

THE PROPOSED DISPOSAL OF PROPERTY

1. THE PROPOSED DISPOSAL

The Board of Directors (the “**Board**”) of CSE Global Limited (the “**Company**” together with its subsidiaries, the “**Group**”) would like to announce that Volta Properties, LLC (the “**Seller**”), an indirect wholly-owned subsidiary of the Company, has on 31 December 2024, entered into a purchase and sale agreement (the “**Purchase and Sale Agreement**”) with Gladstone Commercial Limited Partnership (the “**Purchaser**”, together with the Seller, the “**Parties**”) in respect of the proposed disposal (the “**Proposed Disposal**”) of the industrial property located at 1616 Gears Road, Houston, Texas, United States of America (the “**Property**”).

2. INFORMATION ON THE PURCHASER, THE PROPOSED DISPOSAL AND THE PROPERTY

2.1 The Purchaser is a limited partnership incorporated in Delaware. The Purchaser is an independent third party and is not related to the Company, the Group, its directors, management or substantial shareholders.

2.2 The Property is an industrial manufacturing property which comprises of 16.68 acres of land with building size of 215,474 SF in North Houston, Texas, United States of America. The Property consists of two buildings and is currently tenanted to the Company’s another wholly owned subsidiary, CSE W-Industries, Inc (the “**Tenant**”) for its manufacturing purpose. Following the completion of the Proposed Disposal, it is intended that the Tenant shall continue to lease the Property from the Purchaser. Details of the proposed leaseback arrangement are being negotiated, as set out further in paragraph 3.3(b) below.

2.3 The Proposed Disposal contemplates that the Seller shall dispose of the Property (including but not limited to all buildings, improvements, structures and fixtures now located on the Property) to the Purchaser, subject to the terms of the Purchase and Sale Agreement.

2.4 There is no valuation being commissioned by the Company for the Proposed Disposal. However, the Seller’s broker, Colliers International, has provided an analysis of comparable properties for consideration by the Company. The current net book value of the Property is US\$17.8 million.

3. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

3.1 Purchase Price

The aggregate value of the consideration for the Proposed Disposal is US\$29,250,000 (the “**Purchase Price**”), which includes the Deposit (as defined below).

The Purchase Price was arrived at pursuant to arm’s length negotiations between the Purchaser and the Seller on a willing buyer willing seller basis, after taking into account prevailing market conditions (including the availability of ready purchasers).

3.2 **Deposit**

Within three (3) business days after 31 December 2024, the Purchaser shall place in escrow with Old Republic National Title Insurance Company (the “**Escrow Agent**”) the sum of US\$250,000, plus all accrued interest thereon (the “**Deposit**”), which shall be held and disbursed in accordance with the terms and conditions of the Purchase and Sale Agreement and an escrow agreement dated 31 December 2024 entered into by the Parties and the Escrow Agent.

If the transaction contemplated by the Purchase and Sale Agreement fails to close as a result of a breach by the Purchaser of the terms of the Purchase and Sale Agreement, the Seller’s sole and exclusive remedy for such breach shall be the right to terminate the Purchase and Sale Agreement and receive and retain the Deposit.

3.3 **Conditions Precedent**

The Proposed Disposal is conditional on the satisfaction or waiver of, amongst others, the following material conditions (each a “**Condition**”):

- (a) the Purchaser shall have received confirmation from the title insurer that the title insurer is issuing, at or effective as of the closing date an owner’s title policy;
- (b) the Tenant and the Purchaser shall enter into a lease for the entirety of the Property in a form mutually satisfactory to the Purchaser and Tenant (the “**Lease**”). The Seller and Purchaser shall use reasonable efforts to finalise the form of the Lease during the period commencing on 31 December 2024 and ending at 5.00 p.m. Houston, Texas time on the thirty-fifth day after 31 December 2024 (the “**Study Period**”);
- (c) to the extent there have been any changes to any certificates of occupancy in effect for the Property from and after the delivery of such certificates of occupancy to the Purchaser before the end of the Study Period, the Seller shall have obtained and delivered to the Purchaser updated certificates of occupancy (or the local equivalent) required for the use and occupancy of the Property; and
- (d) if requested during the Study Period by the Purchaser, the Seller shall provide estoppel certificates relating to monetary assessments under any covenants or cross-easement agreements affecting the Property, stating that all such assessments that have become due and payable have been paid.

If any Condition which is the responsibility of the Seller is not satisfied (or waived) on or before the closing date, the Purchaser may at its sole and exclusive remedy terminate the Purchase and Sale Agreement by giving written notice to the Seller at any time on or before the closing date and the Deposit shall be immediately returned to the Purchaser. Likewise, if any Condition which is the responsibility of the Purchaser is not satisfied (or waived) on or before the closing date, the Seller may at its sole and exclusive remedy terminate the Purchase and Sale Agreement by giving written notice to the Purchaser at any time on or before the closing date and the Deposit shall be immediately delivered to the Seller.

As of the date of this announcement, the terms of the Lease have not been finalised and is subject to negotiation between the Parties and the Tenant.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The rationale for the Proposed Disposal is to allow the Group to monetise the Property and free up capital to purchase a larger property located in the United States of America for the expansion of its business. The Board believes that the Proposed Disposal is in the best interests of the Group and the shareholders, as it will enable the Group to realise the value of the Property and allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

Following the completion of the Proposed Disposal, the Group will continue to utilise the Property by the Tenant as its manufacturing plant.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

5.1 Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the net tangible assets (“NTA”) per share, earnings per share (“EPS”) and gearing of the Group, have been prepared based on the Group’s audited consolidated financial statements for the financial year ended 31 December 2023. The financial effects below are purely for illustrative purposes.

The Property does not generate any income or revenue as the Property is fully utilised internally within the Group. Accordingly, there is no net profit or loss directly attributable to the assets to be disposed of, being the Property.

5.2 NTA

Assuming that the Proposed Disposal had been effected on 31 December 2023 (being the end of the most recently completed financial year ended 31 December 2023), the effects on the NTA per share of the Group would be as follows:

	Before Proposed Disposal	After Proposed Disposal
NTA (\$'m)	122.7	134.4
Number of shares ('000)	614,882	614,882
NTA per ordinary share (cents)	19.96	21.86

5.3 EPS

Assuming that the Proposed Disposal had been effected on 1 January 2023 (being the beginning of the most recently completed financial year ended 31 December 2023), the effects of the Proposed Disposal on the EPS of the Group would be as follows:

	Before Proposed Disposal	After Proposed Disposal
Profit attributable to shareholders (\$ million)	22.5	34.2
Weighted average no. of ordinary shares – Basic ('000)	614,882	614,882
EPS (cents) – Basic	3.66	5.57

6. CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Listing Manual (the “Listing Manual”) of the Singapore Exchange Securities Trading Limited and based on the Group’s latest announced consolidated financial statements, being the unaudited interim financial statements for the six months ended 30 June 2024 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	9.5
(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	Not applicable ⁽²⁾
(c)	Aggregate value of the consideration received compared with the market capitalisation of the Company (based on the total number of issued shares, excluding treasury shares)	13.3
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable

Notes:

- (1) Percentage figures are rounded to the nearest one (1) decimal place.
- (2) The Property does not generate any income or revenue for the Group as the Property is fully utilised internally within the Group. Accordingly, there is no net profit or loss directly attributable to the assets to be disposed of, being the Property.

As the relative figures computed under Rule 1006(a) and 1006(c) exceeds 5% but does not exceed 20%, the Proposed Disposal is classified as a “discloseable transaction” under Rule 1010 of the Listing Manual.

7. USE OF PROCEEDS

The excess of the gross proceeds from the Proposed Disposal (excluding estimated transactional expenses to be incurred in connection with the Proposed Disposal) over the book value of the Property (being S\$24.2 million) is approximately S\$15.6 million.

The Group intends to deploy the proceeds as capital for the purchase of a larger property located in the United States of America for the expansion of its business.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect, in the Proposed Disposal, otherwise than through their interests in shares of the Company.

9. DIRECTORS' SERVICE CONTRACTS

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

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Purchase and Sale Agreement is available for inspection at the registered office of the Company at 1 Harbourfront Avenue, #14-07, Keppel Bay Tower, Singapore 098623, during normal business hours on any weekday for three (3) months from the date of this announcement.

11. CAUTIONARY STATEMENT

Shareholders of the Company should note that there is no certainty or assurance that the Proposed Disposal will be completed. Accordingly, shareholders of the Company are advised to exercise caution when trading in the shares of the Company.

BY ORDER OF THE BOARD
CSE GLOBAL LIMITED

Eunice Hooi
Company Secretary
3 January 2025