

ACQUISITION OF RADIO ONE GROUP

1. INTRODUCTION

The Board of Directors (the “**Board**”) of CSE Global Limited (the “**Company**”), together with its subsidiaries, the “**Group**”) wishes to announce that its indirect wholly-owned subsidiary, CSE Crosscom USA, Inc. (“**CSE Crosscom USA**”), has on 30 January 2023 entered into a sale and purchase agreement (“**SPA**”) with Kurt D. Macdonald and Karen S. Macdonald Revocable Trust (the “**Sellers**”) to acquire the entire issued and outstanding shares of capital stock (“**Sale Shares**”) of each of (i) Radio One, Inc, and (ii) Communications Service Co. of Daytona, Inc. (“**Target Group**” or “**Radio One Group**”), in accordance with the terms and conditions of the SPA (the “**Acquisition**”).

The Company has incorporated CSE Crosscom USA, Inc., a Delaware corporation, for nominal consideration and solely for the purpose of effecting the Acquisition. The Acquisition was completed on 30 January 2023 (“**Completion Date**”), and consequently, Radio One, Inc. and Communications Service Co. of Daytona, Inc. have become indirect wholly-owned subsidiaries of the Company.

The Sellers are the legal and beneficial owners of the entire issued and outstanding shares of capital stock of the Target Group. The Sellers are independent and unrelated third parties to the Company, its Directors and controlling shareholders or their respective associates.

2. INFORMATION ON THE TARGET GROUP

- 2.1 Based in Florida, the Target Group is principally engaged in the provision of radio communications solutions, Federal Communications Commission (FCC) licensing assistance, servicing and two-way radio rentals to enterprise and government customers. The Target Group also installs and manages Distributed Antenna Systems (DAS), wireless networks, and video surveillance camera systems.

Based on the unaudited consolidated financial statements of the Target Group for the twelve months ended 31 December 2022, the Target Group recorded net profit before tax of approximately USD 3.5 million (S\$4.7 million) and EBITDA of USD 3.7 million (S\$4.9 million). Further, the net book value and net tangible assets attributable to the Sale Shares were approximately USD 3.4 million (S\$4.6 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.

3. PRINCIPAL TERMS OF THE 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 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).

As at 30 January 2023, the conditions precedents as stated in the SPA have been satisfied.

3.2 Consideration

The aggregate consideration for the Acquisition is USD 11.0 million (S\$14.8 million) (the "**Consideration**"), subject to any post-closing adjustments to be determined within 90 days from 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 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 bank borrowings.

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 Group.

4. RATIONALE FOR THE ACQUISITION

The Company has been engaged in radio and critical communications business in similar markets and it views the Acquisition as a strategic fit to complement its current business.

The 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 Acquisition will likewise strengthen the Company's existing business partner and customer relationships for its Communications business, as well as extend its geographic coverage into the USA market for its Communications business, thereby enhancing its market position in the USA market.

The Acquisition is earnings accretive to the Group.

5. CHAPTER 10 OF THE LISTING MANUAL

5.1 Relative figures

The relative figures for the 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	19.31% ⁽³⁾
(c)	Aggregate value of the Consideration given compared with the Company's market capitalisation of approximately S\$226.9 million based on the total number of issued shares in the Company, excluding treasury shares	6.54% ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for the 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 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\$1.27 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\$0.369 per share as at 27 January 2023, 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.

As the relative figures under Rule 1006 (b) and (c) exceed 5% but do not exceed 20%, the Acquisition constitutes a Discloseable Transaction as defined under Chapter 10 of the SGX-ST Listing Manual.

6. FINANCIAL EFFECTS OF THE ACQUISITION

6.1 Illustrative Nature of Financial Effects

The financial effects of the 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 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 USD 11.0 million (approximately equivalent to S\$14.8 million);
- 6.2.2 the 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 partially fund the purchase consideration of the Acquisition up to S\$12.1 million, with the balance of the purchase consideration to be funded by bank borrowings of S\$2.7 million;
- 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 Acquisition;
- 6.2.5 the exclusion of operational savings from synergies with the Acquisition; and
- 6.2.6 the Target Group’s financial information in USD have been translated based on an exchange rate of USD 1: S\$1.3491.

6.3 NTA

Assuming that the 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 Acquisition	After the Acquisition
NTA (S\$ million)	133.5	138.1
Number of ordinary shares ('million)	512.4	549.1
NTA per ordinary share (cents)	26.06	25.16

6.4 EPS

Assuming that the 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 Acquisition on the EPS of the Company would be as follows:

	Before the Acquisition	After the Acquisition
Profit attributable to shareholders (S\$ million)	15.0	18.6
Weighted average no. of ordinary shares – Basic ('million)	512.1	548.8
EPS (cents) – Basic	2.93	3.38

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 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 Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person in connection with the Acquisition.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA 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. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments on the Acquisition.

BY ORDER OF THE BOARD

Chester Leong
Company Secretary
31 January 2023