



CSE GLOBAL LIMITED

(Company Registration No. 198703851D)

(Incorporated in Singapore)

**ANNUAL GENERAL MEETING TO BE HELD ON 20 APRIL 2023
RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS**

CSE Global Limited (the “**Company**” or “**CSE**”) would like to thank Securities Investors Association (Singapore) and a Shareholder who submitted their questions in advance of our Annual General Meeting (AGM) which will be convened and held, in a wholly physically format, at Raffles City Convention Centre, Level 4, Atrium Ballroom, 80 Bras Basah Rd, Singapore 189560 on Thursday, 20 April 2023 at 2.30 p.m.

The Board’s responses to these questions are set out in Appendix 1 and also published on the Company’s website at https://cseglobal.listedcompany.com/agm_egm.html.

Appendix 1

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) AND A SHAREHOLDER

| No | Questions | CSE's Response |
|-------|--|--|
| 1. | Would the board/management provide shareholders greater clarity on the following operational, financial and governance matters? Specifically: | |
| (i) | Renewable energy: Can the company provide information about the group's key capabilities in the renewable energy sector? What percentage of the group's total revenue is generated from renewable energy, and what percentage comes from fossil fuels? | <p>Similar to other sectors in which the Group operates, the renewable energy sector utilises the same key capabilities such as engineering skill sets in process automation controls and communications and security.</p> <p>The share of the group's total revenue generated from renewable energy sector remains negligible at this moment. The percentage of the fossil fuel revenue is slightly less than 50% of the group's total revenue.</p> |
| (ii) | Cost overrun: Can the company provide a breakdown of the \$5.9 million recognised for the project cost overruns in the United States? | The project cost overruns comprised of material, labour and subcontractor costs. |
| (iii) | Cash flow from operations: The cash flow from operations of the company decreased significantly by 75% to \$9.1 million. This was primarily attributed to a \$20 million increase in trading goods that are included in inventories. The value of inventories has surged from \$29.3 million to \$52.0 million. Could management provide details on how it intends to better manage its working capital to ensure optimal cash flow from operations? | <p>In 2022, there is an increase in working capital requirements due to higher orders and business volume, as well as an increase in stocking levels to mitigate the impact of supply chain disruption.</p> <p>Despite this, the Group improved its working capital efficiency by delivering 75.8 working capital days in 2022 as compared to 77.2 working capital days in 2021.</p> |
| (iv) | Acquisitions: Since the beginning of 2022, the group acquired DTS Solutions, General Communications (Gencom), Logic Wireless and Radio One Group. Can management provide a comprehensive update on the post-acquisition performance of these companies to help shareholders understand the benefits and synergies that have been realised? | <p>The acquisitions of DTS Solutions and Gencom had contributed positive earnings to the Group in 2022.</p> <p>The acquisition of Logic Wireless was concluded in December 2022, while the acquisition of Radio One group was completed in January 2023. Hence, it is too premature to provide the post-acquisition performance of these acquisitions at this moment.</p> |

| No | Questions | CSE's Response | | | | | | | | | | | | | | | | | | | | | |
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| (v) | <p>Long-term value creation: In the corporate profile, it was noted that the group has a "consistent profit track" and a "management that is focused on operational excellence to achieve sustainable profit growth and enhance shareholder returns." Can management provide the total shareholder return over the past 5, 10, 15, and 20 years to help shareholders evaluate the company's ability to deliver returns? In addition, how has the board evaluated the company's performance in delivering shareholder returns, and what measures are in place to ensure continued long-term value creation?</p> | <p>The total shareholder return over the last 5, 10, 15 and 20 years are 30.8%, 18.9%, -7.3%, and 261.9% respectively.</p> <p>The Board focused on total shareholder return on a long term basis.</p> | | | | | | | | | | | | | | | | | | | | | |
| (vi) | <p>Long tenured independent directors: Mr Lim Ming Seong has served as the independent board chairman since 1997 while Mr Sin Boon Ann has been on the board since May 2002. In light of the recent changes to the Listing Rules which impose a hard limit of 9 years for directors' tenure, the board has taken this into consideration as part of the ongoing board renewal process. Can the nominating committee (NC) provide more information on its plans to renew the board in the near term?</p> | <p>In relation to tenure, the ongoing Board renewal and refreshment process is phased to ensure that the Company has a group of Independent Directors whose tenures are staggered across their terms of office. This provides continuity and stability for the conduct of Board matters while also ensuring that the Board is able to benefit from different perspectives and insights from the directors. The Group has been proactive in its board renewal process, and has tabled the actions made over the last 6 years.</p> <table border="1" data-bbox="868 1249 1485 1317"> <thead> <tr> <th>Number of directors</th> <th>2022</th> <th>2021</th> <th>2020</th> <th>2019</th> <th>2018</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Appointment</td> <td>-</td> <td>-</td> <td>4</td> <td>1</td> <td>2</td> <td>-</td> </tr> <tr> <td>Retirement/ Resignation</td> <td>2</td> <td>-</td> <td>3</td> <td>1</td> <td>-</td> <td>1</td> </tr> </tbody> </table> <p>The NC and Board are already in the process of identifying suitable candidates to be appointed by this financial year and will make the appropriate announcement as and when the candidate(s) is/are identified to comply with the CG requirement.</p> | Number of directors | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | Appointment | - | - | 4 | 1 | 2 | - | Retirement/ Resignation | 2 | - | 3 | 1 | - | 1 |
| Number of directors | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | | | | | | | | | | | | | | | | | |
| Appointment | - | - | 4 | 1 | 2 | - | | | | | | | | | | | | | | | | | |
| Retirement/ Resignation | 2 | - | 3 | 1 | - | 1 | | | | | | | | | | | | | | | | | |

| No | Questions | CSE's Response | | | | | | | | | | | | |
|---------------------|---|---|-------------------------|---|-------------------|------------|--------|---------------------|------------|-------|-------|-------------|--------|--|
| 2. | <p>On 10 October 2022, the company proposed a renounceable non-underwritten rights issue of up to 102,480,337 new ordinary shares on the basis of one rights share for every five ordinary shares in the capital of the company held by the shareholders of the company at an issue price of \$0.33 per rights share.</p> <p>The rights issue closed with valid acceptances of 79.4% or 81,320,029 rights shares. Excess applications amounted to 63,857,487 or 62.3%.</p> <p>Details of the valid acceptances and excess applications received for the Rights Shares are as follows:</p> <table border="1" data-bbox="231 792 826 981"> <thead> <tr> <th></th> <th>Number of Rights Shares</th> <th>As a percentage of the 102,480,337 Rights Shares available under the Rights Issue</th> </tr> </thead> <tbody> <tr> <td>Valid Acceptances</td> <td>81,320,029</td> <td>79.4 %</td> </tr> <tr> <td>Excess Applications</td> <td>63,857,487</td> <td>62.3%</td> </tr> <tr> <td>Total</td> <td>145,177,516</td> <td>141.7%</td> </tr> </tbody> </table> <p>(Source: company announcement dated 19 December 2022)</p> | | Number of Rights Shares | As a percentage of the 102,480,337 Rights Shares available under the Rights Issue | Valid Acceptances | 81,320,029 | 79.4 % | Excess Applications | 63,857,487 | 62.3% | Total | 145,177,516 | 141.7% | |
| | Number of Rights Shares | As a percentage of the 102,480,337 Rights Shares available under the Rights Issue | | | | | | | | | | | | |
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| Excess Applications | 63,857,487 | 62.3% | | | | | | | | | | | | |
| Total | 145,177,516 | 141.7% | | | | | | | | | | | | |
| (i) | <p>Could the board provide shareholders with more information about whether it evaluated the relatively low valid acceptance rate for the rights shares ex post, and if so, what were its findings?</p> | <p>The Board is pleased that the Company has met its objective for its rights issue by closing with a 141.7% oversubscription rate in spite of the weak equity and bond market conditions in 2022.</p> | | | | | | | | | | | | |
| | <p>On 15 February 2023, the company issued a profit warning, stating that it expects to report a significantly lower net profit for 2H2022, as a result of a \$1.3 million restructuring cost linked to a business division in the United States of America and \$5.9 million in project overrun costs due to management's underestimation.</p> | | | | | | | | | | | | | |
| (ii) | <p>Could the board, particularly the independent directors, provide clarification as to whether the knowledge and the details of the restructuring and project overruns were available to them before the conclusion of the rights issue, and if so, whether the company could have provided the information to shareholders?</p> | <p>The Company wishes to clarify that the profit warning arose from the project cost overruns of S\$5.9 million. The board and independent Directors of the Company confirms that they were not aware of the project cost overruns before the conclusion of the rights issue. The board became aware of the project cost overruns in early February 2023 and made the profit warning announcement in early February 2023.</p> | | | | | | | | | | | | |

| No | Questions | CSE's Response | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| 3. | <p>The attendance of directors at board and board committee meetings is shown on page 36 of the annual report and reproduced below.</p> <p>The Directors' attendance at Board, Board Committee and General Meetings during the financial year ended 31 December 2022 ("FY2022") are set out as follows:</p> <table border="1" data-bbox="225 517 815 846"> <thead> <tr> <th></th> <th>Board</th> <th>Audit and Risk Committee</th> <th>Nominating Committee</th> <th>Compensation Committee</th> <th>Investment Committee</th> <th>General Meeting</th> </tr> </thead> <tbody> <tr> <td>No. of meetings held during the financial year ended 31 December 2022</td> <td>6</td> <td>4</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td colspan="7" style="text-align: center;">No. of meetings attended</td> </tr> <tr> <td>Lim Ming Seong</td> <td>6</td> <td>–</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> <tr> <td>Lim Boon Kheng</td> <td>6</td> <td>4⁽¹⁾</td> <td>2⁽¹⁾</td> <td>1⁽¹⁾</td> <td>1</td> <td>1</td> </tr> <tr> <td>Sin Boon Ann</td> <td>5</td> <td>–</td> <td>2</td> <td>1</td> <td>–</td> <td>1</td> </tr> <tr> <td>Lee Kong Ting</td> <td>6</td> <td>4</td> <td>–</td> <td>1</td> <td>–</td> <td>1</td> </tr> <tr> <td>Tan Chian Khong</td> <td>6</td> <td>4</td> <td>2</td> <td>–</td> <td>–</td> <td>1</td> </tr> <tr> <td>Ng Shin Ein</td> <td>5</td> <td>4</td> <td>–</td> <td>–</td> <td>–</td> <td>1</td> </tr> <tr> <td>Wong Su Yen</td> <td>5</td> <td>–</td> <td>–</td> <td>1</td> <td>–</td> <td>1</td> </tr> <tr> <td>Derek Lau Tiong Seng</td> <td>6</td> <td>–</td> <td>–</td> <td>–</td> <td>1</td> <td>1</td> </tr> <tr> <td>Tan Hien Meng⁽²⁾</td> <td>1</td> <td>1</td> <td>–</td> <td>–</td> <td>–</td> <td>1</td> </tr> <tr> <td>Lim How Teck⁽³⁾</td> <td>–</td> <td>–</td> <td>1</td> <td>–</td> <td>–</td> <td>–</td> </tr> </tbody> </table> <p>Note: 1 Attendance by invitation 2 Mr Tan Hien Meng retired as an Independent Director on 20 April 2022. 3 Mr Lim How Teck was on leave of absence from 25 February 2022 and subsequently stepped down as Non-Executive Non-Independent Director on 24 August 2022.</p> <p>(Source: company annual report)</p> | | Board | Audit and Risk Committee | Nominating Committee | Compensation Committee | Investment Committee | General Meeting | No. of meetings held during the financial year ended 31 December 2022 | 6 | 4 | 2 | 1 | 1 | 1 | No. of meetings attended | | | | | | | Lim Ming Seong | 6 | – | 2 | 1 | 1 | 1 | Lim Boon Kheng | 6 | 4 ⁽¹⁾ | 2 ⁽¹⁾ | 1 ⁽¹⁾ | 1 | 1 | Sin Boon Ann | 5 | – | 2 | 1 | – | 1 | Lee Kong Ting | 6 | 4 | – | 1 | – | 1 | Tan Chian Khong | 6 | 4 | 2 | – | – | 1 | Ng Shin Ein | 5 | 4 | – | – | – | 1 | Wong Su Yen | 5 | – | – | 1 | – | 1 | Derek Lau Tiong Seng | 6 | – | – | – | 1 | 1 | Tan Hien Meng ⁽²⁾ | 1 | 1 | – | – | – | 1 | Lim How Teck ⁽³⁾ | – | – | 1 | – | – | – | |
| | Board | Audit and Risk Committee | Nominating Committee | Compensation Committee | Investment Committee | General Meeting | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Lim Ming Seong | 6 | – | 2 | 1 | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lim Boon Kheng | 6 | 4 ⁽¹⁾ | 2 ⁽¹⁾ | 1 ⁽¹⁾ | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sin Boon Ann | 5 | – | 2 | 1 | – | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lee Kong Ting | 6 | 4 | – | 1 | – | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tan Chian Khong | 6 | 4 | 2 | – | – | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ng Shin Ein | 5 | 4 | – | – | – | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Wong Su Yen | 5 | – | – | 1 | – | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Derek Lau Tiong Seng | 6 | – | – | – | 1 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tan Hien Meng ⁽²⁾ | 1 | 1 | – | – | – | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lim How Teck ⁽³⁾ | – | – | 1 | – | – | – | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | It is observed that several independent directors missed board meetings held during the year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (i) | Could the board provide reasons or clarification for the absence of independent directors from board meetings during the year? Were there any extenuating circumstances that contributed to their absence? | Generally, the Directors have an excellent record of Board attendance. In respect of the financial year under review, one director could not attend one of the board meetings as he was on the plane at that point in time, while the other two directors could not attend to an adhoc board meeting (not a regular scheduled meeting) which was called. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | The company constitution allows for telephonic and videoconference meetings. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (ii) | Can the company confirm that the absent directors did not participate remotely through voice calls or video conferencing? Was there a situation where only 5 of the 8 directors were present for a board meeting? | The absent directors did not participate remotely through voice calls or video conferencing. There was no situation where only 5 out of 8 directors were present for a board meeting. The absent directors were not present at board meetings held on different dates. Nonetheless, these absent directors registered full attendance at the respective regular board committee meetings that they sit on. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | It is further observed that the absent directors have 7, 11 and 14 "present directorships" as declared in their biographies in the annual report (pages 10 to 16). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| No | Questions | CSE's Response |
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| (iii) | <p>Could the NC provide further information on the internal guidelines it has adopted to address potential conflicts of interest or competing time commitments that directors may face due to their multiple board representations?</p> | <p>As disclosed in the FY2022 Annual Report:</p> <p>With due respect to individual autonomy of each Director, no maximum number of listed company board representations a Director may hold is prescribed. However, each Director is required to disclose to the Board his board representation whenever there are changes to his directorship. If a Director is on the Board of other companies, the NC will consider whether adequate time and attention have been devoted to the Company. In the event that there are sufficient grounds for concern, the Chairman of the Board shall discuss, and if necessary, warn the Director of the issues and in any continuance, the consequences flowing from the situation.</p> <p>In respect of the financial year under review, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his/her duties as director effectively. Based on the board evaluation of FY2022, the NC is satisfied that all the Directors have been able to and had adequately carried out their duties as Directors of the Company for the financial year ended 31 December 2022 notwithstanding their multiple directorships where applicable and other principal commitments.</p> <p>The NC had also considered that all Directors, notwithstanding their multiple directorships, are always very responsive in a timely fashion whenever the Company has matters or issues that were brought before the Board outside of board meetings.</p> |
| (iv) | <p>How can the company secretary and the company work together with the board to improve the attendance of directors at board meetings?</p> | <p>The Company already practiced scheduling all board and board committee meetings and annual general meeting one year in advance in consultation with the board members to ensure that there are no clashes of meetings. The Board meets at least four times a year at regular intervals.</p> |

| No | Questions | CSE's Response |
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| 4. | The Company experienced major project cost overruns in the Middle East in 2011 and then in the US in 2022. Could management please share the nature of these cost overruns and why the system or measures put in place after the 2011 experience did not help avoid the cost overruns in 2022? | The cause of the major project cost overruns in the Middle East in 2011 were due to human factor, similar to the cause of the project cost overruns that occurred in the US. However, the circumstances leading to the project cost overruns between two cases were different. |