

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

24 July 2018

CSF Group plc
("CSF", the "Company" or the "Group")

Management remuneration update

CSF announces that the Company has made bonus payments to certain of the Company's executive directors, management and employees in relation to their hard work, commitment and efforts in respect of disposal (the "Disposal") of the Company's former subsidiary, CSF CX Sdn Bhd ("CSF CX").

The Board recognises that: (i) the Group's management had made relentless effort in stabilising and improving the Group's financial position, including achieving the potential disposal of CSF CX (which was viewed as representing a material risk to the longer term financial stability of the Group), since 2014; (ii) the Disposal has substantially improved the financial position of the Group; and (iii) the negotiations led by the Group's management have led to substantial cash savings when compared to the Group's alternative options for resolving the financial burden of CSF CX upon the Group.

A total bonus payment of approximately RM10.0 million (approximately £1.9 million) has been paid in tranches to seven employees. Included in this figure are bonus payments which have been made to the Company's Chief Executive Officer, Michael Leong and the Company's Chief Financial Officer, Lee King Loon (the "Executive Director Bonuses"). Michael Leong was paid RM1.65 million (approximately £0.31 million) in November 2017 and RM3.15 million (approximately £0.59 million) in June 2018. Lee King Loon was paid RM1.15 million (approximately £0.22 million) in November 2017 and RM1.65 million (approximately £0.31 million) in June of 2018.

Whilst the formal consideration paid by the purchaser of CSF CX was nominal in its nature, the Disposal has significantly improved the Group's financial position due to the elimination of substantial liabilities, the reduction of lease rental payments and the return of cash deposits lodged by the Group for rental deposits in connection with CSF CX's data centres (as indicated in the Company's previous announcements regarding the Disposal).

The terms of the Disposal, as secured through negotiations led by Michael Leong and Lee King Loon: (i) led to an effective saving of cash reserve to the Group by approximately RM28 million (approximately £5.3 million) versus offers received from alternative potential purchasers (who offered transaction structures the Board viewed as being inferior); and (ii) resulted in RM9.07 million (approximately £1.70 million) of rental deposits being returned to the Group on 5 June 2018 from the Group's landlord, which was approximately 50% higher than the Board's earlier expectations.

The payments that constitute the Executive Director Bonuses to Michael Leong and Lee King Loon as directors of the Company are deemed related party transactions pursuant to AIM Rule 13. The independent directors of the Company, being Ting Heng Peng, Philip Cartmell and Dennis Kian Jing Ow for this purpose, consider, having consulted with Allenby Capital Limited (the Company's nominated adviser), that the terms of the Executive Director Bonuses are fair and reasonable insofar as shareholders are concerned.

The Company expects to announce its financial results for the year ended 31 March 2018 in the coming days.

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