industries including transport, mining, forestry and public safety to meet critical communication and health & safety needs. Logic Wireless has established comprehensive dealer networks in New Zealand and Australia in addition to developing a dealer network in the United Kingdom. Over the last two years, Logic Wireless has been developing Software as a Service (“SaaS”) solutions that integrate traditional two-way radio and broadband cellular products.

Based on the unaudited consolidated financial statements of the Target Group for the financial year ended 30 June 2022, the Target Group recorded net profit before tax of approximately NZD 4.0 million (S\$3.2 million) and EBITDA of NZD 4.5 million (S\$3.6 million). Further, the net book value and net tangible assets attributable to the Sale Shares as at 30 June 2022 were approximately NZD 7.2 million (S\$5.9 million). The open market value of the Sale Shares is not available as the Sale Shares are not listed or traded on any securities exchange.

2.2 Information on the Seller

The Seller is the legal and beneficial owner of the entire issued and paid-up share capital of the Target Group. The Seller is a company incorporated under the laws of New Zealand, principally engaged in the business of investment. As at the date of this announcement, the persons stated below are the legal and beneficial owners of the entire issued and paid-up share capital of the Seller (with their respective shareholdings in the Seller set out below).

Name	Proportion of Shareholding in the Seller (%)
Scott Alexander Heywood	45
David Preston Hicks	45
Paul Michael Brooks	10

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1 Sale and Purchase of the Sale Shares

The Seller shall sell to the Company, in accordance with the terms and conditions of the SPA, on completion of the Proposed Acquisition ("**Completion**"), the Sale Shares free from all encumbrances and together with all rights and advantages attaching to them as at Completion (including the right to receive all dividends or distributions declared, made or paid on or after Completion).

Completion of the Proposed Acquisition ("**Completion Date**") is subject to and conditional upon the satisfaction of conditions precedent, including but not limited to:

- a) regulatory approvals being obtained;
- b) written consents from the counterparties to contracts, frequency licences or property leases of the Target Group; and
- c) signing of new employment agreements with Scott Alexander Heywood, David Preston Hicks and Paul Michael Brooks.

3.2 Consideration

The aggregate consideration for the Proposed Acquisition is NZD 25 million (S\$20.4 million) (the "**Consideration**"), subject to completion adjustments to the net asset value of the Target Group up to the day immediately preceding the Completion Date.

The Consideration was arrived at pursuant to arm's length negotiations between the Sellers and the Company on a willing buyer willing seller basis, after taking into account prevailing market conditions, the net book value, existing customer contracts, intellectual property, goodwill and the rationale and benefits for the Proposed Acquisition as disclosed in paragraph 4 below.

There is no open market value for the Sale Shares as they are not publicly traded.

3.3 Settlement of Consideration

The Consideration shall be satisfied by the Company in cash on the Completion Date.

3.4 Source of funds

The Consideration is intended to be funded by the proceeds from the Company's rights issue and banking facilities.

3.5 Representations and Warranties

The SPA contains customary representations and warranties for transactions of this nature as agreed between the Parties, including but not limited to the power and authority of the Parties to enter into the transactions contemplated under the SPA, title to the Sale Shares and there being no litigation against the Target Company.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition provides an opportunity for the Company to expand and extend its existing radio communication business and solutions to its customers in New Zealand, Australia and UK.

The Company has been engaged in radio and critical communications business in similar markets and it views the Proposed Acquisition as a strategic fit to complement its current business. The Proposed Acquisition forms part of the Group's strategy to expand and grow its Communications businesses in the infrastructure industry markets and participate in an expanding sector where demand for increased connectivity and security is expected to continue to grow.

It is also envisaged that the Proposed Acquisition will strengthen the Company's existing business partner and customer relationships for its Communications business, thereby enhancing its market position in these markets.

In view of the complementary nature of the Proposed Acquisition to its existing business, CSE expects to derive operational synergies from the Proposed Acquisition, for which operational savings is estimated at NZD 0.5 million per annum.

The Proposed Acquisition is earnings accretive to the Group.

5. CHAPTER 10 OF THE LISTING MANUAL

5.1 Relative figures

The relative figures for the Proposed Acquisition, based on the Consideration computed on the bases set out in Rule 1006 of the Listing Manual and based on the Group's latest announced consolidated financial statement, being the unaudited interim financial statements for the six months ended 30 June 2022 are set out below:

Rule 1006	Bases	Relative Figures (%) ⁽¹⁾
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable ⁽²⁾
(b)	Net profit attributable to the assets acquired or disposed of, compared with the Group's net profits	31.38% ⁽³⁾
(c)	Aggregate value of the Consideration given compared with the Company's market capitalisation of approximately S\$180.0 million based on the total number of issued shares in the Company, excluding treasury shares	11.35% ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	Nil
(e)	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	Not applicable ⁽⁵⁾

Notes:

(1) Percentage figures are rounded to the nearest two (2) decimal places.

(2) Not applicable, as the Proposed Acquisition is in relation to the acquisition (and not a disposal) of assets.

(3) The Group's and the Target Group's net profits of approximately S\$6.57 million and S\$2.06 million have been computed based on their respective unaudited financial statements for the six (6)-month period ended 30 June 2022.

- (4) “**market capitalisation**” is calculated by the number of ordinary shares in the capital of the Company (excluding treasury shares) multiplied by the volume weighted average market price of S\$0.3513 per share as at 7 November 2022, being the market day immediately preceding the date of the SPA.
- (5) Not applicable, as the Company is not a mineral, oil and gas company.

5.2 **Shareholders’ approval not required**

Based on the above, the Company is required to immediately announce the Proposed Acquisition as it constitutes a “major transaction” for the purposes of Chapter 10 of the Listing Manual.

Pursuant to Rule 1014(2) of the SGX Listing Manual, as the Proposed Acquisition is in respect of profitable assets and the Rule 1006(b) relative figure is the only threshold breached, shareholders’ approval is not required.

6. **FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

6.1 **Illustrative Nature of Financial Effects**

The financial effects of the Proposed Acquisition on the net tangible assets (“**NTA**”) per share and earnings per share (“**EPS**”) of the Company have been prepared based on the Group’s audited financial statements for the financial year ended 31 December 2021. The financial effects below are purely for illustrative purposes.

6.2 **Assumptions**

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, inter alia, the above bases and the following assumptions:

- 6.2.1 the total acquisition cost is NZD 25 million (approximately equivalent to S\$20.4 million);
- 6.2.2 the Proposed Acquisition is assumed to be undertaken entirely by way of a non-underwritten renounceable rights issue at an issue price of S\$0.33 per share, and assumes the proceeds to fully fund the purchase consideration of the Proposed Acquisition;
- 6.2.3 the exclusion of financial effects of purchase price allocation under SFRS(I) 3, for illustrating the financial effects on the consolidated NTA and EPS of the Group;
- 6.2.4 the exclusion of transaction costs for the Proposed Acquisition;
- 6.2.5 the exclusion of operational savings from synergies with the Proposed Acquisition; and
- 6.2.6 the Target Group’s financial information in NZD have been translated based on an exchange rate of NZD 1: S\$0.8171.

6.3 NTA

Assuming that the Proposed Acquisition had been effected on 31 December 2021 (being the end of the most recently completed financial year ended 31 December 2021), the effects on the NTA per share of the Company would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$ million)	133.5	119.0
Number of ordinary shares ('million)	512.4	574.3
NTA per ordinary share (cents)	26.06	20.72

6.4 EPS

Assuming that the Proposed Acquisition had been effected on 1 January 2021 (being the beginning of the most recently completed financial year ended 31 December 2021), the effects of the Proposed Acquisition on the EPS of the Company would be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit attributable to shareholders (S\$ million)	15.0	17.3
Weighted average no. of ordinary shares – Basic ('million)	512.1	574.0
EPS (cents) – Basic	2.93	3.02

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the directors of the Company or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Acquisition, otherwise than through their respective shareholdings (if any) in the Company.

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Proposed Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA and the latest valuation report are available for inspection at the registered office of the Company at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098632, during normal business hours on any weekday for three (3) months from the date of this announcement.

10. CAUTIONARY STATEMENT

Shareholders of the Company should note that there is no certainty or assurance that the SPA will be completed. Accordingly, shareholders of the Company are advised to exercise caution when trading in the shares of the Company. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by this announcement. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

Chester Leong
Company Secretary
8 November 2022