
PROPOSED DISPOSAL OF ACCOMMODATION MODULE IN PORT MELVILLE

1. INTRODUCTION

The Company wishes to announce that it has, together with its subsidiaries Aus Am Pte Ltd ("**Aus Am**") and Kingpost 2 International Ltd ("**Kingpost**"), (collectively, the "**Charisma Parties**") entered into an agreement ("**Agreement**") with NT Port and Marine Ltd ("**NTPM**") and AusGroup Limited ("**AusGroup**") (collectively, "**AusGroup Parties**"), and together with Charisma Parties, (collectively, the "**Parties**") to dispose the Accommodation Module (as defined in paragraph 4 below) to AusGroup or its nominee on an as-is where-is basis free of mortgage, lien or security interests ("**Proposed Transaction**"), upon the terms and conditions out in the Agreement. The salient terms of the Agreement are set out below.

2. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is in line with the Group's decision to exit the oil and gas services business and focus on expanding and developing its renewable energy business. This will also enable the Group to receive accelerated cash receipts in settlement of obligations relating to the Accommodation Module (as defined in paragraph 4) and to support the Group's refinancing exercise with its financial institutions.

3. CONSIDERATION

3.1 The consideration for the Proposed Transaction was arrived at an aggregate amount of AUD11,800,000 (equivalent to approximately US\$8,392,000 at the exchange rate of US\$1:AUD1.4061) (the "**Consideration**"), following arm's length negotiations between the Parties and on a willing-buyer and willing seller basis, taking into account *inter alia* the net book value of the Accommodation Module (as defined in paragraph 4) of approximately AUD11.0 million as at the date of Agreement.

3.2 Pursuant to the Agreement, the Consideration of AUD11,800,000 will be satisfied as follows: -

- (a) By payments being all payments made by AusGroup or NTPM to the Company or the Company's nominee who is part of the Group between April 2018 and the satisfaction of all conditions precedent;
- (b) Monthly instalments of AUD220,000 per month by the 25th of each month, starting from the calendar month subsequent to conditions precedent being satisfied up until 25 September 2020; and
- (c) A final payment of the outstanding balance of the Consideration by the 25th of October 2020, subject to any expressly agreed deductions and/or set-off by AusGroup or its nominee and the Company ("**Final Payment**").

3.3 Pursuant to the Agreement, AusGroup may, at its sole election, pre-pay the balance of the then outstanding Consideration to the Company or its nominee at any date after the Condition Precedent (as defined below) is satisfied and before 25 October 2020, without penalty.

4. INFORMATION ON THE ACCOMODATION MODULE

The accommodation module comprises a 119-man accommodation camp, kitchen, administration building and recreational facilities at Port Melville, Melville Island in the Northern Territory of Australia (the "**Accommodation Module**"). Aus AM had leased the Accommodation Module to NTPM to support the Northern Territory oil and gas industry and marine transport industry.

5. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

5.1 Conditions Precedent

Amongst others, the key condition precedent is the rights and obligations of the Parties under the Agreement are conditional upon the approval of a financial institution which has provided financing to the Company and/or Aus Am for these Parties to enter into the Agreement, such approval being obtained before 15 May 2019 ("**Condition Precedent**").

5.2 Other key principal terms

Pursuant to the terms of the Agreement, Parties agree, *inter alia*, as follows:

- (a) Upon execution of the Agreement,
 - i. whilst payments of the Consideration are being paid in accordance with the manner set out in paragraph 3.2 above, NTPM has the custody and control, including but not limited to exclusive possession, of the Accommodation Module (including all assets, fixtures and any interests);
 - ii. by 15 May 2019, the Company shall provide to AusGroup a letter from the financier of the Accommodation Module that it will consent to the release of its security interest and agrees to execute and perform a full deed of release upon receipt of the full amount of the Consideration by the Company or its nominees within the Group;
 - iii. all other transaction agreements and project documentation entered into by any or all of the Parties pertaining to the Accommodation Module shall terminate upon satisfaction of the Condition Precedent;
 - iv. NTPM will and AusGroup shall procure that NTPM does assume all obligations and liability for the Accommodation Module including any removal and remediation works in respect of the existing construction;
 - v. in the event that the AusGroup Parties sell or otherwise transfer their interest in Port Melville to a third party prior to payment of the Final Payment, the Parties agree that the AusGroup Parties may novate their rights and obligations under this Agreement to any purchaser of the Port Melville upon 30 days' prior written notice to the Charisma Parties, provided that, subject to sub-paragraph (vii) below, AusGroup issues a deed of guarantee, assignable by the Company or its nominees within the Group, to guarantee the payment obligation of the aforesaid purchaser of Port Melville under the Agreement (as so novated) as a primary obligation and not as a mere surety ("**Corporate Guarantee**");
 - vi. In the event that the AusGroup Parties novate their rights and obligations under the Agreement, the obligations of AusGroup under the Corporate Guarantee may, with the consent of the Charisma Parties (at our sole discretion), be replaced with a guarantee by the purchaser or an associated entity of the purchaser; and
- (b) Upon full receipt of the Consideration and subject to the terms and conditions of the Agreement:
 - i. all legal title and interests in the Accommodation Module (including all assets, fixtures and any title or interest in the Accommodation Module) shall be transferred to NTPM on an as-is where-is basis free and clear of mortgage, lien or security interests;
 - ii. AusGroup and NTPM, Aus Am, Kingpost and the Company irrevocably releases and forever discharges each other from all claims that they each jointly or severally have or may have had against each other; and

- iii. The Company and Aus Am will cause the security interest of the financier of the Accommodation Module to be discharged and will provide evidence to AusGroup as soon as reasonably practicable (and in any event, within ten business days) of the full receipt of the Consideration that such security interest has been discharged.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the Proposed Transaction pursuant to the Agreement on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Transaction. The financial effects have been prepared on a pro forma basis using the latest audited consolidated financial statements of the Group for the financial year ended 31 December 2017 (“FY2017”).

(a) Net Tangible Assets (“NTA”)

For illustrative purposes and assuming the Proposed Transaction had been completed on 31 December 2017, the pro forma financial effects of the Proposed Transaction on the consolidated NTA of the Group for FY2017 are as follows:

NTA	Before the Proposed Transaction	After the Proposed Transaction
Consolidated NTA (US\$'000)	53,314	53,859
Number of shares (in million)	13,166	13,166
NTA per share (US cents)	0.40	0.41

(b) Loss per Share

For illustrative purposes and assuming the Proposed Transaction had been completed on 1 January 2017, the pro forma financial effects of the Proposed Transaction on the loss per share (“LPS”) of the Group for FY2017 are as follows:

LPS	Before the Proposed Transaction	After the Proposed Transaction
Net losses attributable to shareholders of the Company (US\$'000)	(31,358)	(30,813)
Weighted average number of shares (in million)	13,138	13,138
LPS (US cents)	(0.24)	(0.23)

The Proposed Transaction would not have an impact on the issued share capital and the number of shares of the Company.

7. EXCESS FROM PROCEEDS OVER BOOK VALUE AND INTENDED USE OF PROCEEDS

Based on the Consideration of AUD11,800,000, the excess from the Consideration of the Proposed Transaction over the book value is expected to be approximately AUD766,000 (approximately equivalent to US\$545,000). As one of the terms of the Agreement, the Group will first apply the Consideration towards the repayment of the Accommodation Module's project financing.

8. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

- 8.1 Based on the latest announced unaudited consolidated financial statements of the Group for the nine-month period ended 30 September 2018 (“9M2018”), the relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST (the “Catalist Rules”), are as follows:

Rule 1006	Bases	Size of Relative Figures (%)
(a)	The net asset value of the assets to be disposed of ⁽¹⁾ , compared with the Group's net asset value of US\$50,336,000.	15.59%
(b)	The net profits ⁽²⁾ attributable to the assets disposed of, compared with the Group's net profits of US\$2,060,000.	26.45%
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares.	43.28% ⁽⁴⁾
(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 ⁽⁵⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable ⁽⁶⁾

Notes:

- (1) The net asset value attributable to the assets disposed of under the Proposed Transaction is US\$7,847,000 (equivalent to AUD11,034,000 at the exchange rate of US\$1:AUD1.4061).
- (2) "Net profits" means profit before income tax, minority interests and extraordinary items. The net profits attributable to the assets disposed of is US\$545,000.
- (3) The Company's market capitalisation is determined by multiplying the 13,166,385,035 ordinary shares of the Company in issue (the "**Shares**") (13,166,385,035) by the volume weighted average price of S\$0.002 per Share on 31 January 2019, being the last traded market day immediately preceding the execution of Agreement on 18 February 2019 and the trading halt and voluntary suspension thereafter of the Shares on 31 January 2019 and 7 February 2019 respectively.
- (4) Based on the consideration of S\$11,397,000, and the Company's market capitalisation of S\$26,332,000. The consideration is derived by converting AUD11,800,000 at an exchange rate of S\$1:AUD\$1.0354 as at 18 February 2019.
- (5) Not applicable as there will be no issuance of equity securities by the Company in relation to the Proposed Transaction.
- (6) Not applicable as the Company is not a mineral, oil or gas company.

8.2 As the relative figures computed on the bases set out in Rules 1006 (a) to (c) exceed 5% but do not exceed 50%, the Proposed Transaction constitutes a "disclosable transaction" under Chapter 10 of the Catalyst Rules.

9. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into by the Company in connection with the Proposed Transaction.

10. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors or (to the best information, belief and knowledge of the Directors) controlling shareholders of the Company (other than in their capacity as Directors or Shareholders of the Company) has any interest, direct or indirect, in the Agreement or the Proposed Transaction set out therein.

11. DOCUMENTS FOR INSPECTION

Shareholders should note that a copy of the Agreement will be available for inspection during normal business hours at the Company's registered office 15 Hoe Chiang Road #12-05, Tower Fifteen, Singapore 089316 for three (3) months from the date of this announcement.

12. RESPONSIBILITY STATEMENT

The Directors of the Company 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 about the Proposed Transaction, 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.

BY ORDER OF THE BOARD CHARISMA ENERGY SERVICES LIMITED

Tan Wee Sin
Company Secretary
20 February 2019

*This announcement has been prepared by the Company and reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).