

CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199706776D)

PROPOSED DISPOSAL OF 80.0% EQUITY INTERESTS IN YICHANG SMARTPOWER GREEN ELECTRICITY CO., LTD.

1. INTRODUCTION

- 1.1. The board of directors (the **"Board"** or the **"Directors"**) of Charisma Energy Services Limited (the **"Company"**) and together with its subsidiaries, the **"Group"**) refers to the previous announcements dated 18 February 2023, 12 April 2023, 17 April 2023, 2 June 2023, 8 June 2023, 19 June 2023, 22 June 2023, 7 June 2023, 23 July 2023, 13 October 2023, 31 October 2023, 30 November 2023, 28 December 2023, 16 January 2024, 29 February 2024 and the scheme document dated 12 April 2023 (the **"Previous Announcements"**). Unless otherwise defined, all capitalised terms used in this announcement which are not defined herein shall have the same meanings ascribed to them in the Previous Announcements.
- 1.2. The Board wishes to announce that the Company has on 7 April 2024 entered into an equity transfer agreement (the **"Agreement"**) with Smartpower Technology (Shanghai) Co., Ltd. (the **"Purchaser"**) and Yichang Smartpower Green Electricity Co., Ltd. (**"Yichang"**) pursuant to which the Purchaser shall acquire from the Company (a) 80.0% of the equity interests (the **"Equity Interest"**) in Yichang, being the entire equity interests held by the Company in Yichang, for an aggregate consideration of RMB23,079,260 (equivalent to approximately S\$4,306,590); and (b) the shareholder's loan of RMB23,588,869.34¹ (as at 23 February 2024) (equivalent to approximately S\$4,401,650) extended by the Company to Yichang (the **"Shareholder's Loan"**) for RMB1 (equivalent to approximately S\$0.19), on and subject to the terms and conditions of the Agreement (collectively, the **"Proposed Disposal"**). Unless otherwise stated, all currency translations of Singapore dollars (**"S\$"**) and Chinese Renminbi (**"RMB"**) used in this announcement are based on the exchange rate of S\$1.00: RMB5.3591 as at 5 April 2024 as published by the Monetary Authority of Singapore (the **"MAS"**).
- 1.3. Following the disposal of the Equity Interest pursuant to the Proposed Disposal, Yichang will cease to be a subsidiary of the Company. The Purchaser, who currently holds the remaining 20.0% of the equity interests in Yichang, will become the sole shareholder of Yichang holding 100.0% of the equity interests in Yichang.
- 1.4. The Company had entered into a scheme of arrangement with certain of its unsecured creditors (the **"Scheme Creditors"**) in accordance with Section 210 of the Companies Act 1967 of Singapore, to compromise certain of the Company's debt with such settlement being a combination of cash and issue of new ordinary shares of the Company (the **"Scheme of Arrangement"**). Pursuant to the terms of the Scheme of Arrangement, certain Scheme Creditors shall be distributed 85.0% of the net proceeds of the Proposed Disposal. Please refer to the Company's announcements dated 12 April 2023, 19 June 2023 and 7 July 2023 for further details relating to the Scheme of Arrangement. The Company will seek the relevant creditors' approval for certain supplementation to the Scheme of Arrangement arising from the terms of the Proposed Disposal, which is subject to sanction by the Court. The Company will make further announcements to update shareholders on the supplementation to the Scheme of Arrangement at a later date.
- 1.5. The Company had entered into a deed of settlement (the **"Deed"**) with holders of certain outstanding redeemable exchangeable preference shares (**"REPS"**, and holders of the REPS, the **"REPS Holders"**) issued by CES Hydro Power Group Pte. Ltd., a wholly-owned subsidiary of the Company, in relation to the settlement of the outstanding arrangements under the REPS subscription agreement and termination of a deed of charge. Pursuant to the Deed, the REPS

¹ For the purposes of the Agreement, the amount of the Shareholder's Loan as commercially agreed between the Company and the Purchaser to be reflected in the Agreement (being RMB23,079,260.33) is based on the loan amount recorded in the books of Yichang. The difference between the loan amount recorded in the Company's books and Yichang's books (being RMB509,609) is due to certain expenses paid on behalf by the Company which were not recognised in Yichang's book. The Company has used the loan amount recorded in the Company's books (being RMB23,588,868.34).

Holders shall be distributed 15.0% of the net proceeds of the Proposed Disposal. Please refer to the Company's announcement dated 9 June 2023 for further details relating to the Deed. The Company will obtain the support of the REPS Holders for certain amendments to be made to the Deed arising from the terms of the Proposed Disposal. The Company will make further announcements to update shareholders on the developments at a later date.

- 1.6. The Proposed Disposal is considered a "major transaction" as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Accordingly, the Proposed Disposal is conditional on approval by the shareholders of the Company (the "**Shareholders**"). For more information on the computation of the relative figures under Rule 1006 of the Catalist Rules, please refer to paragraph 5 of this announcement.

2. INFORMATION ON YICHANG AND THE PURCHASER

2.1. Yichang

Yichang is a limited liability company established in the People's Republic of China (the "**PRC**") on 16 September 2015. As at the date of this announcement, Yichang has a registered capital of RMB60,000,000. Each of the Company and the Purchaser holds 80.0% and 20.0% equity interests in Yichang, respectively.

The principal activities of Yichang are that of construction, ownership, operation and maintenance of the 20-megawatt Solar Photovoltaic ("**Solar PV**") power plant in Yichang City, Hubei Province in the PRC. Yichang currently has the regulatory approval to develop the Solar PV power plant and to supply electricity to the National Grid in Central China for 20 years commencing from June 2017.

Based on the Group's audited financial statements for the financial year ended 31 December 2023 ("**FY2023**") (the "**FY2023 AFS**"), the net loss attributable to the Equity Interest is approximately US\$6,798,000 (equivalent to RMB48,210,000²). As at 31 December 2023, the net liabilities value attributable to the Equity Interest is approximately US\$1,009,000 (equivalent to RMB7,161,000³).

Based on the Group's FY2023 AFS, the book value of the Equity Interest is approximately US\$2,315,000 (equivalent to RMB16,428,000²). The Company will commission an independent valuation of Yichang/Equity Interest.

2.2. The Purchaser

Shareholders should note that information relating to the Purchaser in this paragraph and elsewhere in this announcement has been provided by the Purchaser. The Company and the Directors have not independently verified the accuracy and correctness of such information herein. The sole responsibility of the Directors and the Company for the purpose of such information has been to ensure that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

The Purchaser is a limited liability company incorporated in the PRC and having its registered office address at Room 1701 and Room 1702, No. 1062 Yangshupu Road, Yangpu District, Shanghai. The principal activities of the Purchaser are development, construction, and investment of photovoltaic power plants and wind power plants. As mentioned in paragraph 2.1 of this announcement, the Purchaser holds 20.0% equity interests in Yichang.

The Purchaser is an independent third party who is not related to any of the Directors and/or controlling shareholders of the Company, or their respective associates.

² Based on the exchange rate of US\$ 1.00 : RMB7.0918, in respect of the financial year 2023, as published by the MAS.

³ Based on the exchange rate of US\$ 1.00 : RMB7.0969, as at 31 December 2023, as published by the MAS.

3. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS

3.1. Rationale of the Proposed Disposal

Since the suspension of trading of the shares of the Company (“**Shares**”) on a voluntary basis on 4 February 2019 and subsequent suspension of trading of the Shares under Catalyst Rule 1303(3)(c) due to uncertainties as to the Company’s ability to continue as a going concern, the Company has been actively taking steps to restructure its debts as well as to divest its existing assets which include a divestment of the Equity Interest. Over the past four (4) years, the Company has taken efforts to source for a buyer for the Equity Interest. Due to the delayed receipt of the National Subsidy, coupled with the weak economic outlook of the PRC, the Company has not been able to divest the Equity Interest despite all the efforts made.

Due to the weak cashflow position of Yichang caused by the delay in the payment of the tariff subsidies by the relevant authorities in PRC to Yichang dating back to 2018, the Purchaser has been providing financial support to Yichang over the past six (6) financial quarters, which amounted to approximately RMB 8,800,000 as at 31 March 2024, to partially fulfill Yichang’s obligations under the financing leasing contract dated September 2017 entered between Yichang and Huaneng Tiancheng Finance Leasing Co., Ltd. (“**Huaneng Tiancheng**”) (as amended and/or supplemented from time to time) (the “**Huaneng Tiancheng Financial Leasing Contract**”). As at 23 February 2024, Yichang has outstanding liabilities amounting to RMB103,088,313.61 owed to Huaneng Tiancheng pursuant to the Huaneng Tiancheng Financial Leasing Contract (the “**Huaneng Tiancheng Financial Leasing Liabilities**”). In the event the Purchaser decides to cease its financial support to Yichang, Yichang will be in default of the Huaneng Tiancheng Financial Leasing Liabilities.

The Company has provided certain security to secure the Huaneng Tiancheng Financial Leasing Liabilities, including a corporate guarantee in favour of Huaneng Tiancheng (the “**Company’s Corporate Guarantee**”). In the event Yichang defaults on the Huaneng Tiancheng Financial Leasing Liabilities, Huaneng Tiancheng has the rights to call on the Company’s Corporate Guarantee and this will have a material adverse impact on the Company’s current restructuring efforts and the Company may not be able to continue as a going concern. The Proposed Disposal, if completed, will enable the release of the security provided by the Company to secure the Huaneng Tiancheng Financial Leasing Liabilities, including the Company’s Corporate Guarantee. For more information on the principal terms of the Agreement, please refer to paragraph 4 of this announcement.

3.2. Use of Proceeds

As mentioned in paragraphs 1.4 and 1.5 of this announcement, 85.0% of the net proceeds of the Proposed Disposal is to be distributed to certain Scheme Creditors and the remaining 15.0% of the net proceeds of the Proposed Disposal will be distributed to the REPS Holders.

It should be noted that Mr. Simon de Villiers Rudolph (the Independent and Non-Executive Director and Shareholder of the Company), Mr. Chew Thiam Keng (the Non-Executive Chairman and Non-Executive Director of the Company and a director of Ezion Holdings Limited (in liquidation)), Ezion Holdings Limited (in liquidation) (a Substantial Shareholder of the Company) and Mr. Patrick Tan Choon Hock (a Substantial Shareholder of the Company) are amongst the Scheme Creditors who shall receive the distributions mentioned above.

4. PRINCIPAL TERMS OF THE AGREEMENT

The Agreement is executed in Chinese. The following principal terms of the Agreement are based on the authenticated English translations of the Agreement.

Acquisition of Equity Interest

The Company agrees and acknowledges that it will transfer the Equity Interest to the Purchaser, and the Purchaser agrees and acknowledges that it will acquire the Equity Interest from the Company, in accordance with the terms and conditions of the Agreement.

Acquisition of Shareholder's Loan	The Purchaser agrees and acknowledges that the Purchaser will acquire the Shareholder's Loan in accordance with the terms and conditions of the Agreement.
Assumption of responsibility of external debt	The Purchaser agrees and acknowledges that in addition to the acquisition of the Equity Interest, the Purchaser shall assume responsibility of all the external debts of Yichang.
Huaneng Tiancheng's written consent for the transfer of Equity Interest and release of security	Within 5 Working Days⁴ from the date of the Agreement, the Purchaser shall submit to Huaneng Tiancheng to obtain its written consent to: (a) the Company's transfer of all its Equity Interest to the Purchaser; and (b) release all the security provided by the Company under the Huaneng Tiancheng Financial Leasing Liabilities (including but not limited to the release of the pledge of the Equity Interest by the Company in favour of Huaneng Tiancheng (the "Equity Pledge"), the cancellation of the Company's corporate guarantee and other matters) and the application for the registration of the transfer of the Equity Interest be submitted to the competent authority in the PRC. The Company and the Purchaser agree that the above written consent from Huaneng Tiancheng shall be obtained prior to the change of the designation of a shareholder and its capital contribution in the shareholder register by the Company and the Purchaser, completion of the registration of change in Yichang with respect to the Purchaser as the shareholder thereof and the completion of other closing actions set out in the Agreement so that the Purchaser is able to successfully exercise shareholder rights attached to the Equity Interest (the "Closing").
Consideration for the acquisition of Equity Interest and Shareholder's Loan	The Company and the Purchaser agree and acknowledge that the Purchaser shall acquire (a) the Equity Interest at the consideration of RMB23,079,260 (the "Equity Interest Purchase Consideration"); and (b) the Shareholder's Loan at the consideration of RMB1 (the "Shareholder's Loan Purchase Consideration", together with the Equity Interest Purchase Consideration, the "Purchase Consideration"). The Purchase Consideration for the Proposed Disposal was arrived at after arm's length negotiations and on a willing-buyer and willing-seller basis, after taking into consideration the expected future cashflows of Yichang and the rationale for the Proposed Disposal as set out in paragraph 3.1 of this announcement.
Bonus payment	Before the Purchaser has fully paid the entire Equity Interest Purchase Consideration (the "Relevant Period"), in the event that Yichang is relisted as a recipient of the national subsidy, the Purchaser agrees to pay an additional RMB4,000,000 bonus payment with the fifth (last) installment of the Purchase Consideration.
Release of security provided by the	Within three (3) Working Days after the First Transfer Price (as defined below) is remitted, the Company and the Purchaser shall

⁴ **"Working Days"** means any day other than Saturdays, Sundays and official holidays of the PRC.

Company for the Huaneng Tiancheng Financial Leasing Liabilities, etc	coordinate with Huaneng Tiancheng to proceed with the discharge of all the security provided by the Company to Huaneng Tiancheng under the Huaneng Tiancheng Financial Leasing Liabilities (including but not limited to the discharge of the Equity Pledge and the cancellation of the Company's corporate guarantees), and shall apply to the competent authority in the PRC for the registration of the transfer of the Equity Interest.
Payment Schedule	The payment of the Purchase Consideration shall be paid in five (5) installments within 24 months from the signing of the Agreement. The Purchaser shall pay: (a) within five (5) Working Days after the transfer of the Equity Interest is approved at the shareholders' general meeting and creditors' meeting of the Company, to the Company RMB3,079,261 (inclusive of the Shareholder's Loan Purchase Consideration of RMB1) (the "First Transfer Price"). (b) the second installment of the Purchase Consideration of RMB5,000,000 in cash no later than 1 September 2024; (c) the third installment of the Purchase Consideration of RMB5,000,000 in cash no later than 1 March 2025; (d) the fourth installment of the Purchase Consideration of RMB5,000,000 in cash no later than 1 September 2025; and (e) the fifth installment of the Purchase Consideration of RMB5,000,000 in cash no later than 1 March 2026. If the effective date of the Agreement is later than 30 June 2024, the above payment dates will be postponed accordingly. If the Purchaser transfers the Equity Interest at any time during the period when any of the Purchase Consideration remains outstanding, the Purchaser shall fully pay to the Company all the outstanding Purchase Consideration in one lump-sum within 10 Working Days from the date on which the equity transfer agreement or other legal documents for the equity transfer are executed.
Corporate Guarantee from the Purchaser	The Purchaser acknowledges and agrees that it shall issue a corporate guarantee to the Company within 10 Working Days from the date of the Agreement. Such guarantee shall be valid until the date on which the Purchaser fully pays the Equity Interest Purchase Consideration and the guaranteed amount is RMB20,000,000.
Governmental examinations, approvals and filings	The Company shall be responsible for completing all the necessary governmental examination, approval and filing procedures and formalities of foreign exchange payment with the State Administration of Foreign Exchange for the Purchaser's payment of the Equity Interest Purchase Consideration, and the Purchaser shall actively cooperate with the Company.
Closing action items	Within three (3) Working Days of the First Transfer Price being remitted, certain action items need to be completed by the Company, the Purchaser and Yichang, including but not limited to: (a) the Purchaser and the Company submitting the application for the release of the security provided by the Company to secure

the Huaneng Tiancheng Financial Leasing Liabilities to the relevant authority which accepts the release of the security and obtaining the notice (or other legal documents) for release of the security;

- (b) the Purchaser shall require Huaneng Tiancheng to incorporate with the Company to terminate the Company's corporate guarantee in favour of Huaneng Tiancheng;
- (c) the Company and the Purchaser shall obtain the relevant approvals for the transfer of the Equity Interest in accordance with the applicable laws of the jurisdictions in which they are registered, their internal decision making processes and articles of association, including but not limited to directors' resolutions, shareholders' resolutions and creditors' meeting of the Company;
- (d) rescission of the counter-guarantee contract between the Company and the Purchaser;
- (e) the Purchaser shall be registered as a shareholder in the shareholders' register of Yichang and the relevant registration with the administration for industry and commerce shall have been completed. The Purchaser shall contribute RMB48 million, accounting for 80.0% of the registered capital of Yichang;
- (f) the candidates for legal representative, executive director, supervisor and senior management appointed by the Purchaser shall have been duly appointed as the legal representative, executive director, supervisor and senior management of Yichang in the manner determined by the shareholders and/or the executive director, and the Purchaser shall have been provided with the supporting documents in accordance with laws; and
- (g) the registration procedures for all of the following items shall be completed, and the relevant certificate shall be submitted to the Purchaser: (i) the registration of the amendment of the articles of association of Yichang being completed and acknowledged by the Purchaser; (ii) the Purchaser shall be registered as the shareholder with its subscribed capital of RMB60,000,000, accounting for 100.0% of the registered capital of Yichang; (iii) the registered legal representative shall be changed to the person appointed by the Purchaser; and (iv) the registered executive director, supervisor and senior management personnel shall be changed to the person appointed by the Purchaser.

In the event that the Company or the Purchaser fails to obtain the approvals mentioned in (c) above, Closing shall be deemed to have not taken place and such party shall endeavour to obtain the relevant approvals within 90 days from the date on which the relevant approvals first failed to be obtained; if such relevant party fails to obtain the relevant approvals within such 90-days period, the Agreement shall automatically terminate and the Company and the Purchaser shall bear no liability for the breach of the Agreement.

Termination

The Agreement may be terminated (a) with the written consent of the Company and the Purchaser; or (b) if any circumstances for

termination as set out in the Agreement occurs.

Governing Law

The execution, validity, interpretation, implementation of the Agreement and settlement of disputes in respect of the Agreement shall be governed by and construed in accordance with the PRC Law. However, if the published PRC Laws do not prescribe specific matters related to the Agreement, the general international commercial practices to the extent permitted by PRC Law shall be referred to.

In the Agreement, the term “**PRC Law**” means all Mainland China's laws (not including Hong Kong S.A.R., Macau S.A.R. and Taiwan District), administrative regulations, rules, provisions, policy documents, local government and local governmental authority's regulations, decisions, policy documents, securities trading listing rules, trading rules and other business rules.

5. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

- 5.1. The relative figures in relation to the Proposed Disposal are computed on the applicable bases set out under Rule 1006 of the Catalist Rules based on the Group's FY2023 AFS (being the latest announced consolidated accounts of the Group) as follows:

Catalist Rule 1006	Bases	Relative Figures (%)
(a)	The net asset ⁽¹⁾ value of the assets to be disposed of, compared with the Group's net asset value.	2.0% ⁽²⁾
(b)	The net profits ⁽³⁾ attributable to the assets acquired or disposed of, compared with the Group's net profits.	118.3% ⁽⁴⁾
(c)	The aggregate value of the consideration ⁽⁵⁾ given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	35.1% ⁽⁶⁾
(d)	The 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 ⁽⁷⁾
(e)	The 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 ⁽⁸⁾

Notes:

- (1) Under Catalist Rule 1002(3)(a), “net assets” means total assets less total liabilities.
- (2) Based on the Group's FY2023 AFS, the net liability value attributable to the Equity Interest was US\$1.01 million (equivalent to RMB7.16 million²). The net liability value attributable to the Equity Interest is based on the book value of the Equity Interest. Based on the Group's FY2023 AFS, the net liabilities value of the Group for FY2023 was US\$49.78 million (equivalent to RMB353.27 million²). Following the completion of the Proposed Disposal, the Shareholder's Loan continues to subsist and remains payable by Yichang to the Purchaser.
- (3) Under Catalist Rule 1002(3)(b), “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the Group's FY2023 AFS, the net loss attributable to the Equity Interest was US\$6.76 million before income tax and non-controlling interests (equivalent to RMB47.97 million¹). Based on the Group's FY2023 AFS, the Group's net loss for FY2023 was US\$5.72 million (equivalent to RMB40.54 million¹).

- (5) Paragraph 3.2(b)(i) of Practice Note 10A of the Catalist Rules provides that, in computing the aggregate value of consideration given or received under Catalist Rule 1006(c), any deferred consideration that may be receivable by the issuer in the future shall be included in the aggregate value of consideration. Accordingly, the amount of RMB4.0 million, being the additional bonus payment that the Company may potentially receive from the Purchaser during the Relevant Period is included in computing the aggregate value of consideration received under Catalist Rule 1006(c). For more information on the bonus payment, please refer to paragraph 4 of this announcement.

Paragraph 3.2(b)(iii) of Practice Note 10A of the Catalist Rules provides that, in computing the aggregate value of consideration given or received under Catalist Rules 1006(c), any additional liabilities (whether actual or contingent) to be assumed by the purchaser or waived by the seller under the terms of the transaction shall be included in computing the aggregate value of consideration. For the purposes of computing the amount of write-off by the Company when disposing the Shareholder's Loan, the Company has used the loan amount recorded by the Company on its books (being RMB23,588,869). On this basis, the Company will write-off RMB23,588,868 of the Shareholder's Loan (being the Shareholder's Loan as recorded in the Company's books noted above minus the consideration of RMB1) (the "**Write-Off**"). Accordingly, the Write-Off of RMB23,588,868 is added to the aggregate value of consideration received under Catalist Rule 1006(c).

Taking the above into account, the aggregate value of consideration received for the purposes of computing the relative figure under Catalist Rule 1006(c) is RMB50,668,129.

- (6) The Company's market capitalisation of approximately S\$27,318,657 (equivalent to RMB147,032,600⁵) is determined by multiplying the issued share capital of 13,659,328,535 Shares (excluding treasury shares) and the volume weighted average price of S\$0.002 for each Share based on the trades done on 31 January 2019, being the last full market day when the Shares were traded prior to the Shares being suspended from trading on 4 February 2019.
- (7) Catalist Rule 1006(d) is not applicable as the Proposed Disposal is not an acquisition.
- (8) Catalist Rule 1006(e) is not applicable as the Proposed Disposal is not a disposal of a mineral, oil or gas asset and the Company is not a mineral, oil and gas company.
- 5.2. Under Catalist Rule 1007(1), if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules.
- 5.3. As the relative figure computed under Catalist Rules 1006(a) and 1006(b) involve a negative figure and the Proposed Disposal does not fall within the circumstances provided for in paragraphs 4.3 and 4.4 of Practice Note 10A of the Catalist Rules, pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Proposed Disposal constitutes a "major transaction" under Rule 1014 of the Catalist Rules and is accordingly subject to the approval of the shareholders of the Company being obtained at an extraordinary general meeting (the "**EGM**") to be convened.
- 5.4. In addition, pursuant to Catalist Rule 1014(5), as the relative figure computed on the bases set out in Rule 1006(b) of the Catalist Rules exceeds 75%, the Company will commission an independent valuer to carry out an independent valuation of Yichang for the purpose of the Proposed Disposal.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1. Bases and Assumptions

The *pro forma* financial effects have been prepared based on the Group's FY2023 AFS, and based on the following key assumptions:

- (a) for the purposes of illustrating the financial effects of the Proposed Disposal on the net tangible liabilities per Share of the Group, it is assumed that the Proposed Disposal was completed on 31 December 2023;
- (b) for the purposes of illustrating the financial effects of the loss per Share of the Group, it is assumed that the Proposed Disposal was completed on 1 January 2023; and

⁵ Based on the exchange rate of S\$ 1.00 : RMB5.3821, as at 31 December 2023, as published by the MAS.

- (c) the costs and expenses incurred or to be incurred in connection with the Proposed Disposal are expected to be approximately US\$0.72 million.

The *pro forma* financial effects below are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group following the completion of the Proposed Disposal.

6.1.1. Net Liabilities per Share

	Before completion of the Proposed Disposal	After completion of the Proposed Disposal
Net liabilities as at 31 December 2023 (US\$'000)	49,777	49,557 ⁶
Number of issued Shares (excluding treasury shares)	13,659,328,535	13,659,328,535
Net liabilities per Share (US cents)	(0.36)	(0.36)

6.1.2. Loss Per Share ("LPS")

	Before completion of the Proposed Disposal	After completion of the Proposed Disposal
Net Loss for FY2022 (US\$'000)	8,425 ⁷	10,739 ⁸
Weighted average number of Shares (excluding treasury shares)	13,659,328,535	13,659,328,535
LPS (US cents)	(0.06)	(0.08)

6.2. Gain on Disposal

Based on the Group's FY2023 AFS, the net surplus of the proceeds over the net book value of the Equity Interest is approximately US\$220,000 which is based on the book value of Yichang of US\$2.31 million compared against the estimated net proceeds of the Proposed Disposal of US\$2.53 million⁹. Accordingly, the gain on disposal of Equity Interest in Yichang is expected to be approximately US\$220,000.

Based on the Group's FY2023 AFS, the net surplus of the proceeds over the net book value of the Amount owed by Yichang to the Company is approximately US\$0.14 which is based on the book value of the Company of US\$Nil compared against the proceeds of the Proposed Disposal of US\$0.14. Accordingly, the gain on disposal of Shareholder's Loan is expected to be approximately US\$0.14.

⁶ This is derived based on (i) current book value of Yichang being US\$2.31 million versus (ii) estimated net proceeds of the Proposed Disposal of US\$2.53 million, being the gross proceeds of the Proposed Disposal of US\$3.25 million less estimated cost of transaction of US\$0.72 million.

⁷ This is derived based on re-presented values set out in the Group's FY2023 AFS.

⁸ This excludes Yichang's gain in FY2022, being US\$1.08 million and has taken into consideration the inclusion of (i) gain on disposal of Equity Interest in Yichang of US\$0.22 million; (ii) gain on disposal of Amount owed by Yichang of US\$0.14; and (iii) provision for impairment on Amount owed by Yichang in FY2023, which amounted to US\$1.45 million. If Yichang's gain in FY2022 were to be included in computing the LPS, the Net Loss for FY2022 after the completion of the Proposed Disposal would be US\$9,656,000, the LPS after the completion of the Proposed Disposal would be US\$0.07.

⁹ This is derived based on the gross proceeds of the Proposed Disposal of US\$3.25 million less estimated transaction costs of US\$0.72 million.

7. EXTRAORDINARY GENERAL MEETING AND SHAREHOLDERS' CIRCULAR

The Company intends to convene an EGM to seek Shareholders' approval for the Proposed Disposal. The circular to shareholders as well as a notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As disclosed in paragraph 3.2 of this announcement, two (2) Directors of the Company (being Mr. Simon de Villiers Rudolph and Mr. Chew Thiam Keng) have certain outstanding past directors' fees owed to them and are amongst the Scheme Creditors who shall receive the distributions of the net proceeds of the Proposed Disposal, and accordingly, have an interest in the Proposed Disposal ("**Conflicted Directors**"). Save as disclosed above, none of the Directors and their respective associates, and to the best of the Directors' knowledge, none of the Controlling Shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Proposed Disposal (other than arising from their shareholdings (if any) and/or directorships in the Company).

The Conflicted Directors have abstained from voting on the Directors' resolutions in relation to the Proposed Disposal and will abstain from making any recommendations to Shareholders in respect of the resolutions relating to the Proposed Disposal to be tabled at the EGM. Mr. Owyong Thian Soo, who is the remaining Director not considered to be conflicted in the context of the Proposed Disposal, will make recommendations to Shareholders in respect of the resolutions relating to the Proposed Disposal to be tabled at the EGM.

9. 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.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts on the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreement are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 for a period of three (3) months commencing from the date of this announcement.

12. CAUTIONARY STATEMENT

There is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Disposal. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Tan Ser Ko
Chief Executive Officer
19 April 2024

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Mr Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.