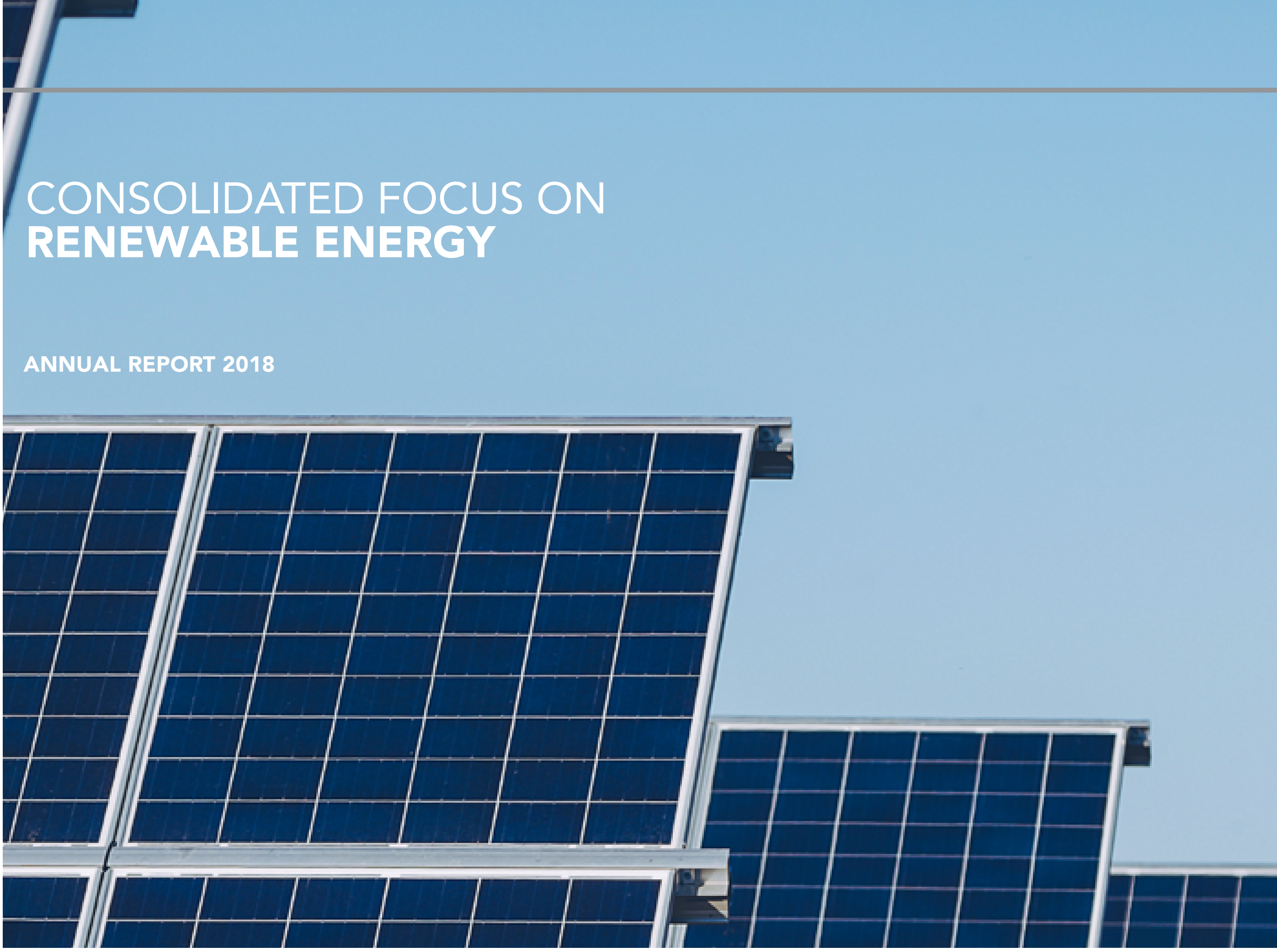
Annual Report 2018

CONSOLIDATED FOCUS ON

RENEWABLE ENERGY

CHARISMA ENERGY



This annual report 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 Catalist. The Sponsor has not verified the contents of this annual report.

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

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 E-mail: sponsorship@ppcf.com.sg).

REVIEW

FINANCIALS

“The Group’s business focus is in renewable energy and marine and offshore oil and gas services (“O&G”). In FY2018, the acquisition of the operations of the hydro power plant in Sri Lanka represented a step forward in growing the Group’s renewable energy portfolio.”

LETTER TO SHAREHOLDERS

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we present to you the annual report of Charisma Energy Services Limited (the "Company", or together with its subsidiaries, the "Group") for the financial year ended 31 December 2018 ("FY2018").

The Group's business focus is in renewable energy and marine and offshore oil and gas services ("O&G"). In FY2018, the acquisition of the operations of the hydro power plant in Sri Lanka represented a step forward in growing the Group's renewable energy portfolio. The commissioning of the 140 megawatt photovoltaic power plant of the Group's joint venture in Rajasthan, India in December 2017, and the commercial operation of the 20 megawatt photovoltaic power plant under the Group's subsidiary in Hubei, China in January 2018 had also raised the Group's profile in the renewable energy sector.

Compared to the financial year ended 31 December 2017, the Group's revenue in FY2018 decreased by 13% to US$17.2 million mainly due to off-charter of vessels as a result of the continued depressed O&G market globally. The Group carried out an assessment on impairments of its assets in FY2018, and recognised provisions amounting to US$38.7 million. This resulted in a net loss of US$41.7 million reported for FY2018 and reduced the equity of the Group to US$8.6 million. The Group generated US$9.2 million of net operating cash flows during the year.

While the Group is making forays into the renewable energy sector, issues brought on by the depressed O&G market resulting in the underutilisation of O&G assets of the Group would have to be addressed. The Group intends to resolve these issues holistically and comprehensively with all its stakeholders. Amongst other initiatives, it has already commenced the restructuring of its debt facilities with its principal bankers. The completion of the debt restructuring will extend the tenure of the Group's borrowings and result in improvement of the Group's cash flow.

“Amongst other initiatives, it has already commenced the restructuring of its debt facilities with its principal bankers. The completion of the debt restructuring will extend the tenure of the Group’s borrowings and result in improvement of the Group’s cash flow.“

In addition, the Group entered into definitive agreements for the disposal of its O&G assets. In particular, the Group disposed the entire share capital of Mustang Operations Center 1 LLC and the accommodation module at Port Melville, located in the Northern Territory of Australia. Proceeds from these disposals would be largely applied towards reduction of the Group’s financial liabilities over the next 18 months. The Group is also open to divestments of its other assets as and when the opportunity arises to maximise the return of capital.

Moving forward, the Group will continue to focus on reducing debts and bolstering working capital to improve the Group’s financial position. Until the debt restructuring and disposal of O&G assets are completed, there is some uncertainty that may cast doubt on the Group’s ability to continue as a going concern. The outcome of these actions will very much determine if the Group will weather the current storm and emerge stronger than before.

LETTER TO SHAREHOLDERS

"the Group entered into definitive agreements for the disposal of its O&G assets. ...Proceeds from these disposals would be largely applied towards reduction of the Group's financial liabilities over the next 18 months. "

In anticipation of the Group having to reach out to stakeholders such as financial institutions, creditors and potential investors to discuss the Group's financing and capitalisation options, and considering the dynamic and fluid situation that the Group is in, the Company had voluntarily suspended the trading of its shares on the Catalist of the Singapore Exchange until all material information regarding the Group's financing and capitalisation plans are finalised and announced.

We thank God for His providence and would like to express our sincere gratitude to our fellow directors for their advice and guidance. We also would like to sincerely thank all our colleagues for their commitment and hard work through this very difficult time. To our bankers, business associates and partners, we are very thankful for your support and trust in us. To our dear shareholders, we thank you for your faith in us and we will continue to endeavour to create value for your investment.

MR. TAN SER KO
Chief Executive Officer & Executive Director

MR. CHEW THIAM KENG
Non-Executive Chairman

BOARD OF DIRECTORS

01

MR.
CHEW THIAM KENG
Non-Executive Chairman &
Non-Executive Director

Mr. Chew Thiam Keng was appointed to the Board as Non-Executive Chairman of the Board on 20 February 2013 and was last re-elected on 26 April 2018. Mr. Chew is currently the Chief Executive Officer and Executive Director of Ezion Holdings Limited ('Ezion') and he was appointed to the Board of Ezion on 1 March 2007. Prior to this, he was the Managing Director / Chief Executive Officer of KS Energy Services Limited for about five years and was an Executive Director of Kian Ann Engineering Limited between 1996 and November 2001. Before that, he was with the Development Bank of Singapore Limited for nine years working in areas of banking such as corporate finance and retail banking. Mr. Chew holds a Master Degree in Business Administration from the University of Hull and Bachelor Degree (Honours) in Mechanical Engineering from the National University of Singapore. He previously served as Independent Non-Executive Director of Pharmesis International Limited.

02

MR.
TAN SER KO
Chief Executive Officer &
Executive Director

Mr. Tan Ser Ko was first appointed to the Board as Non-Executive and Independent Director of the Company on 29 July 2011 and was re-designated as Executive Director on 1 March 2012. Mr. Tan was appointed Chief Executive Officer of the Company on 1 October 2014 and was last re-elected as Executive Director on 26 April 2016. As Chief Executive Officer, he is responsible for overseeing the strategic planning, corporate management, daily operations, business development and performance of the Group. Mr. Tan is also a non-executive director of Alpha Energy Holdings Limited. Mr. Tan has 20 years of experience in banking, finance and investment. After serving his scholarship bond with the Singapore Armed Forces, he started his banking career in consumer and enterprise banking. His past directorships in companies listed on the SGX-ST include Contel Corporation Limited, M Development Limited and Surface Mount Technology (Holdings) Limited. Mr. Tan holds a Bachelor of Engineering Degree from the National University of Singapore.

03

MR.
WONG BHEET HUAN
Executive Director

Mr. Wong Bheet Huan was appointed as Executive Director of the Company on 1 October 2014 and was reappointed on 26 April 2016. He is responsible for the Group's strategic planning and project evaluation and implementation. He has more than 49 years of experience in marine engineering, power generation and ship and rig construction. He served 32 years at Lloyds Register and was the Country Manager for Singapore. He was also the Technical Director of Ezra Holdings Limited and Chief Executive Officer of Triyards Holdings Limited from 2004 to 2012. Mr. Wong is a registered Professional Engineer, Singapore, and a Fellow of the Institute of Marine Engineers, London. He received tertiary education at the Liverpool College of Technology and is a certified Chief Engineer by the British Board of Trade. He has an honours degree in law from the University of London.

04

MR. SIMON DE VILLIERS RUDOLPH
Independent Non-Executive Director

Mr. Simon de Villiers Rudolph was appointed as Independent Non-Executive Director of the Company on 1 July 2013 and was last re-elected on 25 April 2017. He currently serves as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mr. Rudolph had retired from the asset manager, Franklin Templeton, having worked as a portfolio manager for nearly 18 years. He has nearly 32 years of extensive knowledge and experience of business across the world, notably in Asia Pacific, Middle East and North Africa in particular, with specific focus on fund management. Mr. Rudolph holds a degree in Economic History from the University of Durham in the United Kingdom and is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales (ICAEW). Mr. Rudolph previously served as independent non-executive director of Giordano International Limited, a company listed on the Hong Kong Stock Exchange.

05

MR. CHENG YEE SENG
Independent Non-Executive Director

Mr. Cheng Yee Seng was appointed as Independent Non-Executive Chairman of the Board and Independent Non-Executive Director of the Company on 16 May 2011. He stepped down as the Chairman of the Board on 20 February 2013 and remains on the Board as an independent director. He currently serves as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He was last re-elected as a director on 25 April 2017. Prior to joining the Group, he was an executive director of Penguin International Ltd and non-executive chairman and an independent director of Enzer Corporation Ltd. He is currently a director of Modz Pte Ltd. Mr. Cheng has varied experience working in the areas of investment, mergers and acquisitions, finance, company secretarial work, contracts and legal matters. Currently, he is a businessman having his main operations based in China. Mr. Cheng holds a Bachelor of Laws (Honours) degree from the University of London, a Bachelor of Accountancy degree from the Singapore University, and a Master degree in Business Administration from the University of Hull.

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MR. LIM CHEN YANG
Independent Non-Executive Director

Mr. Lim Chen Yang was appointed as an Independent Non-Executive Director of the Company on 26 July 2011 and was last re-elected on 26 April 2018. He currently serves as the Chairman of the Nominating Committee, as well as a member of the Audit and Remuneration Committees. Mr. Lim is also a director of Urban Harvest Pte Ltd. Mr. Lim has more than 15 years of experience in banking and administration. He started his banking career with Maybank Singapore after graduation. Mr. Lim holds a Bachelor of Arts Degree from the National University of Singapore.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chew Thiam Keng
Mr. Tan Ser Ko
Mr. Wong Bheet Huan
Mr. Simon de Villiers Rudolph
Mr. Cheng Yee Seng
Mr. Lim Chen Yang

COMPANY SECRETARIES

Mr. Lai Kuan Loong, Victor
Mr. Tan Wee Sin
Ms. Michelle Kuah

SPONSOR

PrimePartners
Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318
Registered Professional:
Ms. Gillian Goh

AUDIT COMMITTEE

Mr. Simon de Villiers Rudolph
(Chairman)
Mr. Cheng Yee Seng
Mr. Lim Chen Yang

REGISTERED OFFICE

15 Hoe Chiang Road
#12-05 Tower Fifteen
Singapore 089316
Tel : (65) 6535 4248
Fax : (65) 6535 0553

PRINCIPAL BANKERS

Oversea-Chinese Banking
Corporation Limited
Malayan Banking Berhad
DBS Bank Limited
CIMB Bank Berhad

REMUNERATION COMMITTEE

Mr. Cheng Yee Seng *(Chairman)*
Mr. Simon de Villiers Rudolph
Mr. Lim Chen Yang

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Tricor Barbinder
Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

NOMINATING COMMITTEE

Mr. Lim Chen Yang *(Chairman)*
Mr. Cheng Yee Seng
Mr. Simon de Villiers Rudolph

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge:
Mr. Lucas Tran
(Appointed since financial year ended 31 December 2017)

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Charisma Energy Services Limited (the "**Company**") and its subsidiaries (the "**Group**") recognise the importance of and are committed to maintaining a high standard of corporate governance within the Group. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2018 ("**FY2018**") with references to the principles of the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**"). The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

The Board of Directors (the "**Board**") noted that the Code of Corporate Governance issued on 6 August 2018 ("**Code of Corporate Governance 2018**") applies to annual reports covering financial years commencing from 1 January 2019. Accordingly, the Company will describe its corporate governance practices with specific reference to the principles and provisions of the Code of Corporate Governance 2018 for the annual report to be issued in 2020 or thereafter.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Company is led by an effective Board comprising a majority of Non-Executive Directors. Each Director brings to the Board his skills, experience and insights, which together with strategic networking relationships, serve to further the interests of the Company. At all times, the Directors are collectively and individually obliged to act in good faith and consider the best interests of the Company.

The Board oversees the business affairs of the Group and works with the Management to achieve the objectives set for the Group. To ensure smooth operation and facilitate decision-making, and at the same time ensure proper controls, the Board has delegated some of its powers to the board committees and the Management. The board committees and the Management remain accountable to the Board.

The Board has six members and comprises the following:

Name of Director	**Designation**
Mr. Chew Thiam Keng	Non-Executive Chairman
Mr. Tan Ser Ko	Executive Director and Chief Executive Officer ("CEO")
Mr. Wong Bheet Huan	Executive Director
Mr. Simon de Villiers Rudolph	Independent Non-Executive Director
Mr. Cheng Yee Seng	Independent Non-Executive Director
Mr. Lim Chen Yang	Independent Non-Executive Director

The main responsibilities of the Board are:

(i) provide entrepreneurial leadership and guidance and put in place an effective management team;

(ii) approve broad policies, set strategies and objectives of the Group;

CORPORATE GOVERNANCE REPORT

(iii) approve business plans and annual budgets, major funding including capital management proposals, major investment and disposal proposals;

(iv) review at least annually the adequacy and effectiveness of the Group's risk management and internal control systems;

(v) review and monitor the Group's financial performance and the performance of Management; and

(vi) set the Company's values and standards.

Matters and transactions that require the approval of the Board include, amongst others, the following:

(i) matters in relation to the overall strategy and management of the Group;

(ii) material changes to the Group's management and control structure;

(iii) matters involving financial reporting and dividends;

(iv) major/strategic acquisitions and disposal of investments not in the ordinary course of business; and

(v) matters which require approval as specified under SGX-ST Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**"), Companies Act, Chapter 50 of Singapore (the "**Companies Act**") or other relevant laws and regulations.

The Board is supported by three board committees, namely the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**"), (collectively, the "**Board Committees**"). These committees function within clearly defined terms of reference and operating procedures, which were approved by the Board.

The Board held five meetings in FY2018. Ad-hoc meetings are convened as and when warranted by circumstances. Dates of Board meetings, Board Committee meetings and annual general meetings are scheduled in advance in consultation with the Directors to assist them in planning their attendance. A Director who is unable to attend a Board or Board Committee meeting physically may participate via telephone conference or other electronic and telegraphic means. The Constitution of the Company provide for the meetings to be held via telephone conference and other electronic or telegraphic means. In addition, matters requiring decisions of the Board are approved by way of written resolutions of the Board.

The attendance of the Directors at meetings of the Board and Board Committees during FY2018 is disclosed below:

Type of Meetings	**Board**	**AC**	**NC**	**RC**
Total No. Held	5	4	1	1
Name of Director	**No. of Meetings Attended**			
Mr. Chew Thiam Keng	5	N.A.	N.A.	N.A.
Mr. Tan Ser Ko	5	N.A.	N.A.	N.A.
Mr. Wong Bheet Huan	5	N.A.	N.A.	N.A.
Mr. Simon de Villiers Rudolph	5	4	1	1
Mr. Cheng Yee Seng	5	4	1	1
Mr. Lim Chen Yang	5	4	1	1

N.A. – Not applicable

CORPORATE GOVERNANCE REPORT

All newly appointed Directors will be briefed on the business activities, strategic directions, policies and corporate governance practices of the Group. A formal letter of appointment is provided to all new Directors setting out, among other things, a Director's duties and obligations. There were no appointment of new Directors during FY2018.

In addition, as required under the Catalist Rules, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year from the appointment.

Directors are provided with briefings and updates from time to time by professional advisors, auditors and Management on relevant practices, new laws, rules and regulations, directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors. The CEO updates the Board at each meeting on business and strategic developments of the Group and industry. Informal meetings are held for Management to brief Directors on prospective deals and potential developments in the early stages before formal Board approval is sought.

Directors are informed and encouraged to attend relevant training programmes organised by the Singapore Institute of Directors and may suggest training topics, the funding of which will be provided by the Company.

During FY2018, Directors were briefed by the external auditor on the developments in financial reporting, governance standards and issues which have a direct impact on financial statements so as to enable them to discharge their duties and responsibilities as Board members or Board Committee members. News releases issued by the SGX-ST which are relevant to the Directors are also circulated to the Board for information.

Board Composition and Guidance
Principle 2: Strong and independent element on the Board

The Board comprise of six members, four of whom are Non-Executive Directors, of which three are independent. The Directors come from different background and possess different core competencies, qualifications and skills. The Board comprises members with vast management experience, industry knowledge, strategic planning experience and includes professionals with financial, accounting and legal backgrounds. They bring with them a wealth of experience that enhances the overall quality of the Board.

The NC reviews the size and composition of the Board and the Board Committees annually. The NC considers the present board size and composition appropriate taking into account the business and scale of operations. It is of the view that the Board and Board Committees, comprises Directors who have the relevant skills and knowledge, expertise and experiences as a group for discharging the Board's duties.

The NC had reviewed the declaration of independence provided by each of the Independent Director in accordance with the Code and Catalist Rules. The NC and Board consider a Director as independent if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere or reasonably perceived to interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Company. Under the Catalist Rules, a director will not be independent if (i) he is employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC.

The NC, taking into consideration the above, determined that Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang are independent according to the Code and Catalist Rules and noted that at least half of the Board comprises Independent Directors. The Independent Directors have also confirmed their independence in accordance with the Code and Catalist Rules.

There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code and Catalist Rules that would otherwise deem him not to be independent.

In view that the Chairman of the Board (the "**Chairman**") is not an independent director and the Independent Directors make up half of the Board, Guideline 2.1 and 2.2 of the Code are met.

CORPORATE GOVERNANCE REPORT

The Board and Management engage in open and constructive debate for the furtherance and achievement of strategic objectives. All Board members are provided with relevant and sufficient information on a timely basis and Non-Executive Directors may challenge Management's assumptions and also extend guidance to Management, in the best interest of the Group.

The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. The Non-Executive Directors had met at least once in FY2018 without the presence of Management.

None of the Directors have served on the Board for a period exceeding nine years since the date of his first appointment.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group.

The NC is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. Key information about the Directors, including their qualifications and experience, are presented in pages 6 and 7 of this Annual Report under the heading "Board of Directors". The current Board composition provides a diversity of skills, experience and knowledge to the Company.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities and balance of power and authority

The offices of the Chairman and CEO are separate. The Chairman of the Board, Mr. Chew Thiam Keng, is a Non-Executive Director. Mr. Chew leads the Board and ensures that the Board members engage the Management in constructive discussions on various strategic issues. The CEO, Mr. Tan Ser Ko, is an Executive Director. Mr. Tan is responsible for the business directions and operational decisions of the Group. The Chairman and the CEO are not related to each other.

The responsibilities of the Chairman are as follow:

(i) ensures that Board meetings are held as and when necessary;

(ii) leads the Board to ensure the effectiveness of each Board meeting;

(iii) sets the agenda for Board meetings in consultation with the CEO/Executive Director;

(iv) monitors communications and relations between the Company and its shareholders, between the Board and Management, and between Executive and Non-Executive Directors, with a view to encourage constructive relations and dialogue among them;

(v) works to facilitate the effective contribution of Non-Executive Directors; and

(vi) assists to ensure proper procedures are introduced to comply with the Code.

CORPORATE GOVERNANCE REPORT

As the Independent Directors make up half of the Board and all the Board Committees are chaired by Independent Directors, the Board is satisfied that there is a strong independent element to contribute to effective decision making and is of the view that it is not necessary to appoint a lead independent director at this juncture.

The Independent Directors will meet in the absence of the other Directors as and when circumstances warrant. The Independent Directors had met at least once in FY2018 in the absence of the non-independent Directors.

Board Membership

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to the Board

The NC comprises the following Independent Non-Executive Directors:

Mr. Lim Chen Yang	Chairman
Mr. Cheng Yee Seng	Member
Mr. Simon deVilliers Rudolph	Member

The principal duties of the NC, as set out in its terms of reference include:

(i) identifying candidates and making recommendations for all Board appointments and re-nomination or continuation in office of any Director;

(ii) reviewing the Board structure, size and composition, and making recommendations to the Board with regard to any adjustments that are deemed necessary;

(iii) determining the independence of Directors annually;

(iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations, and proposing internal guidelines in relation to multiple board representations;

(v) deciding how the performance of the Board may be evaluated and proposing objective performance criteria; and

(vi) recommending procedures for assessing the effectiveness of the Board as a whole, its Board Committees and the contributions by each individual Director to the effectiveness of the Board.

For selection and appointment of new Directors, the NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board. The search and nomination process for new Directors will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates. The NC would meet and interview the shortlisted candidates to assess their suitability. The NC will review and recommend the selected candidate to the Board for consideration and approval. Newly appointed Directors during the year shall hold office only until the next annual general meeting of the Company ("**AGM**") and shall be eligible for re-election.

The existing Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 95 of the Company's Constitution, one third of the Board are to retire from office by rotation and these directors are eligible to offer themselves for re-election at the AGM. The NC would assess the performance of the incumbent Director due for re-election in accordance with the performance criteria set by the Board; and consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would propose the re-nomination of the Director to the Board for its consideration and approval.

Mr. Tan Ser Ko ("**Mr Tan**"), the Executive Director and Chief Executive Officer and Mr. Wong Bheet Huan ("**Mr Wong**"), the Executive Director will be retiring at the forthcoming AGM pursuant to Article 95 of the Company's Constitution. Mr. Tan and Mr. Wong, both being eligible, had consented to stand for re-election as Directors at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

The NC has recommended that the above mentioned Directors be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance.

The dates of initial appointment and last re-election of each director are set out as follows:

Name of Director	Designation	Date of initial appointment	Date of last re-election
Mr. Chew Thiam Keng	Non-Executive Chairman	20 February 2013	26 April 2018
Mr. Tan Ser Ko	Executive Director and CEO	29 July 2011	26 April 2016
Mr. Wong Bheet Huan	Executive Director	1 October 2014	26 April 2016
Mr. Simon de Villiers Rudolph	Independent Non-Executive Director	1 July 2013	25 April 2017
Mr. Cheng Yee Seng	Independent Non-Executive Director	16 May 2011	25 April 2017
Mr. Lim Chen Yang	Independent Non-Executive Director	26 July 2011	26 April 2018

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company and the factors to determine the capacity of the Directors as set out below, the NC is satisfied that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The Board has not capped the maximum number of listed company board representations each Director may hold. The NC and the Board are of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many factors such as whether they were in full time employment and their other responsibilities. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively.

In assessing the capacity of Directors, the NC considers, amongst others, the following:

(i) Expected and/or competing time commitments of Directors, including whether such commitment is in a full-time or part-time employment capacity;

(ii) Geographical location of Directors;

(iii) Size and composition of the Board;

(iv) Nature and scope of the Group's operations and size; and

(v) Capacity, complexity and expectations of the other listed directorships and principal commitments held, if any.

The measures and evaluation tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- Declarations by individual Directors of their other listed company board directorships and principal commitments; and

- Attention to the Company's affairs, having regard to his other commitments.

Currently, the Company does not have any alternate Director.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

The performance of the Board is ultimately reflected in the long-term performance of the Company.

The Board, through the delegation of its authority to the NC, had made its best efforts to ensure each Director possesses the experience, knowledge and skills critical to the Group's business. This is necessary to enable the Board to make sound and well-considered decisions. The NC, in considering the nomination of any Director for re-election, will evaluate the performance of the Director involved. Renewal or replacement of Directors does not necessarily reflect their contribution to date, but may be driven by the need to position and shape the Board in line with the needs of the Group and its business.

The NC has adopted a formal process of evaluating the performance of the Board as a whole, its Board Committees, and the contribution by each Director to the effectiveness of the Board. The evaluations are designed to assess the Board's effectiveness to enable the NC to identify the areas of improvement or enhancement which can be made to the Board. The performance criteria for the Board and Board Committee evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and Board Committee's performance in relation to discharging their responsibilities as set out in their respective terms of reference, and financial targets. Individual directors are evaluated based on performance criteria such as competency of the Director, attendance and contribution at board meetings and ability to work with other Directors. The NC would review the criteria on a periodic basis to ensure that the criteria used is able to provide an accurate and effective performance assessment, taking into consideration factors such as industry standards and the industry operating environment, with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval. This process involves the completion of a questionnaire by Board members annually to seek their views on various aspects of board performance such as Board composition, information, Board process, internal controls and risk management and accountability. A summary of the findings is prepared based on the completed questionnaire and is reviewed and deliberated by the NC and thereafter tabled to the Board for further discussion and implementation if required.

No external facilitator was used in the evaluation process.

While some Directors have multiple board representations and other principal commitments, the NC is satisfied the Directors are able to adequately carry out their duties as directors for FY2018 based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company.

All NC members have abstained from voting or review process of any matters in connection with the assessment of his performance.

The Chairman of the NC confers with the Chairman of the Board on the findings and ensures appropriate follow-up actions are taken as necessary. The Board has met its performance objectives in FY2018.

Access to Information

Principle 6: Board members should be provided with adequate and timely information

Proposals to the Board for decision or mandate sought by the Management are in the form of memos that give Board members complete, adequate and timely information, and are distributed prior to Board meetings. Staff who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. Notices of Board and Board Committees meetings are circulated to the Directors in advance of the meetings, in order for the Directors to be adequately prepared for the meetings. However, for issues that are highly sensitive in nature, information may not be circulated in advance. Such information will be tabled for discussion directly at the meeting.

Board members have separate and independent access to the Company's senior Management and the Company Secretaries. At least one of the Company Secretaries attends the meetings of the Board and Board Committees and assists in ensuring that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretaries is subject to approval by the Board as a whole.

CORPORATE GOVERNANCE REPORT

Should Directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company, subject to the approval of the Board, will appoint a professional advisor to render advice at the expense of the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors

The RC comprises the following Independent Non-Executive Directors:

Mr. Cheng Yee Seng	Chairman
Mr. Simon deVilliers Rudolph	Member
Mr. Lim Chen Yang	Member

The principal duties of the RC, as set out in its terms of reference include:

(i) reviewing and recommending a framework of remuneration for the Directors and key management personnel, determining specific remuneration packages for each Executive Director, the CEO, key management personnel and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework;

(ii) reviewing the remuneration packages of employees in the Company or any of its principal subsidiaries who are related to any of the Directors or the CEO (if any);

(iii) administering the Charisma Energy Employee Share Option Scheme (the "**Scheme**"); and

(iv) administering and recommending to the Board the performance share plan or any long term incentive schemes which may be set up from time to time.

The RC reviews the terms of compensation and employment for Executive Directors and key management personnel at the time of their respective employment or renewal (where applicable) including considering the Company's obligations in the event of termination of services to ensure such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. The RC has access to external professional advice on remuneration matters, if required. In the event of such advice being sought, existing relationship, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2018.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

Level and Mix of Remuneration

Principle 8: Level of remuneration should be appropriate and not excessive

The remuneration received by the Executive Directors and key management personnel comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual.

CORPORATE GOVERNANCE REPORT

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

The RC is the committee administering the Scheme. The Scheme recognises the fact that the services of the Group's employees, including the Group's Executive and Non-Executive Directors are important to the success and continued well-being of the Group. By implementing the Scheme, the Company hopes to inculcate in all participants a stronger and more lasting sense of identification with the Group. Information on the Scheme is set out on pages 26 and 27 of this Annual Report.

Disclosure in Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting remuneration

The Company's remuneration policy which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.

Taking note of the competitive pressures in the industry and the talent market, the Board had, on review decided to disclose the remuneration of the Directors in bands with a breakdown of the components in percentage. The name, breakdown of the remuneration earned and total remuneration paid to the Company's key management personnel were also not disclosed as such confidential and sensitive information could be exploited by the competitors. Information on the remuneration of Directors in FY2018 is as follows:-

Remuneration Bands and Name of Directors	Salary %	Bonus %	Other benefits %	Fees %	Total %
Below S$250,000					
Mr Tan Ser Ko	87	13	–	–	100
Mr. Wong Bheet Huan	92	8	–	–	100
Mr. Chew Thiam Keng	–	–	–	100	100
Mr. Simon de Villiers Rudolph	–	–	–	100	100
Mr. Cheng Yee Seng	–	–	–	100	100
Mr. Lim Chen Yang	–	–	–	100	100

In FY2018, there were two key management personnel in the Company. The key management personnel each received remuneration of less than S$250,000.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel other than the payment in lieu of notice in the event of termination in their respective employment contracts in FY2018.

There were no employees within the Group who were immediate family members of a Director or the CEO whose remuneration exceeded S$50,000 in FY2018.

CORPORATE GOVERNANCE REPORT

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Presentation of a balanced and understandable assessment of the Company's performance, position and prospects

The Board, through its announcements of the Group's financial results to shareholders, aims to present a balanced and understandable assessment of the Group's position and prospects.

In preparing the financial statements, the Directors have:

(i) selected suitable accounting policies and applied them consistently;

(ii) made judgments and estimates that are reasonable and prudent;

(iii) ensured that all applicable accounting standards have been followed; and

(iv) prepared financial statements on the basis that the Directors have reasonable expectations, having made enquires, that the Group and Company have adequate resources to continue operations for the foreseeable future.

Management provides the Board with management accounts and such explanation and information on a regular basis and as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

The Board delegates to the Management with the responsibility of ensuring compliance with legislative and regulatory requirements, including requirements under the Catalist Rules. Management may seek for professional advice from the Company Secretaries or legal advisors when necessary.

Risk Management and Internal Controls

Principle 11: Maintains a sound system of risk management and internal controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk focused culture throughout the Group for effective risk governance.

The AC oversees risk governance and the related roles and responsibilities of the AC include the following:

(i) proposing the risk governance approach and risk policies for the Group to the Board;

(ii) reviewing the risk management methodology adopted by the Group;

(iii) reviewing the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and

(iv) reviewing Management's assessment of risks and Management's action plans to mitigate such risks.

CORPORATE GOVERNANCE REPORT

To facilitate the governance of risks and monitoring the effectiveness of internal controls, the Group has in place a formal Enterprise Risk Management policy. Management reports annually to the AC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the effectiveness and adequacy of Group's risk management and internal controls systems including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal, external audits and external certifications conducted by various external professional service firms.

In respect of FY2018, the Board has received assurance from the CEO and Financial Controller ("FC"):

(i) that financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) that the Company's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, assurance received from the CEO and FC, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board (with concurrence of the AC) are of the opinion that the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2018.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

Principle 12: Establishment of Audit Committee with written terms of reference, which clearly set out its authority and duties.

The AC comprises the following Independent Non-Executive Directors:

Mr. Simon de Villiers Rudolph	Chairman
Mr. Cheng Yee Seng	Member
Mr. Lim Chen Yang	Member

The Board is of the view that the AC members have the relevant accounting or related financial management expertise and experience to discharge their duties.

The AC meets at least four times a year to perform the duties as set out in its terms of reference which include:

(i) reviewing with the external auditors the scope and results of the audit, their evaluation of the system of internal accounting controls, their Management letter and Management's response;

(ii) reviewing the financial statements including annual budget and any forecast, before submission to the Board for approval;

(iii) reviewing the adequacy and effectiveness of and the procedures for the internal audit function, including the staffing of and resources made available for the internal audit function, and to make such recommendations as it may think fit;

(iv) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's risk management and internal controls system including financial, operational, compliance and information technology controls;

(v) reviewing and making recommendations to the Board on the appointment and re-appointment of the external auditors;

CORPORATE GOVERNANCE REPORT

(vi) reviewing the scope and results of the external audit, the independence and objectivity of the external auditors and the cost-effectiveness of the audit;

(vii) reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;

(viii) reviewing interested person transactions, if any; and

(ix) overseeing risk governance (refer to detailed disclosure under Principle 11).

The AC has full access and obtained the co-operation of the Management. The AC has the explicit authority to investigate any matter within its terms of reference. It also has full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets with the external and internal auditors without the presence of the Management at least once annually.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of KPMG LLP as the external auditors of the Company and its significant subsidiaries. The Company does not have any significant Singapore incorporated associated companies.

The AC has reviewed the non-audit services provided by the external auditors in FY2018 and is of the view that the nature and extent of non-audit services does not compromise the independence of the external auditors given that the non-audit services rendered during FY2018 were not substantial. Details of the aggregate amount of fees paid to the external auditors in FY2018 and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 88 of this Annual Report. The AC has recommended the re-appointment of KPMG LLP as the external auditors at the forthcoming AGM.

The Company has put in place a whistle blowing policy, details of which have been made available to all employees. The Company is looking into developing a corporate website, of which the public will be able to access to the details of the whistle blowing policy. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group directly to either any of the Executive Directors or the AC Chairman, as appropriate. No whistle blowing reports have been received during FY2018.

During FY2018, the AC reviewed the quarterly and full-year financial statements prior to approving or recommending their release to the Board, the external audit plan and the results of the external audit performed and the internal audit report of the Group.

During FY2018, the AC and the Board were briefed by the external auditors on the developments in financial reporting and governance standards.

None of the AC members are former partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

Internal Audit

Principle 13: Establish an effective internal audit function that is adequately resourced and independent of the activities it audits

The Group outsources its internal audit function to Yang Lee & Associates ("**IA**"). Internal control weaknesses identified during the internal audit reviews and the implementation status of the recommended corrective actions are reported to the AC periodically.

The AC approves the hiring, removal, evaluation and compensation of the corporation to which the internal audit function is outsourced.

CORPORATE GOVERNANCE REPORT

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function. The AC annually reviews the adequacy and effectiveness of the risk management and internal audit function to ensure that the internal audits are performed effectively.

The IA reports directly to the AC and administratively to the CEO. The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. As such, the AC is satisfied that the IA is staffed by qualified and experienced personnel, and has appropriate standing in the Company to discharge its duties effectively. The AC is of the opinion that the internal audit function is independent, effective and adequately resourced.

The IA completed one review in FY2018 in accordance with the internal audit plan approved by the AC.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably
Principle 15: Communication with shareholders
Principle 16: Conduct of shareholder meetings

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, quarterly and full-year financial results. The Company does not practise selective disclosures and releases its financial results and other material information to the shareholders on a timely basis in accordance with the requirements of the Catalist Rules, via the SGXNET.

Shareholders are encouraged to attend the AGM of the Company to ensure a greater level of shareholder participation and for them to be kept up to date as to the strategies and goals of the Group. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including voting procedures that govern the AGM. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. The notice is also advertised in a newspaper and available on the SGX-ST's website.

To facilitate participation by the shareholders, the Company's Constitution allow a shareholder to appoint not more than two proxies to attend and vote at general meetings. Currently, the Company's Constitution do not allow a shareholder to vote in absentia as the authentication of shareholder identity information and other related security issues remain a concern.

With the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each AGM.

At the general meetings, the external auditors as well as all the Directors, in particular the Chairman of the Board and the respective Chairman of the AC, NC and RC, are in attendance to answer queries from shareholders. Shareholders are given the opportunity at general meetings to air their views and query the Directors and Management on matters relating to the Group and its operations. The Board members also avail themselves after general meetings to solicit and understand the view of the shareholders. Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management are available to shareholders upon request.

All resolutions are put to vote by poll and the voting results of all votes cast for, or against, each resolution and the respective percentages are announced at the meeting and via SGXNET after the meeting.

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

CORPORATE GOVERNANCE REPORT

The Company does not have a formal investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNet. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

The Company does not have a fixed dividend policy. Nonetheless, Management will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration. The Board has not declared or recommended dividend for FY2018, as it is of the view that it can better use the cash to invest in new business opportunities to grow the Group at this juncture.

DEALINGS IN SECURITIES

The Company has adopted an internal code with regard to dealings in securities to provide guidance for its Directors and employees.

The internal code provides that the Company, its Directors and employees are prohibited from dealing in securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group. The internal code also prohibits the Company and its Directors and employees from dealing in the Company's securities during the period commencing one month and two weeks before the date of announcement of the Company's full-year and quarterly financial results respectively and ending on the date of announcement of the relevant results.

The Company, its Directors and employees are also required to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company, its Directors and employees are expected not to deal in the Company's securities for short-term considerations.

DISCLOSURE OF MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arm's length basis.

The Group had on 21 April 2014 obtained a general mandate from shareholders for IPTs which was last renewed on 26 April 2018.

CORPORATE GOVERNANCE REPORT

Details of IPTs transacted during FY2018 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$
Management fee paid/payable to		
Ezion Holdings Limited *	Nil	218,244
Interest paid/payable to		
Ezion Holdings Limited *	1,082,386	Nil

* Ezion Holdings Limited is the controlling shareholder of the Company.

NON-SPONSOR FEES

There were no non-sponsor fees paid to PrimePartners Corporate Finance Pte. Ltd. in FY2018.

USE OF PROCEEDS

There are no outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules.

SUSTAINABILITY REPORTING

The Company upholds the highest possible standards of responsible, sustainable and socially aware business practices. We are committed to instilling sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

The Company has assigned a Sustainability task force for our sustainability reporting, to monitor our sustainability performance and the implementation of our sustainability policies and measures. We endeavour to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the key topics in line with the Global Reporting Initiative ("GRI") standards that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Infrastructure Investments Indirect Economic Impacts Anti-Corruption	Energy Biodiversity Greenhouse Gas Emissions	Community Engagement Anti-Discrimination Diversity and Equal Opportunity

More information on the Group's efforts on sustainability management in FY2018 can be found in our 2018 Sustainability Report which will be published by May 2019.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 31 to 118 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regards to the matters set out in note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Chew Thiam Keng

Tan Ser Ko

Wong Bheet Huan

Simon de Villiers Rudolph

Cheng Yee Seng

Lim Chen Yang

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct	
Name of directors and corporation in which interests are held	**Holdings at beginning of the year**	**Holdings at end of the year**
Charisma Energy Services Limited		
- ordinary shares		
Wong Bheet Huan	33,880	33,880
Simon de Villiers Rudolph	10,000,000	10,000,000
- warrants to subscribe for ordinary shares		
Simon de Villiers Rudolph	1,000,000	1,000,000

DIRECTORS' STATEMENT

Except as disclosed in this statement, no other director who held office at the end of the financial year had interests in shares, debentures or warrants of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed under the "Share options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

Employee Share Option Scheme

The Company's Employee Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 24 April 2013. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Cheng Yee Seng, Simon de Villiers Rudolph and Lim Chen Yang.

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at market price or at a discounted price not exceeding 20% of the market price (or such other percentage or amount prescribed or permitted by the SGX-ST) and approved by the shareholders at a general meeting in a separate resolution in respect of that option.
- The options shall be exercised in whole or in part 1 year (if exercise price of option is set at market price) or 2 years (if exercise price of option is set at a discount to market price) after the grant date.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years from date of grant or upon cessation of the employment of employees.

At the end of the financial year, details of the options granted under the Scheme on unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2018	Options exercised	Options cancelled	Options outstanding at 31 December 2018	Number of option holders at 31 December 2018	Exercise period
	S$	'000	'000	'000	'000		
10/5/2016	0.009	58,200	–	100	58,100	7	10/5/2018 to 10/5/2026
9/5/2017	0.006	56,900	–	900	56,000	7	9/5/2019 to 9/5/2027

Except for the above, there are no other share options forfeited, expired, cancelled or exercised since commencement of Scheme to 31 December 2018.

DIRECTORS' STATEMENT

No options were granted to the following:

(i) participants who are controlling shareholders of the Company and their associates;
(ii) participants, other than those directors disclosed below, who received 5% or more of the total number of options available under the Scheme; and
(iii) directors or employees of the holding company and its related companies as the Company does not have a holding company.

Details of options granted to the directors of the Company are as follows:

Name of director	Aggregate options granted since commencement of Scheme to 31 December 2018	Aggregate options exercised since commencement of Scheme to 31 December 2018	Aggregate options cancelled since commencement of Scheme to 31 December 2018	Aggregate options outstanding as at 31 December 2018
	'000	'000	'000	'000
Tan Ser Ko	52,500	–	–	52,500
Wong Bheet Huan	10,000	–	–	10,000
Simon de Villiers Rudolph	10,000	–	–	10,000
Cheng Yee Seng	10,000	–	–	10,000
Lim Chen Yang	10,000	–	–	10,000
	92,500	–	–	92,500

The above options were granted at a 20% discount to the average of the last dealt prices per share on SGX-ST over the 5 consecutive market days immediately preceding the date of grant of options.

The options granted under the Scheme do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three non-executive directors and at the date of this statement are:

Simon de Villiers Rudolph (Chairman)
Cheng Yee Seng
Lim Chen Yang

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' STATEMENT

The Audit Committee also reviewed the following:

- Assistance provided by the Company's officers to the internal and external auditors;
- Quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Ser Ko
Director

Wong Bheet Huan
Director

10 April 2019

INDEPENDENT AUDITORS' REPORT

Members of the Company
Charisma Energy Services Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the financial statements of Charisma Energy Services Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 31 to 118.

Because of the significance of the matters described in the *'Basis for Disclaimer of Opinion'* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. Accordingly, we do not express an opinion on the accompanying financial statements.

Basis for Disclaimer of Opinion

(i) Recoverability of interests in joint venture and loans to joint venture

As at 31 December 2018, the Group has interests in joint venture ("JV") and loans to JV amounted to US$14,773,000. Of this balance, the equity-accounted value of investment in Rising Sun Energy Group ("RSE Group") is US$5,625,000, and the loans to RSE Group is US$9,148,000, (collectively, the "interest in RSE Group"). As part of the Group's plan to improve liquidity in the near-term, there is a plan for RSE Group to divest its solar plant (the "divestment plan") and use the sales proceeds to repay the loans owing to the Group. The recoverable value of the Group's interest in RSE Group is dependent on the divestment value of the solar plant, which may be different from the carrying value reported in the financial statements. As at the date of this report, there are potential buyers who have expressed interest in RSE Group's solar plant but no formal binding offer has been received. In the absence of a binding offer for RSE Group's solar plant or any other alternative evidence on its fair value, we have been unable to obtain sufficient evidence to determine whether any adjustment to the equity accounted value of investment in RSE Group, and/or any additional impairment loss on the loans to JV might have been necessary. The financial statements do not include any adjustments to the carrying value of the Group's interest in RSE Group at the year-end.

(ii) Going concern

As disclosed in note 2 to the financial statements, the Group has incurred a net loss of US$41,708,000 for the year and as at that date, the Group and the Company have net current liabilities of US$38,897,000 and US$23,191,000 respectively. Included in the net current liabilities of the Group are loans and borrowings of US$42,452,000 which have been classified as current liabilities as a result of defaults and breaches of certain financial covenants. In these circumstances, these loans and borrowings could be called for repayment upon notification by the lenders, although the lenders have not issued any letter of statutory demand for repayment as at the date of this report.

In January 2019, a lender has drawn down on a financial guarantee of US$3 million issued by another financial institution in connection with the loans extended by the lender. The financial institution has since been seeking repayment from the Group for the financial guarantee.

The positive forecasted cash flows as described in note 2 to the financial statements are not assured, since this is dependent on (i) the successful outcome of the divestment plan of certain assets and (ii) the Group's ability to re-finance the existing debts with the lenders, and the financial institution with respect to the financial guarantee.

INDEPENDENT AUDITORS' REPORT

As at the date of this report, the potential impact of the events and conditions as described in the preceding paragraphs in aggregate is significant to the appropriateness of the going concern assumption underlying the preparation of the financial statements.

As we are unable to obtain sufficient evidence on the feasibility of management plan to generate the positive forecasted cash flows as described in note 2, we are unable to satisfy ourselves as to the appropriateness of management's going concern assessment.

The financial statements do not include any adjustments that may be necessary if the going concern assumption is inappropriate.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct our audit in accordance with Singapore Standards on Auditing (SSAs). However, because of the matters described in the *'Basis for Disclaimer of Opinion'* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, in view of the significance of the matters referred to in the '*Basis for Disclaimer of Opinion*' section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lucas Tran.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 April 2019

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

	Note	Group 2018 US$'000	Group 2017 US$'000	Group 1 Jan 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000	Company 1 Jan 2017 US$'000
Non-current assets							
Property, plant and equipment	5	70,305	104,966	123,192	4	19	38
Intangible assets	6	3,611	3,407	1,851	–	–	–
Investment in subsidiaries	7	–	–	–	13,622	13,622	15,101
Loan to subsidiaries	7	–	–	–	42,460	50,100	60,794
Joint ventures	8	5,413	4,978	5,757	14,153	13,854	13,287
Other investments	9	292	1,276	2,305	292	1,276	2,305
Other receivables	10	7,818	15,854	8,123	6,990	6,990	–
		87,439	130,481	141,228	77,521	85,861	91,525
Current assets							
Inventories		448	–	–	–	–	–
Trade and other receivables	10	9,354	14,408	7,733	7,310	5,074	1,887
Assets held for sale	11	4,468	–	–	–	–	–
Cash and cash equivalents	12	5,862	2,974	4,112	2,847	1,536	1,776
		20,132	17,382	11,845	10,157	6,610	3,663
Total assets		107,571	147,863	153,073	87,678	92,471	95,188
Equity							
Share capital	13	272,670	272,670	272,373	272,670	272,670	272,373
Perpetual securities	14	6,811	6,811	6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares	15	7,042	7,042	7,042	–	–	–
Warrants	16	2,384	2,384	2,514	2,384	2,384	2,514
Other reserves	17	(3,271)	572	(845)	(984)	–	–
Accumulated losses		(279,270)	(236,530)	(204,703)	(271,881)	(238,077)	(216,532)
Equity attributable to owners of the Company		6,366	52,949	83,192	9,000	43,788	65,166
Non-controlling interests		2,226	2,013	1,950	–	–	–
Total equity		8,592	54,962	85,142	9,000	43,788	65,166
Non-current liabilities							
Advanced deposits		–	–	1,264	–	–	–
Other payables	18	22,491	21,574	7,837	22,400	21,546	7,797
Amounts due to subsidiaries	19	–	–	–	22,859	21,841	18,165
Financial liabilities	20	16,221	19,133	39,755	71	–	1,325
Deferred tax liabilities	21	1,238	–	–	–	–	–
		39,950	40,707	48,856	45,330	43,387	27,287
Current liabilities							
Advanced deposits		–	–	1,059	–	–	–
Trade and other payables	18	14,443	7,673	4,355	8,763	3,950	2,060
Financial liabilities	20	44,120	44,515	13,661	24,585	1,346	675
Provision for tax		466	6	–	–	–	–
		59,029	52,194	19,075	33,348	5,296	2,735
Total liabilities		98,979	92,901	67,931	78,678	48,683	30,022
Total equity and liabilities		107,571	147,863	153,073	87,678	92,471	95,188

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Revenue	23	17,186	19,834
Cost of sales		(9,518)	(8,667)
Gross profit		7,668	11,167
Administrative and marketing expenses		(3,532)	(2,476)
Other expenses, net		(39,094)	(35,112)
Result from operating activities		(34,958)	(26,421)
Finance income		108	262
Finance costs		(7,030)	(3,918)
Net finance cost	24	(6,922)	(3,656)
Share of results of joint ventures, net of tax	8	1,497	(1,269)
Loss before income tax	25	(40,383)	(31,346)
Income tax expense	26	(1,325)	(9)
Loss for the year		(41,708)	(31,355)
Loss attributable to:			
Owners of the Company		(42,024)	(31,358)
Non-controlling interests		316	3
Loss for the year		(41,708)	(31,355)
Loss per share			
Basic loss per share (US cents)	27	(0.32)	(0.24)
Diluted loss per share (US cents)	27	(0.32)	(0.24)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018 US$'000	2017 US$'000
Loss for the year	(41,708)	(31,355)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net change in fair value	(958)	–
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on monetary items forming part of net investment in foreign operations	(430)	687
Foreign currency translation differences relating to financial statements of foreign operations	(2,569)	743
Effective portion of changes in fair value of cash flow hedges	11	47
Other comprehensive income for the year, net of tax	(3,946)	1,477
Total comprehensive income for the year	(45,654)	(29,878)
Total comprehensive income attributable to:		
Owners of the Company	(45,867)	(29,941)
Non-controlling interests	213	63
Total comprehensive income for the year	(45,654)	(29,878)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to owners of the Company									
	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group										
At 1 January 2017	272,373	6,811	7,042	2,514	(803)	(42)	(204,703)	83,192	1,950	85,142
Total comprehensive income for the year										
Loss for the year	–	–	–	–	–	–	(31,358)	(31,358)	3	(31,355)
Other comprehensive income										
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	–	687	–	–	687	–	687
Foreign currency translation differences relating to financial statements of foreign operations	–	–	–	–	683	–	–	683	60	743
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	47	–	47	–	47
Total comprehensive income for the year	–	–	–	–	1,370	47	(31,358)	(29,941)	63	(29,878)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2018

	Note	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company									
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group (continued)											
Transactions with owners of the Company, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of ordinary shares	13	167	-	-	-	-	-	-	167	-	167
Conversion of warrants to ordinary shares	16	130	-	-	(130)	-	-	-	-	-	-
Accrued perpetual securities distributions	14	-	-	-	-	-	-	(339)	(339)	-	(339)
Distribution on redeemable exchangeable preference shares	15	-	-	-	-	-	-	(365)	(365)	-	(365)
Equity-settled share-based payment transaction	22	-	-	-	-	-	-	235	235	-	235
Total transactions with owners		297	-	-	(130)	-	-	(469)	(302)	-	(302)
At 31 December 2017		272,670	6,811	7,042	2,384	567	5	(236,530)	52,949	2,013	54,962

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2018

		Attributable to owners of the Company										
	Note	**Share capital US$'000**	**Perpetual securities US$'000**	**Redeemable exchangeable preference shares US$'000**	**Warrants US$'000**	**Foreign currency translation reserves US$'000**	**Fair value reserve US$'000**	**Hedging reserve US$'000**	**Accumulated losses US$'000**	**Total US$'000**	**Non-controlling interests US$'000**	**Total equity US$'000**
Group												
At 1 January 2018		272,670	6,811	7,042	2,384	567	–	5	(236,530)	52,949	2,013	54,962
Adjustment on initial recognition of SFRS(I) 9 (net of tax)	34	–	–	–	–	–	–	–	(519)	(519)	–	(519)
Adjusted balance at 1 January 2018		272,670	6,811	7,042	2,384	567	–	5	(237,049)	52,430	2,013	54,443
Total comprehensive income for the year												
Loss for the year		–	–	–	–	–	–	–	(42,024)	(42,024)	316	(41,708)
Other comprehensive income												
Equity investments at FVOCI – net change in fair value		–	–	–	–	–	(958)	–	–	(958)	–	(958)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(430)	–	–	–	(430)	–	(430)
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	–	(2,466)	–	–	–	(2,466)	(103)	(2,569)
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	–	11	–	11	–	11
Total comprehensive income for the year		–	–	–	–	(2,896)	(958)	11	(42,024)	(45,867)	213	(45,654)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2018

		Attributable to owners of the Company										
	Note	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group (continued)												
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Accrued perpetual securities distributions	14	–	–	–	–	–	–	–	(321)	(321)	–	(321)
Equity-settled share-based payment transaction	22	–	–	–	–	–	–	–	124	124	–	124
Total transactions with owners		–	–	–	–	–	–	–	(197)	(197)	–	(197)
At 31 December 2018		272,670	6,811	7,042	2,384	(2,329)	(958)	16	(279,270)	6,366	2,226	8,592

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from operating activities			
Loss before income tax		(40,383)	(31,346)
Adjustments for:			
Depreciation of property, plant and equipment	5	7,946	8,594
(write-back of impairment)/Impairment loss on:			
- property, plant and equipment	5	34,254	30,733
- investment in joint ventures		–	1,144
- equity investments – available-for-sale		–	1,049
- asset held-for-sale	11	4,442	–
- trade and other receivables	33	(484)	2,306
Net gain on derivative asset		28	47
Interest income	24	(108)	(262)
Interest expense	24	7,030	3,918
Equity-settled share-based payment transaction	22	124	235
Share of results of joint ventures, net of tax	8	(1,497)	1,269
		11,352	17,687
Changes in:			
- trade and other receivables		(4,024)	(9,827)
- trade and other payables		2,925	(785)
Income tax paid		(1,078)	(3)
Net cash from operating activities		9,175	7,072
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,001)	(20,392)
Prepayment for land use rights		–	(148)
Acquisition of subsidiaries, net of cash acquired	29	40	–
Non-trade amounts due to joint ventures		32	20
Advances to joint ventures		–	(6,976)
Advances to suppliers		–	(2,712)
Investment in joint ventures		–	(2,126)
Interest income received		–	262
Net cash used in investing activities		(929)	(32,072)
Cash flows from financing activities			
Loan from a related party		–	16,043
Non-trade amounts due to a related party		217	269
Repayment of loan to a related party		–	(1,350)
Proceeds from borrowings		–	19,133
Repayment of borrowings		(3,777)	(8,901)
Proceeds from issuance of shares		–	167
Distribution on redeemable exchangeable preference shares		–	(100)
Interest expense paid		(1,218)	(1,677)
Net cash (used in)/from financing activities		(4,778)	23,584
Net increase/(decrease) in cash and cash equivalents		3,468	(1,416)
Cash and cash equivalents at 1 January		2,974	4,112
Effect of exchange rate fluctuations on cash held		(580)	278
Cash and cash equivalents at 31 December	12	5,862	2,974

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 10 April 2019.

1. DOMICILE AND ACTIVITIES

Charisma Energy Services Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316.

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in note 7 to the financial statements.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis notwithstanding the Group incurred a net loss of US$41,708,000 for the current financial year and has net current liabilities of US$38,897,000 as at 31 December 2018. As at that date, the Company has net current liabilities of US$23,191,000. This is an indication that the Group and the Company may be unable to continue as a going concern. However, the directors of the Company, having considered the following factors, are of the view that the going concern basis remains appropriate:

(i) Refinancing plans

The Group has been in discussion with the banks and a shareholder ("the lenders") to refinance the outstanding loans of US$44,120,000 (2017: US$44,515,000) and US$850,000 (2017: US$850,000) respectively. The lenders have not issued any demand for the immediate repayment of the loans (see notes 18 and 20) since the Group's default of its loan obligations in 2017. The Group is working on getting the necessary support from the lenders that will enable it to continue rolling over the outstanding amounts in the foreseeable future;

(ii) Assets divestment

The Group plans to divest certain non-core assets in the near-term. The Group, including its joint ventures, are working on divesting these assets to bring in additional fundings; and

(iii) Operating activities

The Group expects it will generate positive operating cash flows from its renewable energy business.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in note 34.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3. BASIS OF PREPARATION (CONT'D)

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in United States dollars ("US$"), which is the Company's functional currency. All financial information presented in United States dollars has been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed as follows:

Impairment of investments in joint ventures

The Group determines whether there is impairment on the investments in joint ventures where events or changes in circumstances indicate that the carrying amount of the investments may be impaired. If any such indications exist, the recoverable amount is estimated. The level of allowance is evaluated by the Group on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities, and market rate in order to calculate the present value of the future cash flows.

Impairment of property, plant and equipment

The Group assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include the following:

- Extended periods of idle time;
- Inability to contract the property, plant and equipment; and
- Significant adverse industry or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to the property, plant and equipment affect the amounts reported in the financial statements, especially the estimates of the expected useful economic life and the carrying value of the property, plant and equipment. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

Impairment of trade receivables and other receivables

The allowance for doubtful receivables is the Group's best estimate of the amount of expected credit losses in the Group's existing trade and other receivables.

Management uses judgement to determine the allowance for doubtful receivables which are supported by historical write-off, credit history of the customers and repayment records. The Group reviews its allowance for doubtful receivables monthly. Balances which are past due for more than 60 days are reviewed individually for collectability. Accounts balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Actual results could differ from estimates.

Impairment of investments in subsidiaries

The Group determines whether there is impairment on the investments in subsidiaries where events or changes in circumstances indicate that the carrying amount of the investments may be impaired. If any such indications exist, the recoverable amount is estimated. The level of allowance is evaluated by the Group on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities, and market rate in order to calculate the present value of the future cash flows.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any NCI in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from aquisitions before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

Business combinations were accounted for using the aquisition method in accordance with FRS 103 *Business Combinations* as at the aquisition date, which is the date on which control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investment in joint ventures (equity-accounted investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Accounting for subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FOREIGN CURRENCY

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (2017: available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss)); and
- qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to US$ at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to US$ at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(iii) Net investment in foreign operation

Exchange differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's profit or loss. Such exchange differences are reclassified to other comprehensive income in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss arising on disposal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, capitalised borrowing cost and the Group's obligation to remove the asset or remove the site based on an estimate of the costs of dismantling and removing and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated.

Depreciation is recognised from the date that property, plant and equipment are completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Power generation equipment	5 - 30 years
Vessels	15 years
Accommodation modules	12 - 15 years
Furniture and computer equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Intangible assets

Intangible assets acquired in a business combination relate to government concession right and are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life of the concession right is 25 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4.5 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is generally determined by reference to weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and locations. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; the impairment loss is recognized immediately in profit or loss.

4.6 Assets held for sale

Assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

4.7 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through other comprehensive income (FVOCI) – equity investment if they qualify for such classification.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires repayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018 (cont'd)

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, amount due from subsidiaries and trade and other receivables (excluding accrued revenue, tax recoverable, prepayments and advance to suppliers).

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available for sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses were recognised in other comprehensive income and presented in the fair value reserve in equity. When there amounts were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised equity securities.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised financial liabilities, and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issued and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(vii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

Expected Credit Losses (ECLs) are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Loss allowances for ECLs for financial guarantees issued are presented in the Company's statement of financial position as 'loans and borrowings'.

Intra-group financial guarantees in the separate financial statements – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

(viii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 December 2017 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(viii) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedge

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Derivative financial instruments and hedge accounting – Policy applicable before 1 January 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under SFRS(I) 9. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised costs; and
- intra-group financial guarantee contracts (FGC).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

General approach (cont'd)

The Company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Company in full, without recourse by the Company to actions such as realising security (if any is held). The Company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Policy applicable before 1 January 2018

A financial asset not carried at fair value through profit or loss, including an interest in an associate was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event had occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables were assessed for specific impairment. All individually significant receivables found not to be specifically impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Loans and receivables that were not individually significant were collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group used historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions were such that the actual losses were likely to be greater or less than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss reclassified was the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method were reflected as a component of interest income. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss was reversed. The amount of reversal was recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security was recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (cont'd)

(ii) Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata basis*.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Employee benefits (cont'd)

(ii) Defined benefit plan

The Group's obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is measured annually using the projected unit credit method calculated use the gratuity formula. The present value of the defined benefit obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior period.

Gains and losses arising from changes in the assumptions, current service cost and interest are recognized in the statement of comprehensive income in the period in which they arise.

The retirement benefit obligation is not externally funded.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.11 Revenue recognition

(i) Lease income

Revenue generated from the leasing of the Group's assets is recognised in profit or loss on a straight-line basis over the term of the lease. Lease income which has been received upfront at the start of the charter period is recognised as deferred revenue in the balance sheet. Such amount is recognised as revenue on a straight line basis over the entire leasing period of the Group's asset.

(ii) Rendering of services and sale of energy and power services

Revenue from rendering of services and sale of energy and power services is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services.

Revenue from rendering of services is recognised over time following the timing of satisfaction of the PO.

Revenue from sale of energy and services is recognised at a point in time when the clean energy is generated and delivered to the customer, and all criteria for acceptance have been satisfied.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases

(i) When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(ii) When entities within the Group are lessors of an operating lease

Where the Group leases out assets under operating leases, the leased assets are included in statement of financial position according to their nature and, where applicable, are depreciated in accordance with Group's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies.

4.13 Finance income and costs

Finance income comprises interest income on bank deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings that are recognised in profit or loss.

4.14 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income tax expense (cont'd)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants, perpetual securities, redeemable exchangeable preference shares and share options granted to employees.

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses and tax liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

4.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 35.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land US$'000	Power generation equipment US$'000	Vessels US$'000	Accommodation modules US$'000	Furniture and computer equipment US$'000	Motor vehicle US$'000	Assets under construction US$'000	Total US$'000
Group								
Cost								
At 1 January 2017	–	73,638	56,023	12,866	87	–	7,453	150,067
Foreign exchange translation	–	–	–	(317)	–	–	–	(317)
Additions	–	–	–	–	–	–	20,392	20,392
Reclassification	–	8,157	–	–	–	–	(8,157)	–
At 31 December 2017	–	81,795	56,023	12,549	87	–	19,688	170,142
Foreign exchange translation	(61)	(3,895)	–	41	(3)	(12)	(220)	(4,150)
Additions	–	888	–	–	61	52	–	1,001
Acquisition of subsidiaries (note 29)	459	11,752	–	–	20	91	1,659	13,981
Reclassification	–	21,123	–	–	–	–	(21,123)	–
Disposal	–	(2,708)	–	–	(12)	–	–	(2,720)
At 31 December 2018	398	108,955	56,023	12,590	153	131	4	178,254
Accumulated depreciation and impairment losses								
At 1 January 2017	–	9,961	14,337	2,528	49	–	–	26,875
Foreign exchange translation	–	–	–	(1,026)	–	–	–	(1,026)
Depreciation	–	4,178	3,511	886	19	–	–	8,594
Impairment losses	–	–	29,908	825	–	–	–	30,733
At 31 December 2017	–	14,139	47,756	3,213	68	–	–	65,176
Foreign exchange translation	–	(138)	–	732	(3)	(4)	–	587
Depreciation	–	6,319	760	790	39	38	–	7,946
Impairment losses	–	26,871	6,247	1,136	–	–	–	34,254
Disposal	–	(2)	–	–	(12)	–	–	(14)
At 31 December 2018	–	47,189	54,763	5,871	92	34	–	107,949
Carrying amounts	–							
At 1 January 2017	–	63,677	41,686	10,338	38	–	7,453	123,192
At 31 December 2017	–	67,656	8,267	9,336	19	–	19,688	104,966
At 31 December 2018	398	61,766	1,260	6,719	61	97	4	70,305

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer equipment US$'000
Company	
Cost	
At 1 January 2017, 31 December 2017 and 31 December 2018	86
Accumulated depreciation	
At 1 January 2017	48
Depreciation	19
At 31 December 2017	67
Depreciation	15
At 31 December 2018	82
Carrying amounts	
At 1 January 2017	38
At 31 December 2017	19
At 31 December 2018	4

Security

At 31 December 2018, property, plant and equipment of the Group with carrying amounts of US$69,745,000 (2017: US$104,947,000; 1 Jan 2017: US$115,701,000) are pledged as security to secure bankers' guarantee (see note 12) and bank loans (see note 20).

Impairment assessment

In 2018, due to the continuing challenging market conditions, the Group tested its property, plant and equipment for impairment and recognised additional impairment losses of US$34,254,000 (2017: US$30,733,000), comprising US$26,871,000 (2017: US$Nil), US$6,247,000 (2017: US$29,908,000) and US$1,136,000 (2017: US$825,000) for the power generation equipment, vessels and the accommodation modules respectively. The impairment losses were included in 'other expenses' in the Group's consolidated statement of profit or loss.

For the purpose of impairment assessment, each power generation plant, vessel and the accommodation module is a separate cash-generating unit ("CGU"). The power generation equipment is used in the solar photovoltaic power plants and the mini-hydro power plants. There are 13 CGUs in the mini-hydro power plants.

Management has estimated the recoverable amounts of its vessels and the accommodation modules based on their fair value less costs to sell, and the power generation equipment based on value in use. The vessels' fair values are estimated by management with reference to recent market transactions and broker quotes, whereas the fair value of the accommodation module is based on a contemplated sales transaction.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment assessment (cont'd)

The value in use calculation for the power generation equipment was based on cash flow projections with the following key assumptions:

	Mini-hydro power plants	Solar photovoltaic power plants
Projection period	25 years	Concession period of 20 years
Tariff rates		
- During existing contracted period	2018: Actual FY2018 tariff rates with an average annual upward revision of 6%	2018: Actual contracted tariff rates
- Post-contractual renewal period	2018: Recommended renewal tariff rate by authority	N.A.
Projected utilisation rate	2018: Average of past 6 years historical plant factor	N.A.
Projected efficiency rate	N.A.	2018: Assume 100% efficiency rate
Pre-tax discount rate	2018:14%	2018:16%

The cash flow projections were based on forecasts prepared by the management taking into account past experience. The discount rates applied to the cash flow projections were estimated based on weighted average cost of capital of similar assets. Following the impairment loss, the recoverable amounts of the mini-hydro power plants are equal to the carrying amounts and any adverse movements in the key assumptions would lead to further impairment losses in future periods.

Sources of estimation uncertainty

In estimating the recoverable amounts of the mini-hydro power plants' value in use, the Group assumed the concessions will continue beyond the existing contract period. The assumed tariff rates as well as the plant factor will continue to be subject to estimation uncertainties that may result in material adjustments on the mini-hydro power plants' recoverable amounts in future periods.

In estimating the recoverable amounts of the solar photovoltaic power plants' value in use, the tariff rates reflect the Group's entitlement to the central government subsidies which account for a major portion of the total tariff. The assumed tariff rates as well as the efficiency rate however, continue to be subject to estimation uncertainties that may result in material adjustments on the solar photovoltaic power plants' recoverable amounts in future periods.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Sensitivity analysis

The recoverable amounts for the mini-hydro power plants and solar photovoltaic power plants would change by the following amount for the change in the following inputs.

	Mini-hydro power plants US$'000	Solar photovoltaic power plants US$'000
- 1% change in discount rate	1,943	(1,783)
- 1% change in tariff rate annual increment	(770)	2,286
- 1% change in average utilisation rate	188	(2,286)

6. INTANGIBLE ASSETS

	Goodwill US$'000	Land use rights US$'000	Total US$'000
Group			
Cost			
At 1 January 2017	1,306	632	1,938
Additions	–	1,611	1,611
Effects of movements in exchange rate	–	42	42
At 31 December 2017	1,306	2,285	3,591
Additions	–	417	417
Effects of movements in exchange rate	–	(120)	(120)
At 31 December 2018	1,306	2,582	3,888
Accumulated amortisation			
At 1 January 2017	–	87	87
Amortisation	–	92	92
Effects of movements in exchange rate	–	5	5
At 31 December 2017	–	184	184
Amortisation	–	103	103
Effects of movements in exchange rate	–	(10)	(10)
At 31 December 2018	–	277	277
Carrying amounts			
At 1 January 2017	1,306	545	1,851
At 31 December 2017	1,306	2,101	3,407
At 31 December 2018	1,306	2,305	3,611

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7. SUBSIDIARIES

	Company		
	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000
Unquoted equity investments, at cost	15,195	15,195	15,101
Impairment losses	(1,573)	(1,573)	–
	13,622	13,622	15,101
Loans to subsidiaries	66,828	67,072	60,794
Impairment losses	(24,368)	(16,972)	–
	42,460	50,100	60,794
	56,082	63,722	75,895

Loans to subsidiaries as at 1 January 2017 and 31 December 2017 are classified as loans and receivables. On adoption of SFRS(I) 9 the loans are classified as financial assets at amortised cost.

The loans to subsidiaries are interest-free, unsecured and repayable on demand. As the loans are not expected to be repaid by the subsidiaries in the next 12 months, they are classified as non-current and stated at amortised cost.

Impairment losses

The change in impairment loss in respect of equity investments in subsidiaries was as follows:

	Company	
	2018	2017
	US$'000	US$'000
At 1 January	1,573	–
Impairment losses	–	1,573
At 31 December	1,573	1,573

The change in impairment loss in respect of loans to subsidiaries was as follows:

	Company	
	2018	2017
	US$'000	US$'000
At 1 January	16,972	–
Impairment losses	7,396	16,972
At 31 December	24,368	16,972

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7. SUBSIDIARIES (CONT'D)

Impairment losses (cont'd)

The impairment losses amounting to US$Nil (2017: US$1,573,000; 1 Jan 2017: US$Nil) and US$7,396,000 (2017: US$16,972,000; 1 Jan 2017: US$Nil) in 2018 were recognised in respect of the Company's investments in and loans to subsidiaries as a result of recurring losses incurred by these subsidiaries. Management assessed the recoverable amounts for each of the relevant subsidiaries based on the recoverable amounts of the net assets owned by the subsidiaries, which comprise predominantly power generation equipment, vessels and accommodation modules whose recoverable amounts were estimated using the fair value less cost to sell and value in use calculations as described in note 5.

Details of the significant subsidiaries are as follows:

Name of significant subsidiary	Principal activities	Place of business/ country of incorporation	Equity held by the Group		
			2018	2017	1 Jan 2017
			%	%	%
Held by the Company					
Anchor Marine 2 Inc. [1]	Ship owner and provision of ship chartering services	Mauritius	100	100	100
Anchor Marine 3 Inc. [1]	Ship owner and provision of ship chartering services	Mauritius	100	100	100
Anchor Offshore Services Inc. [1]	Shipping agent and provision of ship chartering services	Mauritius	100	100	100
Aus Am Pte. Ltd. [2]	Owning and leasing of accommodation modules	Singapore	100	100	100
Yichang Smartpower Green Electricity Co. Ltd [4]	Developing, owning and operating of solar power plant	China	80	80	80
CES Hydro Power Group Pte Ltd [2]	Investment holding company	Singapore	100	100	100
CES Green Power S.A. Pte Ltd [2]	Investment holding company	Singapore	100	100	100
Held through subsidiary					
CES Hydro Power (SL) Limited [5]	Owning and leasing of hydropower generation equipment	Malaysia	100	100	100
SAEMS Capital II B.V. [3]	Investment holding company	Curacao	100	–	–
WKV Hydro Technics (Private) Limited [6]	Generation and supply of hydroelectric power	Sri Lanka	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7. SUBSIDIARIES (CONT'D)

Impairment losses (cont'd)

Details of the significant subsidiaries are as follows: (cont'd)

Name of significant subsidiary	Principal activities	Place of business/ country of incorporation	Equity held by the Group		
			2018	2017	1 Jan 2017
			%	%	%
Held through subsidiary (cont'd)					
Math Hydro Power (Private) Limited [6]	Generation and supply of hydroelectric power	Sri Lanka	100	–	–
Hynford Water Power (Private) Limited [6]	Generation and supply of hydroelectric power	Sri Lanka	100	–	–
Upcountry Power Supply International (Private) Limited [6]	Generation and supply of hydroelectric power	Sri Lanka	100	–	–
Thannewatha Mini Hydro Power Holdings (Private) Limited [6]	Generation and supply of hydroelectric power	Sri Lanka	100	–	–
Blue Maven Asia Energy (Private) Limited [6]	Investment holding company	Sri Lanka	100	–	–
Falcon Valley Hydro (Private) Limited [6]	Generation and supply of hydroelectric power	Sri Lanka	100	–	–

[1] Audited by KPMG Mauritius.
[2] Audited by KPMG LLP, Singapore.
[3] Not required to be audited in accordance with the law of the country of incorporation.
[4] Audited by Moore Stephens, Da Hua Certified Public Accountants.
[5] Audited by PKF, Malaysia.
[6] Audited by KPMG Sri Lanka.

A subsidiary is considered significant if its net tangible assets represents 2% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 2% or more than the Group's consolidated pre-tax profits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. JOINT VENTURES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Interests in joint ventures	6,557	6,122	5,757	7,311	7,311	5,185
Impairment loss	(1,144)	(1,144)	–	(1,540)	(1,540)	–
	5,413	4,978	5,757	5,771	5,771	5,185
Loans to joint ventures	–	–	–	8,382	8,083	8,102
	5,413	4,978	5,757	14,153	13,854	13,287

As at 31 December 2018, interests in joint venture amounting to US$1,000,000 was reclassified to assets held for sale on balance sheet (note 11).

On adoption of SFRS(I) 9 *Financial Instruments*, loans and receivables are classified as financial assets at amortised cost. Loans to joint ventures amounting to US$6,990,000 as at 1 January 2017 and 31 December 2017 were hence classified as loans and receivables (see note 10).

The loans to joint ventures are interest-free, unsecured and repayable on demand. As the amounts are not expected to be repaid by the joint ventures in the next 12 months, they are classified as non-current and stated at amortised cost.

Management evaluates whether there is any objective evidence that the Group's and the Company's investments in joint ventures are impaired and determines the amount of impairment loss based on the recoverable amounts of the joint ventures. For impairment testing, each joint venture is a separate CGU.

At 31 December 2018, interest in certain joint venture of US$5,625,000 is expected to be recovered through the proceeds from the potential sale of certain assets of the joint venture.

There was no additional impairment loss recognised during the year (2017: US$1,144,000; 1 Jan 2017: US$Nil).

The Group has one (2017: one; 1 Jan 2017: one) joint venture that is material and a number of joint ventures that are individually immaterial to the Group. All joint ventures are equity accounted. The following is the Group's material joint venture:

	Rising Sun Energy Pvt. Ltd. ("RSE")
Nature of relationship with the Group	Development of 140 megawatt solar photovoltaic power plant in Rajasthan, India
Country of incorporation	India
Direct ownership interest	43% (2017: 43%; 1 Jan 2017: 43%)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. JOINT VENTURES (CONT'D)

The following table summarises the financial information of the Group's material joint ventures, based on its financial statements prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	RSE US$'000
31 December 2018	
Revenue	23,336
Profit from operations	2,591
Other comprehensive income	–
Total comprehensive income	2,591
Non-current assets	124,191
Current assets	6,295
Non-current liabilities	(106,852)
Current liabilities	(10,553)
Net assets	13,081
Includes:	
Cash and cash equivalents	3,882
Current financial liabilities (excluding trade and other payables and provisions)	8,645
Non-current financial liabilities (excluding trade and other payables and provisions)	106,845
Depreciation and amortisation	4,733
Interest income	214
Interest expense	9,828
Income tax expense	371

	RSE US$'000	Immaterial joint ventures US$'000	Total US$'000
31 December 2018			
Group's interest in net assets of investee at beginning of the year	4,573	405	4,978
Group's share of:			
- profit from operations	1,114	383	1,497
Foreign currency translation differences	(62)	–	(62)
Reclassified to assets held for sale (note 11)	–	(1,000)	(1,000)
Carrying amount of interest in investee at end of the year	5,625	(212)	5,413

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. JOINT VENTURES (CONT'D)

	RSE
	US$'000
31 December 2017	
Revenue	5,603
Loss from operations	(1,953)
Other comprehensive income	–
Total comprehensive income	(1,953)
Non-current assets	119,969
Current assets	11,532
Non-current liabilities	(97,869)
Current liabilities	(22,997)
Net assets	10,635
Includes:	
Cash and cash equivalents	2,846
Current financial liabilities (excluding trade and other payables and provisions)	17,363
Non-current financial liabilities (excluding trade and other payables and provisions)	97,895
Depreciation and amortisation	3,260
Interest income	–
Interest expense	2,552
Income tax expense	777

	RSE	Immaterial joint ventures	Total
	US$'000	US$'000	US$'000
31 December 2017			
Group's interest in net assets of investee at beginning of the year	3,522	2,235	5,757
Group's share of:			
- loss from operations	(873)	(396)	(1,269)
Elimination of intercompany sales	(604)	(252)	(856)
Foreign currency translation differences	402	(38)	364
Impairment loss	–	(1,144)	(1,144)
Group's contribution during the year	2,126	–	2,126
Carrying amount of interest in investee at end of the year	4,573	405	4,978

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. JOINT VENTURES (CONT'D)

	RSE US$'000
1 January 2017	
Non-current assets	2
Current assets	8,666
Non-current liabilities	–
Current liabilities	(3,680)
Net assets	4,988
Includes:	
Cash and cash equivalents	3
Current financial liabilities (excluding trade and other payables and provisions)	(3,672)

	RSE US$'000	Immaterial joint ventures US$'000	Total US$'000
1 January 2017			
Group's interest in net assets of investee at beginning of the year	1	945	946
Group's share of:			
- loss from operations	(122)	(321)	(443)
Group's contribution during the year	3,643	1,611	5,254
Carrying amount of interest in investee at end of the year	3,522	2,235	5,757

9. OTHER INVESTMENTS

	Group and Company		
	2018 US$'000	2017 US$'000	1 Jan 2017 US$'000
Equity investment – available-for-sale	–	1,276	2,305
Equity investment – at FVOCI	292	–	–
	292	1,276	2,305

At 1 January 2018, the Group designated the investments in quoted equity securities as at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term strategic purposes. In 2017, these investments were classified as available-for-sale.

The Group's exposure to credit and market risks, and fair value measurement, are disclosed in note 32.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

9. OTHER INVESTMENTS (CONT'D)

Security

At 31 December 2018, other investments of the Group and Company with carrying amounts of US$292,000 (2017: US$1,276,000; 1 Jan 2017: US$2,305,000) are pledged as security to secure bankers' guarantee (see note 12).

10. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current						
Prepayments	740	194	105	–	–	–
Other receivables	88	850	488	–	–	–
Non-trade amount from joint ventures	6,990	14,810	7,530	6,990	6,990	–
	7,818	15,854	8,123	6,990	6,990	–
Current						
Trade receivables – third parties	6,796	11,174	6,076	–	–	–
Allowance for impairment loss	(2,312)	(2,306)	–	–	–	–
Net trade receivables	4,484	8,868	6,076	–	–	–
Accrued revenue	–	1,360	339	–	–	–
Trade amounts due from subsidiaries	–	–	–	3,201	2,417	1,200
Non-trade amounts from joint ventures	1,799	1,764	341	1,489	1,722	341
Advance to suppliers	–	1	8	–	–	6
Prepayments	228	275	322	215	211	214
Tax recoverable	987	548	–	–	–	–
Other receivables	1,856	1,592	647	2,405	724	126
	9,354	14,408	7,733	7,310	5,074	1,887
	17,172*	30,262	15,856	14,300	12,064	1,887

* Amount is net of loss allowance of US$29,000 recognised on other receivables, excluding accrued revenue, advance to suppliers, prepayments and tax recoverable.

At 31 December 2018, included in the above receivable balances are loans to RSE Group of US$9,148,000 comprising (i) non-current non-trade amount from joint venture of US$6,990,000 (ii) current non-trade amounts from joint venture of US$1,487,000 and (iii) other receivables of US$671,000. These balances are expected to be recovered through the proceeds from the potential sale of certain assets of a joint venture.

Additionally, at 31 December 2018, non-current non-trade amounts due from joint venture amounting to US$7,910,000 was reclassified to assets held for sale on balance sheet (note 11).

The remaining non-trade amounts due from joint ventures of US$312,000 are unsecured, interest free and repayable on deamnd.

The Group's exposure to credit and currency risks, and impairment losses for trade and other receivables is disclosed in note 32.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

11. ASSETS HELD FOR SALE

In September 2018, the Group's wholly-owned subsidiary, CES Oil Services Pte. Ltd. entered into a sale and purchase agreement with Alpha Energy Holdings Limited ("Alpha") and its wholly-owned subsidiary, Caracol Petroleum LLC in relation to the proposed disposal of the Group's investment in and non-trade amount due from Mustang Operations Center 1 LLC ("MOC1") amounting to US$1,000,000 and US$7,910,000 respectively.

Accordingly, at 31 December 2018, the Group's interests in the MOC1 is presented as assets held for sale.

	Group 2018 US$'000
Assets held for sale	
Reclassified from investment in joint venture (note 8)	1,000
Reclassified from non-trade amounts from joint ventures (note 10)	7,910
Impairment losses	(4,442)
At 31 December 2018	4,468
Sales consideration for the sale of MOC1:	
Ordinary shares of Alpha	2,652
Convertible perpetual securities of Alpha	1,816
Fair value of considerations to be received	4,468

Impairment assessment

Impairment losses of US$4,442,000 for write-down of the assets held for sale to its fair value less costs to sell, have been included in 'other expenses' in the Group's consolidated statement of profit or loss.

12. CASH AND CASH EQUIVALENTS

	Group			Company		
	2018 US$'000	2017 US$'000	1 Jan 2017 US$'000	2018 US$'000	2017 US$'000	1 Jan 2017 US$'000
Cash at bank and in hand	5,862	2,974	4,112	2,847	1,536	1,776

The Group has obtained bankers' guarantees totalling US$3,643,000 (2017: US$6,567,000; 1 Jan 2017: US$6,182,000) to develop a solar photovoltaic power plant. The guarantees are secured by cash at bank amounting to US$1,367,000 (2017: US$1,492,000; 1 Jan 2017: US$1,444,000), a vessel amounting to US$315,000 (2017: US$2,000,000; 1 Jan 2017: US$10,169,000) and equity investments – FVOCI of US$292,000 (2017: available-for-sale financial assets of US$1,276,000; 1 Jan 2017: available-for-sale financial assets of US$2,305,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13. SHARE CAPITAL

	Group and Company	
	2018	2017
	No. of shares '000	No. of shares '000
Issued and fully paid, with no par value		
At 1 January	13,166,385	13,050,964
Conversion of warrants to ordinary shares	–	115,421
At 31 December	13,166,385	13,166,385

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Conversion of warrants to ordinary shares

In 2017, the Company issued 115,421,000 shares at S$0.002 per share upon the conversion of outstanding warrants at S$0.002 per share, amounted to an equivalent of US$167,000.

Capital management

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back issued shares, obtain new borrowings or reduce its borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as secured bank loans and trade and other payables less cash and cash equivalents and loan from a related party. Total capital includes issued capital, perpetual securities, redeemable exchangeable preference shares, reserves and retained earnings.

		Group	
	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000
Secured bank loans	60,341	63,648	53,416
Trade and other payables	36,934	29,247	12,192
Less: Cash and cash equivalents	(5,862)	(2,974)	(4,112)
Less: Loan from a related party	(22,400)	(21,546)	(7,797)
Net debts	69,013	68,375	53,699
Total capital	6,366	52,949	83,192
Gearing ratio (times)	10.84	1.29	0.65

The Group's management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to any externally imposed capital requirements for the financial years ended 31 December 2018 and 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

14. PERPETUAL SECURITIES

On 28 March 2013, the Company completed the placement of S$30,000,000 (equivalent to US$23,710,000) 5% convertible perpetual capital securities at an issue price of 100 per cent (the "Capital Securities").

The securities are perpetual, subordinated and the distribution interest of 5% per annum may be deferred at the sole discretion of the Company. These perpetual securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position. Transaction costs incurred in connection with the issuance of perpetual securities amounted to US$224,000.

Each Capital Securities will, at the option of the holders of the Capital Securities, be converted into fully paid shares of the Company at a conversion price of S$0.025 per share. For the year ended 31 December 2018 and 31 December 2017, no new ordinary shares in the capital of the Company had been allotted and issued by the Company pursuant to the conversion of convertible perpetual capital securities by Capital Securities holders.

As at 31 December 2018, the Group has accrued perpetual securities distribution of US$321,000 (2017: US$339,000).

15. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

	Group		
	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000
At 1 January and 31 December	7,042	7,042	7,042

In 2015, 7,299,270 redeemable exchangeable preference shares ("REPS") were issued by a subsidiary of the Company at an issue price of US$1.00 per share. All issued shares were fully paid. The main terms and conditions of the agreement are as follows:

(a) The REPS are convertible into certain number of ordinary shares in the share capital of the Company based on the exchange price of US$0.01394 ("Exchange Price"). The conversion ratio will be subject to the usual anti-dilution adjustments.

(b) The holders of REPS shall have the right to convert:

  (i) the first 50% of their holdings of the REPS into ordinary shares of the Company ("Exchange Shares") at the Exchange Price at any time beginning from the first anniversary of the date of issuance of REPS and up to one business day before the date falling on the third anniversary of the date of issuance of REPS ("Maturity Date"); and

  (ii) the next 50% of their holdings of REPS into Exchange Shares at the Exchange Price at any time beginning from the second anniversary of the date of issuance of REPS and up to one business day before the Maturity Date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (CONT'D)

(c) The subsidiary of the Company shall redeem all outstanding REPS not exchanged into Exchange Shares ("Redemption Shares") by the holders at US$1.4125 for each Redemption Share upon the occurrence of any of the following events prior to the Maturity Date:

(i) where Ezion Holdings Limited ceases to hold at least 25% of the Company's shares; or

(ii) where the subsidiary of the Company is insolvent, or is unable to pay its debts as they fall due, or is involved in any legal proceedings as a defendant; or

(iii) where there is a material breach to any term, condition or provision of the agreement.

Such number of Exchange Shares is to be determined in accordance with the exchange formula.

(d) Within five business days immediately after the Maturity Date, the subsidiary of the Company has the option to redeem any number of Redemption Shares at Maturity Date at US$1.2625 for each Redemption Share ("Redemption Price").

In the event that the subsidiary of the Company does not exercise its option to redeem in part or in whole the Redemption Shares, such Redemption Shares shall be automatically exchanged ten business days after the Maturity Date into Exchange Shares at the Exchange Price. The holders of REPS do not have the right to redeem the REPS for cash.

In 2018 and 2017, no REPS in the subsidiary was exchanged by the holders for shares in the Company. In 2018, distribution on redeemable exchangeable preference shares amounted to US$Nil (2017: US$365,000).

The REPS had matured on 13 August 2018 and the Company had entered into a standstill agreement and three variation agreements in relation to the maturity of these REPS to extend the standstill period up to and including 28 June 2019.

16. WARRANTS

On 29 November 2016, the Company completed the allotment and issuance of 2,196,411,885 new listed warrants at an issue price of S$0.002 per warrant, with each warrant entitling the holder to subscribe for one new ordinary share in the capital of the Company at the exercise price of S$0.002 per warrant (the "2016 Warrants"). The 2016 warrants amounted to US$2,571,000 are classified as equity instruments. Transaction costs incurred in connection with the issuance of the 2016 Warrants amounted to S$710,000 (equivalent to US$541,000). In 2017, a total of 115,421,000 amounted to US$130,000 of warrants had been exercised and converted in the capital of the Company.

On 4 November 2013, the Company completed the placement of 1,000,000,000 new listed warrants at an issue price of S$0.025 per warrant, with each warrant entitling the holder to subscribe for one new ordinary share in the capital of the Company at the exercise price of S$0.025 per warrant (the "2013 Warrants"). These 2013 Warrants are classified as equity instruments. Transaction costs incurred in connection with the issuance of the 2013 Warrants amounted to S$460,000 (equivalent to US$363,000). The 2013 Warrants of US$19,394,000 had expired on 3 November 2016.

No warrants were issued for the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17. OTHER RESERVES

The reserves of the Group comprise the following balances:

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Fair value reserve	(958)	–	–	(984)	–	–
Foreign currency translation reserves	(2,329)	567	(803)	–	–	–
Hedging reserve	16	5	(42)	–	–	–
	(3,271)	572	(845)	(984)	–	–

Fair value reserves

The fair value reserve comprises of the cumulative net change in the fair value of equity investments designated at FVOCI.

Foreign currency translation reserves

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from the functional currency of the Company; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

18. TRADE AND OTHER PAYABLES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current						
Interest rate swap used for hedging	18	28	40	–	–	–
Loan from a related party (1)	22,400	21,546	7,797	22,400	21,546	7,797
Other payables	73	–	–	–	–	–
	22,491	21,574	7,837	22,400	21,546	7,797
Current						
Trade payables	660	545	1,310	–	–	–
Loan from a related party (2)	850	850	–	850	850	–
Non-trade amounts due to:						
- a related party (3)	1,079	862	593	1,043	824	558
- joint ventures (3)	76	44	24	76	44	24
Accrued operating expenses	1,249	597	606	466	346	685
Accrued interests payable	6,457	1,855	680	3,568	1,207	81
Other payables	4,072	2,920	1,142	2,760	679	712
	14,443	7,673	4,355	8,763	3,950	2,060
	36,934	29,247	12,192	31,163	25,496	9,857

(1) Loan from a related party, which is a shareholder of the Group, is unsecured, bears interest at a fixed rate of 5.0% (2017: 5.0%) per annum and there is roll-over right for more than 12 months (2017: US$21,992,000; 1 Jan 2017: US$7,627,000)

(2) Loan from a related party, which is also a shareholder of the Group, amounted to US$850,000, bears interest at 2.5% (2017: 2.5%; 1 Jan 2017: Nil) per month during the loan tenure and 20% (2017: 20%; 1 Jan 2017: Nil) per month on overdue balances. As at 31 December 2018, the loan is due and payable and the Group is in negotiation with the shareholder to refinance the loan. The loan is to be secured against the Group's investment in a subsidiary. The shareholder has not issued any notice of statutory demand for the loan as at the date of this report.

(3) Non-trade amounts due to a related party and joint ventures are unsecured, interest-free and repayable on demand.

19. AMOUNTS DUE TO SUBSIDIARIES

	Company		
	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000
Non-current			
Non-trade amounts due to subsidiaries	22,859	21,841	18,165

Non-current non-trade amounts due to subsidiaries are unsecured, interest-free and not repayable within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

20. FINANCIAL LIABILITIES

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Non-current						
Secured bank loans	16,221	19,133	39,755	–	–	–
Financial guarantees	–	–	–	71	–	1,325
	16,221	19,133	39,755	71	–	1,325
Current						
Secured bank loans	44,120	44,515	13,661	–	–	–
Financial guarantees	–	–	–	24,585	1,346	675
	44,120	44,515	13,661	24,585	1,346	675
	60,341	63,648	53,416	24,656	1,346	2,000

Secured bank loans

All the bank loans are secured by corporate guarantees from the Company, first legal charge on the Group's assets with a carrying amount of US$69,745,000 (2017: US$104,947,000; 1 Jan 2017: US$115,701,000), legal assignment of the rental proceeds from the Group's assets, assignment of insurances in respect of the Group's assets in the bank's favour and all monies standing to the credit of the Group's receiving operating accounts in respect of the Group's assets maintained by the Group with the banks.

Default of secured bank loans and financial guarantees

In 2017 and 2018, the Group had not met its loan obligations for the secured term loans. Accordingly, term loans of US$18,247,000 were classified to current liabilities as at 31 December 2018 (2017: US$29,698,000). The affected loans can be called for repayment upon notification by the bank. There has not been an issue of demand for the affected loans to be repaid immediately. The Group is under negotiations with the banks to refinance the loans.

In January 2019, a lender called on financial guarantee issued by another financial institution amounting to US$3,000,000. The Group is in discussion with the financial institution on the repayment plan for the financial guarantee.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Carrying amount		
			2018	2017	1 Jan 2017
	%		US$'000	US$'000	US$'000
Group					
USD secured floating rate loans	3.176 – 3.935	2019 - 2020	38,588	39,096	47,438
AUD secured floating rate loans	5.425 – 5.635	2022	3,865	5,419	5,978
RMB secured floating rate loans	5.170 -5.770	2029	16,475	19,133	–
LKR secured floating rate loans	14.1-15.1	2023	1,413	–	–
			60,341	63,648	53,416

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

20. FINANCIAL LIABILITIES (CONT'D)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000
Group					
31 December 2018					
Non-derivative financial liabilities					
Secured bank loans	60,341	(65,368)	(44,437)	(10,934)	(9,997)
Trade and other payables [1]	36,916	(38,036)	(15,636)	(22,400)	–
	97,257	(103,404)	(60,073)	(33,334)	(9,997)
Derivative financial liabilities					
Interest rate swaps used for hedging	18	(18)	(23)	5	–
	97,275	(103,422)	(60,096)	(33,329)	(9,997)
31 December 2017					
Non-derivative financial liabilities					
Secured bank loans	63,648	(75,530)	(50,446)	(11,226)	(13,858)
Trade and other payables [1]	7,673	(7,673)	(7,673)	–	–
	71,321	(83,203)	(58,119)	(11,226)	(13,858)
Derivative financial liabilities					
Interest rate swaps used for hedging	28	(30)	(11)	(19)	–
	71,349	(83,233)	(58,130)	(11,245)	(13,858)
1 January 2017					
Non-derivative financial liabilities					
Secured bank loans	53,416	(58,033)	(15,433)	(42,210)	(390)
Trade and other payables [2]	4,355	(4,355)	(4,355)	–	–
	57,771	(62,388)	(19,788)	(42,210)	(390)
Derivative financial liabilities					
Interest rate swaps used for hedging	40	(151)	(57)	(94)	–
	57,811	(62,539)	(19,845)	(42,304)	(390)

(1) Excludes interest rate swaps used for hedging.

(2) Excludes interest rate swaps used for hedging and loan from a related party where settlement is neither planned nor likely to occur in the near future as SFRS(I) 9 does not require retrospective restatement.

The contractual cashflows of the secured bank loans are presented as per contractual commitment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

20. FINANCIAL LIABILITIES (CONT'D)

	Carrying amount	Cash flows: Contractual cash flows	Within 1 year	Within 2 to 5 years	After 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
31 December 2018					
Non-derivative financial liabilities					
Other payables [1]	31,163	(33,133)	(10,733)	(22,400)	–
Amounts due to subsidiaries	22,859	(22,859)	–	(22,859)	–
Financial guarantees	24,656	(46,941)	(46,941)	–	–
	78,678	(102,933)	(57,674)	(45,259)	–
31 December 2017					
Non-derivative financial liabilities					
Other payables [1]	3,950	(3,950)	(3,950)	–	–
Amounts due to subsidiaries	21,841	(21,841)	–	(21,841)	–
Financial guarantees	1,346	(49,324)	(49,324)	–	–
	27,137	(75,115)	(53,274)	(21,841)	–
1 January 2017					
Non-derivative financial liabilities					
Other payables [1]	2,060	(2,060)	(2,060)	–	–
Amounts due to subsidiaries	18,165	(18,165)	–	(18,165)	–
Financial guarantees	2,000	(58,033)	(58,033)	–	–
	22,225	(78,258)	(60,093)	(18,165)	–

(1) Excludes loan from a related party where settlement is neither planned nor likely to occur in the near future as SFRS(I) 9 does not require retrospective restatement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

20. FINANCIAL LIABILITIES (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities				Equity		
	Non-trade amounts due to a related party	Loan from related parties	Accrued interests payable	Financial liabilities	Share capital	Warrants	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2017	593	7,797	680	53,416	272,373	2,514	337,373
Changes from financing cash flows							
Loan from a related party	–	16,043	–	–	–	–	16,043
Non-trade amounts due to a related party	269	–	–	–	–	–	269
Proceeds from borrowings	–	–	–	19,133	–	–	19,133
Repayment of borrowings	–	(1,350)	–	(8,901)	–	–	(10,251)
Distribution on redeemable exchangeable preference shares	–	–	(100)	–	–	–	(100)
Proceeds from issuance of shares	–	–	–	–	297	(130)	167
Interest expense paid	–	–	(1,677)	–	–	–	(1,677)
Total changes from financing cash flows	269	14,693	(1,777)	10,232	297	(130)	23,584
Other liabilities related changes							
Net off with receivables	–	(1,060)	–	–	–	–	(1,060)
Interest expense	–	966	2,952	–	–	–	3,918
Total other liabilities related changes	–	(94)	2,952	–	–	–	2,858
Balance at 31 December 2017	862	22,396	1,855	63,648	272,670	2,384	363,815

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Year ended 31 December 2018

20. FINANCIAL LIABILITIES (CONT'D)

	Liabilities				
	Non-trade amounts due to a related party	Loan from related parties	Accrued interests payable	Financial liabilities	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2018	862	22,396	1,855	63,648	88,761
Changes from financing cash flows					
Non-trade amounts due to a related party	217	–	–	–	217
Repayment of borrowings	–	–	–	(3,777)	(3,777)
Interest expense paid	–	–	(1,218)	–	(1,218)
Total changes from financing cash flows	217	–	(1,218)	(3,777)	(4,778)
The effect of changes in foreign exchange rates	–	–	–	(1,812)	(1,812)
Other liabilities related changes					
Acquisition of subsidiaries	–	–	–	2,282	2,282
Net off with receivables	–	(356)	–	–	(356)
Interest expense	–	1,210	5,820	–	7,030
Total other liabilities related changes	–	854	5,820	2,282	8,956
Balance at 31 December 2018	1,079	23,250	6,457	60,341	91,127

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

21. DEFERRED TAX LIABILITIES

Deferred tax liabilities of the Group comprise temporary differences arising from property, plant and equipment of subsidiaries acquired during the year (see note 29).

22. SHARE-BASED PAYMENTS

At 31 December 2018, the Company has the Charisma Energy Employee Share Option Scheme (the "Scheme").

The Scheme was approved and adopted by its members at an Extraordinary General Meeting held on 24 April 2013. The Scheme is administered by the Company's Remuneration Committee. All Directors and Employees of the Group shall be eligible to participate in the Scheme.

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at market price or at a discounted price not exceeding 20% of the market price (or such other percentage or amount prescribed or permitted by the SGX-ST) and approved by the shareholders at a general meeting in a separate resolution in respect of that option.
- The options shall be exercised in whole or in part 1 year (if exercise price of option is set at market price) or 2 years (if exercise price of option is set at a discount to market price) after the grant date.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years from date of grant or upon cessation of the employment of employees.

At the end of the financial year, details of the options granted under the Scheme on unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2018	Options granted	Options exercised	Options cancelled	Options outstanding at 31 December 2018	Number of option holders at 31 December 2018	Exercise period
	S$	'000	'000	'000	'000	'000		
10/5/2016	0.009	58,200	–	–	100	58,100	7	10/5/2018 to 10/5/2026
9/5/2017	0.006	56,900	–	–	900	56,000	7	9/5/2019 to 9/5/2027

The outstanding options include 52,500,000 (2017: 52,500,000) and 10,000,000 (2017: 10,000,000) share options granted to the Company's executive directors, Tan Ser Ko and Wong Bheet Huan respectively; and 10,000,000 (2017: 10,000,000) share options granted to each of the non-executive directors, Simon de Villiers Rudolph, Cheng Yee Seng and Lim Chen Yang.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

22. SHARE-BASED PAYMENTS (CONT'D)

Fair value of share options and assumptions

The grant-date fair value of share options granted was measured based on the Black-Scholes option-pricing model formula as the fair value of services performed by employees and directors cannot be measured reliably. Expected volatility is estimated by considering historic average share price volatility. Option lives are based on the assumption that the share options will be exercised once the vesting period is over.

Option granted on 10 May 2016

	At 10 May 2016
Fair value (S$)	0.007
Share price (S$)	0.011
Exercise price (S$)	0.009
Expected volatility	64%
Expected dividends (Singapore cents)	–
Risk-free interest rate	1.34%

Option granted on 9 May 2017

	At 9 May 2017
Fair value (S$)	0.008
Share price (S$)	0.008
Exercise price (S$)	0.006
Expected volatility	78%
Expected dividends (Singapore cents)	–
Risk-free interest rate	1.57%

There is no market condition associated with the share option grants.

Disclosure of share-based payments arrangements

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price per share 2018 S$	Number of options 2018 '000	Weighted average exercise price per share 2017 S$	Number of options 2017 '000
Outstanding at 1 January	0.008	115,100	0.009	63,700
Granted during the year	–	–	0.006	63,700
Cancelled during the year	0.006	(1,000)	0.007	(12,300)
Outstanding at 31 December	0.008	114,100	0.008	115,100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

22. SHARE-BASED PAYMENTS (CONT'D)

Employee expenses recognised as share-based payments

	Group	
	2018	2017
	US$'000	US$'000
Charisma Energy Employee Share Option Scheme	124	235

23. REVENUE

	Group	
	2018	2017
	US$'000	US$'000
Lease income	3,689	19,005
Rendering of services	108	829
Sale of energy and power services	13,389	–
	17,186	19,834

In 2017, the Group commenced negotiation with certain charterer in relation to the terms of its existing charter contracts. The revenue recognised for the year ended 31 December 2017 reflected management's best estimates, taking into account management's assessment of the current and forecast market conditions, and the potential outcome of the existing contract re-negotiations. In 2018, no revenue has been recognised from these charter contracts. The sum of contractual revenue owed by this charterer but not recognised by the Group is US$8,176,000 (2017: US$3,358,000).

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

23. REVENUE (CONT'D)

Lease income

Nature of goods or services	Revenue generated from the leasing of mini-hydro power plants, accommodation module and vessels.
When revenue is recognised	Lease income is recognised in profit or loss on a straight-line basis over the lease term.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 days.

Rendering of services

Nature of goods or services	Revenue generated from the provision of management services.
When revenue is recognised	Revenue from rendering of services is recognised when the related services have been rendered.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 days.

Sale of energy and power services

Nature of goods or services	Revenue generated from sale of energy and power services to state-owned electricity authorities.
When revenue is recognised	Revenue from sale of services is recognised when the clean energy is generated and delivered to the customer, and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices to customers are issued on a monthly basis and are payable within 30 days. Subsidies from relevant authorities are payable upon approval of the disbursements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

23. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Energy and power services		Offshore logistics services		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Primary geographical markets								
Singapore	–	–	–	–	108	829	108	829
Middle East	–	–	–	4,818	–	–	–	4,818
Australia	–	–	503	1,443	–	–	503	1,443
Sri Lanka	12,384	12,744	–	–	–	–	12,384	12,744
China	4,191	–	–	–	–	–	4,191	–
	16,575	12,744	503	6,261	108	829	17,186	19,834
Major products/service line								
Lease income	3,186	12,744	503	6,261	–	–	3,689	19,005
Rendering of services	–	–	–	–	108	829	108	829
Sale of energy and power services	13,389	–	–	–	–	–	13,389	–
	16,575	12,744	503	6,261	108	829	17,186	19,834
Timing of revenue recognition								
Products and services transferred at a point in time	13,389	–	–	–	108	829	13,497	829
Products and services transferred over time	3,186	12,744	503	6,261	–	–	3,689	19,005
	16,575	12,744	503	6,261	108	829	17,186	19,834

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24. NET FINANCE COST

	Group	
	2018	2017
	US$'000	US$'000
Finance income		
Interest income from bank deposits	108	262
Finance cost		
Interest expense on borrowings	(7,030)	(3,918)
Net finance cost	(6,922)	(3,656)

25. LOSS BEFORE INCOME TAX

The following items have been included in arriving at loss before income tax:

		Group	
	Note	2018	2017
		US$'000	US$'000
Depreciation of property, plant and equipment	5	7,946	8,594
(Write back of impairment)/Impairment losses on:			
- property, plant and equipment	5	34,254	30,733
- investment in joint venture	8	–	1,144
- equity investments – available-for-sale		–	1,049
- assets held for sale	11	4,442	–
- trade and other receivables	32	(484)	2,306
Audit fee paid/payable to the auditors of the Company		161	162
Non-audit fee paid/payable to the auditors of the Company		–	55
Staff costs		1,752	351
Contributions to defined contribution plans, included in staff costs		54	38
Foreign exchange loss/(gain)		60	(157)

Staff costs include key management personnel compensation as disclosed in note 31.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

26. INCOME TAX EXPENSE

	Group	
	2018	2017
	US$'000	US$'000
Current income tax expense		
Current year	1,325	9
Reconciliation of effective tax rate		
Loss before income tax	(40,383)	(31,346)
Share of results of joint ventures (net of tax)	(1,497)	1,269
Loss before income tax excluding share of results of joint ventures	(41,880)	(30,077)
Tax calculated using Singapore tax rate of 17% (2017: 17%)	(7,120)	(5,113)
Income not subjected to tax	(9)	(122)
Different tax rate in other countries	(124)	(1,244)
Non-deductible expenses	7,509	5,464
Utilisation of carry - forward capital allowances previously not recognised	(310)	(540)
Tax losses not recognised	1,379	1,564
	1,325	9

The Group has unrecognised tax losses of US$14,635,000 (2017: US$6,523,000) and unutilised capital allowances of US$1,352,000 (2017: US$3,176,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to agreement by the tax authorities and compliance with tax regulations prevailing in the respective countries. These tax benefits have not been recognised because certain subsidiaries of the Group do not consider the future taxable profits in the foreseeable future to be probable.

27. LOSS PER SHARE

Basic loss per share

	Group	
	2018	2017
	US$'000	US$'000
Loss attributable to equity holders of the Company	(42,024)	(31,358)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

27. LOSS PER SHARE (CONT'D)

Basic loss per share (cont'd)

Weighted average number of ordinary shares

	No. of shares 2018 '000	No. of shares 2017 '000
Issued ordinary shares at 1 January	13,166,385	13,050,964
Effect of exercise of warrants	–	87,242
Weighted average number of ordinary shares at 31 December	13,166,385	13,138,206
Basic loss per share (US cents)	(0.32)	(0.24)

Diluted loss per share

	Group 2018 US$'000	2017 US$'000
Loss attributable to equity holders (diluted)	(42,024)	(31,358)

Weighted average number of ordinary shares (diluted)

	No. of shares 2018 '000	No. of shares 2017 '000
Weighted average number of ordinary shares (basic) *	13,166,385	13,138,206
Weighted average number of ordinary shares (diluted) *	13,166,385	13,138,206
Diluted loss per share (US cents)	(0.32)	(0.24)

* The average market value of the Company's shares for purposes of calculating dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. As the Group was in a loss position in 2018, the warrants were not included in the computation of diluted loss per share because these potential ordinary shares would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

28. OPERATING SEGMENTS

Industry segments

For the financial year ended 31 December 2018 and 31 December 2017, the Group's revenue, capital expenditure, assets and liabilities were mainly derived from one single business segment in the business of generating and sale of power and energy services.

Other operations include provision of offshore logistics chartering services and management services.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The accounting policies of the reportable segments are the same as described in note 4.16.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

28. OPERATING SEGMENTS (CONT'D)

31 December 2018

	Power and energy services	Others	Total
	2018	2018	2018
	US$'000	US$'000	US$'000
REVENUE			
External revenue	16,575	611	17,186
RESULT			
Reportable segment results from operating activities	8,680	(1,012)	7,668
Finance costs	(2,304)	(1,634)	(3,938)
Share of results of joint ventures	1,497	–	1,497
Write back of impairment of trade and other receivables	–	484	484
Impairment of property, plant and equipment	(26,871)	(7,383)	(34,254)
Reversal of accrued revenue	–	(909)	(909)
Unallocated finance costs	–	(3,092)	(3,092)
Unallocated finance income	39	69	108
Unallocated expenses	(1,914)	(6,033)	(7,947)
Loss before income tax	(20,873)	(19,510)	(40,383)
Tax expenses	(1,322)	(3)	(1,325)
Loss for the year	(22,195)	(19,513)	(41,708)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	71,358	29,131	100,489
Unallocated assets	–	7,082	7,082
Total assets	71,358	36,213	107,571
Reportable segment liabilities	48,342	31,058	79,020
Unallocated liabilities	–	19,579	19,059
Total liabilities	48,342	50,637	98,979
Capital expenditure	1,001	–	1,001
Unallocated capital expenditure	–	–	–
Total capital expenditure	1,001	–	1,001
Depreciation expenses	6,381	1,550	7,931
Unallocated depreciation expenses	–	15	15
Total depreciation expenses	6,381	1,650	7,946

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

28. OPERATING SEGMENTS (CONT'D)

31 December 2017

	Power and energy services	Others	Total
	2017	2017	2017
	US$'000	US$'000	US$'000
REVENUE			
External revenue	12,744	7,090	19,834
RESULT			
Reportable segment results from operating activities	8,566	2,601	11,167
Finance costs	(821)	(1,414)	(2,235)
Share of results of joint ventures	(1,269)	–	(1,269)
Impairment of property, plant and equipment	–	(30,733)	(30,733)
Impairment of investment	–	(1,560)	(1,560)
Inpairment of trade receivables	–	(2,306)	(2,306)
Unallocated finance costs	–	(1,683)	(1,683)
Unallocated finance income	–	262	262
Unallocated expenses	(765)	(2,224)	(2,989)
Loss before income tax	5,711	(37,057)	(31,346)
Tax expenses	(5)	(4)	(9)
Loss for the year	5,706	(37,061)	(31,355)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	98,946	45,151	144,097
Unallocated assets	–	3,766	3,766
Total assets	98,946	48,917	147,863
Reportable segment liabilities	37,356	34,263	71,619
Unallocated liabilities	–	21,282	21,292
Total liabilities	37,356	55,545	92,901
Capital expenditure	20,392	–	20,392
Unallocated capital expenditure	–	–	–
Total capital expenditure	20,392	–	20,392
Depreciation expenses	4,178	4,397	8,575
Unallocated depreciation expenses	–	19	19
Total depreciation expenses	4,178	4,416	8,594

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

28. OPERATING SEGMENTS (CONT'D)

Geographical segments

The businesses of the Group are operated in Singapore, Middle East, Australia, Sri Lanka and China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location where non-current assets are located.

	2018		2017	
	Revenue	Non-current assets[(1)]	Revenue	Non-current assets[(1)]
	US$'000	US$'000	US$'000	US$'000
Singapore	108	4	829	19
Middle East	–	1,260	4,818	8,267
Australia	503	6,719	1,443	9,336
Sri Lanka	12,384	40,203	12,744	59,499
China	4,191	22,119	–	27,845
Total operations	17,186	70,305	19,834	104,966

(1) Non-current assets consist of property, plant and equipment.

Major customers

During the financial year, the Group had 3 (2017: 2) customers in the power and energy services segment that individually contributed 10% or more of the Group's total revenue. Revenue from these customers amounted to US$16,575,000 (2017: US$17,562,000) of the Group's total revenue.

29. ACQUISITION OF SUBSIDIARIES

In April 2018, the Group acquired the shares in WKV Hydro Technics (Private) Limited and Blue Maven Asia Energy (Private) Limited (collectively, the "acquired subsidiaries"), which are the operating companies that operates the hydropower assets owned by the Group, for the generation and supply of hydroelectric power for a total consideration of US$9,961,000.

The settlement of the consideration is as follows:

	US$'000
Issue and allotment of ordinary shares in the Company	1,875*
Settlement of amounts receivable from the vendor	8,086
	9,961

* This remains outstanding as at 31 December 2018, and will be issued and allotted upon completion and the fulfilment of the conditions contained in the SPA.

In the nine months to 31 December 2018, the acquired subsidiaries contributed revenue and profit for the period of US$9,198,000 and US$4,060,000 to the Group's results respectively. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, those arose on the date of acquisition would have been the same if the acquisition had occurred on 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

29. ACQUISITION OF SUBSIDIARIES (CONT'D)

The cash flow and the net assets of subsidiaries acquired during the year ended 31 December 2018 are provided below:

	Fair values on acquisition US$'000
Property, plant and equipment (note 5)	13,981
Intangible assets	8
Trade and other receivables	2,697
Cash and cash equivalents	40
Inventories	474
Trade and other payables	(3,709)
Financial liabilities	(2,282)
Deferred tax liabilities	(1,248)
Total identifiable net assets	9,961
Total consideration	(9,961)
Goodwill	–
Cash consideration paid/payable	–
Add: cash acquired	40
Net cash inflow from acquisition	40

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

30. OPERATING LEASES

Leases as lessor

The future minimum of the Group's lease receivables under non-cancellable operating leases are as follows:

	Group	
	2018	2017
	US$'000	US$'000
Within 1 year	4,818	19,432
After 1 year but within 5 years	9,309	69,467
After 5 years	–	20,811
	14,127	109,710

The leases are negotiated on a fixed term for periods ranging from 5 to 10 years at prevailing market rates. Certain leases contain an option to extend the lease term after the expiry of the fixed term.

31. RELATED PARTIES

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2018	2017
	US$'000	US$'000
Short-term employee benefits	443	486
Share-based payments	124	235

Other related party transactions

	Group	
	2018	2017
	US$'000	US$'000
Transactions with shareholders		
Management fees paid/payable	218	248
Interest paid/payable	3,092	1,683
Transactions with a joint venture		
Management fee income from a joint venture	–	544

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing those risks.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's principal financial instruments comprise cash and cash equivalents and bank loans. The main purpose of these financial instruments is to finance the Group's operations. The other financial instruments such as trade and other receivables and trade and other payables are directly from its operations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2018	2017
	US$'000	US$'000
(Write-back)/Impairment loss on:		
- trade receivables	(38)	2,306
- other receivables	(446)	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. However, management also considers the demographics of the creditors, including the default risk associated with the industry and country in which debtors operate, as these factors may have an influence on credit risk.

The Group has established credit limits for customers and monitors their balances. It is the Group's policy to conduct credit reviews on new customers and credit terms are only extended to creditworthy customers. These debts are continually monitored and therefore the Group does not expect to incur material credit losses.

At 31 December 2018, the Group has concentration of credit risk with 2 customers (2017: 2 customers; 1 Jan 2017: 3 customers) engaged in the Renewable Energy sector accounting for 99% (2017: 95%; 1 Jan 2017: 99%) of the net trade receivables.

The amount of loss allowance recognised on other receivables as at 31 December 2018 is immaterial.

The exposure to credit risk for trade receivables at the reporting date by type of customer was as follows:

		Group	
	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000
Government related entities	4,399	1,148	–
Multi-national entities	85	7,720	6,076
	4,484	8,868	6,076

The age analysis of trade receivables for the Group is as follows:

	Gross 31 December 2018	Impairment 31 December 2018	Gross 31 December 2017	Impairment 31 December 2017	Gross 1 January 2017	Impairment 1 January 2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
Not past due or less than 60 days overdue	4,405	(6)	4,619	(792)	4,184	–
Past due 61 – 120 days	–	–	3,978	(792)	362	–
Past due more than 120 days	2,391	(2,306)	2,577	(722)	1,530	–
	6,796	(2,312)	11,174	(2,306)	6,076	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Expected credit loss ("ECL") assessment for corporate customers as at 31 December 2018

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

ECL rates are calculated using industry default rate from Bloomberg L.P. The Group monitors changes in credit risk through on-going review of customer credit worthiness and by tracking published external credit ratings.

Loss rates are adjusted for current conditions and the Group's view of economic conditions over the expected lives of the receivables only if these factors have a significant impact to the credit loss.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables for debtors with credit ratings (or equivalent):

	Credit impaired	Gross carrying amount	Loss allowance	Net carrying amount
		US$'000	US$'000	US$'000
2018				
Group				
Receivables measured at lifetime ECL				
- Trade receivables	Yes	2,306	(2,306)	–
Receivables measured at lifetime ECL				
- Other receivables*	No	10,762	(29)	10,733
- Trade receivables	No	4,490	(6)	4,484

* Excludes accrued revenue, advance to suppliers, prepayments and tax recoverable

There were no trade receivables for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets.

Loss allowance

The Group assesses on a forward-looking basis the expected credit losses associated with trade and other receivables.

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Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Loss allowance (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

	Credit impaired	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		%	US$'000	US$'000	US$'000
2018					
Group					
Not past due or less than 60 days overdue	No	0.4135	4,505	(6)	4,619
Past due 61 – 120 days	No	–	–	–	–
Past due more than 120 days	Yes	–	2,391	(2,306)	85
Total			6,796	(2,312)	4,484

Comparative information under FRS39

The Group's impaired trade receivables at 31 December 2017 had a gross carrying amount of US$11,174,000 (1 Jan 2017: US$6,076,000). At 31 December 2017, an impairment loss of the Group of US$2,306,000 (1 Jan 2017: US$Nil) related to a customer that had indicated that they were not expecting to be able to pay their outstanding balances, mainly due to economic circumstances.

Movements in the allowance for impairment of trade receivables and other receivables are as follows:

	Group	
	Trade receivables	Other receivables
	US$'000	US$'000
Balance at 1 January 2018 per FRS 39	2,306	–
Adjustments on initial application of SFRS(I) 9	44	475
Balance at 1 January 2018 under SFRS(I) 9	2,350	475
Loss allowance written back	(38)	(446)
Balance at 31 December 2018	2,312	29

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Comparative information under FRS39 (cont'd)

	Group
	Trade receivables
	US$'000
Balance at 1 January 2017 per FRS 39	–
Allowance made	2,306
Balance at 31 December 2017	2,306

The total loss allowance written back of US$484,000 (2017: US$Nil) has been recognised in 'other expenses' in the Group's consolidated statement of profit or loss.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and approved financial institutions.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries.

Financial guarantees provided by the Company to its subsidiaries are eliminated in preparing the consolidated financial statements. Financial guarantees were computed based on the expected payment to reimburse the holder less any amount that the company expected to recover. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to US$61,253,000 (2017: US$63,648,000; 1 Jan 2017: US$53,416,000).

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32. FINANCIAL RISK MANAGEMENT (CONT'D)

Corporate guarantees

Corporate guarantees comprise guarantees granted by the Company to banks in relation to banking facilities granted to a joint venture amounting to US$105,000,000 (2017: US$105,000,000). These are regarded as insurance contracts.

	Contractual cash flows	
	2018	2017
	US$'000	US$'000
Expiry Date		
More than 5 years	105,000	105,000

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of.

Estimates of the Company's obligation arising from the corporate guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

As at 31 December 2018, there is no provision made in respect of the above obligation.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risks

The Group incurs foreign currency risk on equity investments – FVOCI (2017: Available-for-sale financial assets), cash and cash equivalents, borrowings and expenditures that are denominated in currencies other than the US$. The currency giving rise to this risk is primarily the Singapore dollars ("SGD"), Australian dollars ("AUD"), Chinese Yuan Renminbi ("RMB") and Sri Lankan Rupee ("LKR").

There is no formal hedging policy with respect to foreign currency exposures. Exposures to foreign currency risk are monitored on an on-going basis and the Group endeavours to keep the net exposures at acceptable levels by buying currencies at spot rates, where necessary, to address short term imbalances.

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Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

The Group's and Company's net exposure to foreign currencies are as follows:

Group	AUD US$'000	LKR US$'000	SGD US$'000	RMB US$'000	Total US$'000
31 December 2018					
Equity investments – FVOCI	–	–	292	–	292
Trade and other receivables	85	–	30	–	115
Cash and bank balances	177	1,893	1,379	831	4,280
Trade and other payables	(17)	(198)	(4,081)	(1,434)	(5,730)
Net exposure	245	1,695	(2,380)	(603)	(1,043)
31 December 2017					
Available-for-sale financial assets	–	–	1,276	–	1,276
Trade and other receivables	160	–	46	–	206
Cash and bank balances	–	–	2,016	–	2,016
Trade and other payables	(706)	–	(1,811)	(12)	(2,529)
Net exposure	(546)	–	1,527	(12)	969
1 January 2017					
Available-for-sale financial assets	–	–	2,305	–	2,305
Trade and other receivables	148	–	128	–	276
Cash and bank balances	37	–	1,709	–	1,746
Trade and other payables	(655)	–	(1,238)	(316)	(2,209)
Net exposure	(470)	–	2,904	(316)	2,118

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

Company	SGD US$'000	RMB US$'000	Total US$'000
31 December 2018			
Equity investments – FVOCI	292	–	292
Trade and other receivables	30	–	30
Cash and bank balances	1,377	–	1,377
Trade and other payables	(4,865)	(5)	(4,870)
Net exposure	(3,166)	(5)	(3,171)
31 December 2017			
Available-for-sale financial assets	1,276	–	1,276
Trade and other receivables	46	–	46
Cash and bank balances	2,014	–	2,014
Trade and other payables	(1,554)	(12)	(1,566)
Net exposure	1,782	(12)	1,770
1 January 2017			
Available-for-sale financial assets	2,305	–	2,305
Trade and other receivables	128	–	128
Cash and bank balances	1,705	–	1,705
Trade and other payables	(953)	(316)	(1,269)
Net exposure	3,185	(316)	2,869

Sensitivity analysis

A 10% strengthening of the USD against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rate, remain constant.

	2018		2017	
	Equity US$'000	Profit before tax US$'000	Equity US$'000	Profit before tax US$'000
Group				
AUD	–	(25)	–	55
LKR	–	(170)	–	–
SGD	(29)	267	–	(153)
RMB	–	60	–	1
Company				
SGD	(29)	346	–	(178)
RMB	–	–	–	1

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

Sensitivity analysis (cont'd)

A 10% weakening of the USD against the above currencies would have an effect on the amounts as shown below.

	2018		2017	
	Equity	Profit before tax	Equity	Profit before tax
	US$'000	US$'000	US$'000	US$'000
Group				
AUD	–	25	–	(55)
LKR	–	170	–	–
SGD	29	(267)	–	153
RMB	–	(60)	–	(1)
Company				
SGD	29	(346)	–	178
RMB	–	–	–	(1)

Interest rate risk

The Group's interest rate exposure relates primarily to its secured bank loan that is subject to fluctuating interest rates that reset according to market rates change. The Group enters into and designates interest rate swap as hedge of the variability in cash flows attributable to interest rate risk.

At 31 December 2018, the Company has interest rate swaps with notional contract amounts of US$4,455,000 (2017: US$5,882,000; 1 Jan 2017: US$6,987,000) whereby the Company has agreed with a counterparty to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured term loans.

The net fair value of the above swaps at 31 December 2018 is a loss of US$18,000 (2017: US$28,000; 1 Jan 2017: US$40,000).

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Company's interest-bearing financial interests, as reported to the management, was as follows:

Variable rate instruments

	2018	2017	1 Jan 2017
	US$'000	US$'000	US$'000
Interest rate swaps	4,455	5,882	6,987
Secured bank loan	60,341	63,648	53,416

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis point in interest rate at the reporting date would have increase/(decrease) equity and profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Equity		Profit before tax	
	100 bp Increase US$'000	100 bp Decrease US$'000	100 bp Increase US$'000	100 bp Decrease US$'000
Group				
31 December 2018				
Interest rate swap	(1)	1	–	–
Secured bank loan	–	–	(603)	603
31 December 2017				
Interest rate swap	(2)	2	–	–
Secured bank loan	–	–	(636)	636

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient level of cash and cash equivalents and bank facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities between its of financial assets and financial liabilities.

As at 31 December 2018, the Group's current liabilities exceed current assets by US$38,897,000 (2017: US$34,812,000).

The Group's operations are financed mainly through equity and bank borrowings. As disclosed in notes 2, 18 and 20, the Group has not met its loan obligations in since 2017. The Group has been in negotiations with the banks and shareholder to refinance its outstanding loans to ensure necessary liquidity is available when required so that the Group and Company will be able to pay its debts as and when they fall due.

The Group believes upon the successful refinancing of the outstanding loans, the repayment of its present and future obligations will occur as required and is confident that the cash flows generated from the Group's operating activities and divestment of assets will be sufficient to meet the repayment requirements.

Accounting classification and fair values

Fair values versus carrying amounts

The carrying amounts of the Group and the Company's financial instruments other than equity investments – FVOCI/ Available-for-sale and interest rate swaps used for hedging are carried at cost or amortised cost, and are not materially different from their fair values as at 31 December 2018 and 31 December 2017.

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year (including trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

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Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Equity investments – FVOCI US$'000	Fair value hedging instruments US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2018							
Financial assets measured at fair value							
Equity investments – FVOCI	9	292	–	–	–	292	292
Financial assets not measured at fair value							
Trade and other receivables[(1)]	10	–	–	15,217	–	15,217	15,217
Cash and cash equivalents	12	–	–	5,862	–	5,862	5,862
Financial liabilities measured at fair value							
Interest rate swaps used for hedging	18	–	(18)	–	–	(18)	(18)
Financial liabilities not measured at fair value							
Trade and other payables	18	–	–	–	(36,916)	(36,916)	(36,916)
Financial liabilities	20	–	–	–	(60,341)	(60,341)	(60,341)**

(1) Excludes accrued revenue, tax recoverables, prepayments and advance to suppliers.

** The fair value of financial liabilities is based on the amount repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Available-for-sale US$'000	Fair value hedging instruments US$'000	Loans and receivables US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2017							
Financial assets measured at fair value							
Available-for-sale financial assets	9	1,276	–	–	–	1,276	1,276
Financial assets not measured at fair value							
Trade and other receivables[(1)]	10	–	–	27,884	–	27,884	27,884
Cash and cash equivalents	12	–	–	2,974	–	2,974	2,974
Financial liabilities measured at fair value							
Interest rate swaps used for hedging	18	–	(28)	–	–	(28)	(28)
Financial liabilities not measured at fair value							
Trade and other payables	18	–	–	–	(29,219)	(29,219)	(29,219)
Financial liabilities	20	–	–	–	(63,648)	(63,648)	(63,648)**

(1) Excludes accrued revenue, tax recoverables, prepayments and advance to suppliers.

** The fair value of financial liabilities is based on the amount repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Available-for-sale	Fair value hedging instruments	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
1 January 2017							
Financial assets measured at fair value							
Available-for-sale financial assets	9	2,305	–	–	–	2,305	2,305
Financial assets not measured at fair value							
Trade and other receivables[1]	10	–	–	15,082	–	15,082	15,082
Cash and cash equivalents	12	–	–	4,112	–	4,112	4,112
Financial liabilities measured at fair value							
Interest rate swaps used for hedging	18	–	(40)	–	–	(40)	(40)
Financial liabilities not measured at fair value							
Trade and other payables	18	–	–	–	(12,152)	(12,152)	(12,152)
Financial liabilities	20	–	–	–	(53,416)	(53,416)	(53,416)

[1] Excludes accrued revenue, tax recoverables, prepayments and advance to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Equity investments - FVOCI US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company						
31 December 2018						
Financial assets measured at fair value						
Equity investments – FVOCI	9	292	–	–	292	292
Financial assets not measured at fair value						
Trade and other receivables[1]	10	–	7,095	–	7,095	7,095
Cash and cash equivalents	12	–	2,847	–	2,847	2,847
Financial liabilities not measured at fair value						
Trade and other payables	18	–	–	(31,163)	(31,163)	(31,163)
Amounts due to subsidiaries	19	–	–	(22,859)	(22,859)	(22,859)
Financial guarantees	20	–	–	(24,656)	(24,656)	(24,656)
31 December 2017						
Financial assets measured at fair value						
Available-for-sale financial assets	9	1,276	–	–	1,276	1,276
Financial assets not measured at fair value						
Trade and other receivables[1]	10	–	4,863	–	4,863	4,863
Cash and cash equivalents	12	–	1,536	–	1,536	1,536
Financial liabilities not measured at fair value						
Trade and other payables	18	–	–	(25,496)	(25,496)	(25,496)
Amounts due to subsidiaries	19	–	–	(22,841)	(21,841)	(21,841)
Financial guarantees	20	–	–	(1,346)	(1,346)	(1,346)

[1] Excludes prepayments and advance to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Available-for-sale	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
		US$'000	US$'000	US$'000	US$'000	US$'000
Company						
1 January 2017						
Financial assets measured at fair value						
Available-for-sale financial assets	9	2,305	–	–	2,305	2,305
Financial assets not measured at fair value						
Trade and other receivables[1]	10	–	1,667	–	1,667	1,667
Cash and cash equivalents	12	–	1,776	–	1,776	1,776
Financial liabilities not measured at fair value						
Trade and other payables	18	–	–	(9,857)	(9,857)	(9,857)
Amounts due to subsidiaries	19	–	–	(18,165)	(18,165)	(18,165)
Financial guarantees	20	–	–	(2,000)	(2,000)	(2,000)

[1] Excludes prepayments and advance to suppliers.

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- *Level 2*: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- *Level 3*: unobservable inputs for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Financial assets and financial liabilities carried at fair value

	Note	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group					
31 December 2018					
Assets					
Equity investments – FVOCI	9	292	–	–	292
Liabilities					
Interest rate swaps used for hedging	18	–	(18)	–	(18)
31 December 2017					
Assets					
Available-for-sale financial assets	9	–	1,276	–	1,276
Liabilities					
Interest rate swaps used for hedging	18	–	(28)	–	(28)
1 January 2017					
Assets					
Available-for-sale financial assets	9	2,305	–	–	2,305
Liabilities					
Interest rate swaps used for hedging	18	–	(40)	–	(40)
Company					
31 December 2018					
Assets					
Equity investments – FVOCI	9	292	–	–	292
31 December 2017					
Assets					
Available-for-sale financial assets	9	–	1,276	–	1,276
1 January 2017					
Assets					
Available-for-sale financial assets	9	2,305	–	–	2,305

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

32. FINANCIAL RISK MANAGEMENT (CONT'D)

Valuation technique and significant unobservable input

The following table shows the valuation technique used in measuring Level 2 fair values.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable input	Inter-relationship between key unobserved input and fair value measurement
Group			
Interest rate swaps used for hedging	Market comparison technique: The fair values are based on bank quotes.	Not applicable	Not applicable

Available-for sale financial assets

At 31 December 2017, available-for-sale financial assets with a carrying amount of US$1,276,000 were transferred from Level 1 to Level 2 because the securities became voluntarily suspended in August 2017. The fair value of these securities could not be directly measured as at 31 December 2017. As a result, the carrying amount of the available-for-sale financial assets had been determined based on the last quoted price in 2017. Trading of the securities resumed on 17 April 2018 and the securities have been reclassified to Level 1 in 2018.

33. SUBSEQUENT EVENT

In February 2019, the Group entered into an agreement with AusGroup Limited group to dispose the accommodation module for a cash consideration of approximately US$6,927,000 (Gross amount of US$8,330,000, net of receivables of US$1,403,000) at the exchange rate of US$1:AUD1.4061. The consideration will be settled by 20 monthly repayments of US$155,000 with a final settlement of US$3,827,000 in October 2020. Upon the full receipt of the consideration, all legal title and interests in the Accommodation module will be transferred to AusGroup Limited group. The disposal is not expected to have a material impact on the Group's profit or loss and other comprehensive income for financial year ending 31 December 2019.

34. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW ACCOUNTING STANDARDS

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 3, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW ACCOUNTING STANDARDS (CONT'D)

The accounting policies set out in note 4 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture* at fair value issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The application of the above standards and interpretations did not have material effect on the financial statements, except for SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 has affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of impact

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively, except for the application of the practical expedients as described below, and the information presented for 2017 has been restated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW ACCOUNTING STANDARDS (CONT'D)

Summary of impact (cont'd)

SFRS(I) 15 (cont'd)

- For the year ended 31 December 2017, the Group did not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue.

Due to the "suspended" state of the charter agreements since 2017, revenue has not been recognised in 2017 and 2018 (note 23). Hence, as at 31 December 2018, the Group does not consider it meaningful to disclose the remaining performance obligation that has expected duration of more than one year.

The adoption of SFRS(I) 15 do not have a significant impact on the accounting policies or the financial statements of the Group and the Company. The additional disclosures are set out in note 23.

SFRS(I) 9

The following reconciliations summarise the impacts on initial application of SFRS(I) 9 on the Group's and the Company's financial positions as at 1 January 2018. There were no adjustments to the Group's profit or loss and other comprehensive income and statement of cash flows for the year ended 31 December 2017 arising on the transition to SFRS(I).

Reconciliation of the Group's equity
Transition impact on statement of financial position

	Group Level			Company Level		
	FRS framework	Effect of SFRS (I) 9	SFRS(I) framework	FRS framework	Effect of SFRS (I) 9	SFRS(I) framework
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
	At 1 January 2018		At 1 January 2018	At 1 January 2018		At 1 January 2018
Assets						
Trade and other receivables	30,781	(519)	30,262	935	(2)	933
Amount due from subsidiaries	–	–	–	2,417	(77)	2,340
Amount due from joint venture	–	–	–	1,722	(402)	1,320
	30,781	(519)	30,262	5,074	(481)	4,593
Equity						
Accumulated losses	(236,530)	(519)	(237,049)	(238,077)	(481)	(238,558)

The Group has not restated the comparative information for the effect of adopting SFRS (I) 9 but has instead recognized the effect in revenue reserves and other reserves as at 1 January 2018.

SFRS(I) 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW ACCOUNTING STANDARDS (CONT'D)

SFRS(I) 9 (cont'd)

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
  - The designation of an equity investment that is not held-for-trading as at FVOCI.

- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 December 2017 met the criteria for hedge accounting under SFRS(I) 9 at 1 January 2018 and therefore were regarded as continuing hedging relationships.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note 4.7(ii).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW ACCOUNTING STANDARDS (CONT'D)

SFRS(I) 9 (cont'd)

(i) Classification of financial assets and financial liabilities (cont'd)

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

	Note	Original classification under FRS Framework	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS Framework US$'000	1 January 2018 New carrying amount under SFRS(I) 9 US$'000
Group					
Financial assets					
Equity investments	(a)	Available-for-sale	Equity investment – FVOCI	1,276	1,276
Trade and other receivables	(b)	Loans and receivables	Amortised cost	30,262	29,743
Cash and cash equivalents		Loans and receivables	Amortised cost	2,974	2,974
Total financial assets				34,512	33,993
Company					
Financial assets					
Equity investments	(a)	Available-for-sale	Equity investment – FVOCI	1,276	1,276
Other receivables	(b)	Loans and receivables	Amortised cost	12,064	11,583
Loans to subsidiaries	(c)	Investments	Amortised cost	50,100	50,100
Loans to joint ventures	(c)	Investments	Amortised cost	8,083	8,083
Cash and cash equivalents		Loans and receivables	Amortised cost	1,536	1,536
Total financial assets				73,059	72,578

(a) These equity investments represent investments that the Group and the Company intend to hold for the long term for strategic purposes. The Group and the Company have designated these investments at 1 January 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Trade and other receivables that were classified as loans and receivables under FRS 39 are now classified at amortised cost. An increase of US$519,000 and US$481,000 in the allowance for impairment of trade and other receivables was recognised in opening retained earnings of the Group and of the Company at 1 January 2018 respectively on transition to SFRS(I) 9.

(c) Loans to subsidiaries and joint ventures formed part of net investments in subsidiaries and joint ventures respectively. These loans that were outside the scope of FRS 39 are classified at amortised cost at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

34. EXPLANATION OF TRANSITION TO SFRS(I) AND ADOPTION OF NEW ACCOUNTING STANDARDS (CONT'D)

SFRS(I) 9 (cont'd)

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and intra-group financial guarantee contracts, but not to equity investments. The adoption of the new impairment model under SFRS(I) does not affect the carrying amount of intra-group financial guarantee contracts at 1 January 2018, as the amount initially recognised less the cumulative amount of income recognised in accordance with SFRS(I) 15 is higher than the estimated ECL amount.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in additional allowances for impairment of trade and other receivables amounting to US$519,000 and US$481,000 for the Group and for the Company respectively. Additional information about how the Group and the Company measure the allowance for impairment is described in Note 32.

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in SFRS(I) 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

35. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier applications is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Group is currently performing a detailed analysis to assess the impact upon adoption of SFRS(I) 16 on its financial statements.

STATISTICS OF SHAREHOLDINGS

As at 22 March 2019

General Information on Share Capital

Issued and paid up capital	:	S$348,460,839.09
Total no. of issued shares	:	13,166,385,035
Number of treasury shares	:	Nil
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Range of shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	214	2.29	10,129	0.00
100 - 1,000	1,569	16.83	837,063	0.01
1,001 - 10,000	3,047	32.68	11,362,130	0.09
10,001 - 1,000,000	3,836	41.14	903,348,060	6.86
1,000,001 and above	658	7.06	12,250,827,653	93.04
TOTAL	**9,324**	**100.00**	**13,166,385,035**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	EZION HOLDINGS LIMITED	5,461,932,000	41.48
2	PATRICK TAN CHOON HOCK	1,000,483,100	7.60
3	OCBC SECURITIES PRIVATE LTD	422,251,101	3.21
4	SERENE LEE SIEW KIN	339,000,000	2.57
5	DBS NOMINEES PTE LTD	296,327,404	2.25
6	RAFFLES NOMINEES (PTE) LIMITED	279,682,976	2.12
7	SUNSHINE CAPITAL GROUP PTE LTD	250,222,667	1.90
8	SIM HEE CHEW	230,468,000	1.75
9	ER CHOON HUAT	201,000,000	1.53
10	SEAH SOI CHENA	147,800,000	1.12
11	CHOW JOO MING	109,000,000	0.83
12	MAYBANK KIM ENG SECURITIES PTE LTD	105,785,551	0.80
13	PHILLIP SECURITIES PTE LTD	98,740,451	0.75
14	SIM ENG KIANG	95,000,000	0.72
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	76,531,856	0.58
16	CITIBANK NOMINEES SINGAPORE PTE LTD	70,629,673	0.54
17	OCBC NOMINEES SINGAPORE PTE LTD	65,420,782	0.50
18	WEE PEI TIING	60,110,000	0.46
19	YIAP MOI HIANG	59,980,000	0.46
20	LEE KON MENG	58,309,600	0.44
	Total:	**9,428,675,161**	**71.61**

STATISTICS OF SHAREHOLDINGS

As at 22 March 2019

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Ezion Holdings Limited	5,461,932,000	41.98[1]	–	–
Patrick Tan Choon Hock	1,000,483,100	7.79[2]	493,186,000[3]	3.84[2]

1 The percentage shown, to the nearest 2 decimal places, was based on the latest form 3 received from Ezion Holdings Limited on 26 February 2016.

2 The percentage shown, to the nearest 2 decimal places, was based on the latest form 3 received from Mr. Patrick Tan Choon Hock on 24 December 2015.

3 Mr. Patrick Tan Choon Hock is able to exercise control over the voting rights of 339,000,000 shares owned by his spouse, Mdm Serene Lee Siew Kin and 154,186,000 shares owned by Mr. Patrick Tan Choon Hock are held through nominees.

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on the Register of Substantial Shareholders and the information made available to the Company as at 22 March 2019, approximately 47.10% of the Company's shares were held in the hands of the public, and accordingly, Catalist Rule 723 is complied with.

STATISTICS OF WARRANT HOLDINGS

As at 22 March 2019

Charisma W211128

No. of Warrants Outstanding : 2,040,335,705

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	12	1.03	610	0.00
100 - 1,000	36	3.09	24,413	0.00
1,001 - 10,000	88	7.54	617,399	0.03
10,001 - 1,000,000	904	77.46	193,987,982	9.51
1,000,001 and above	127	10.88	1,845,705,301	90.46
TOTAL	**1,167**	**100.00**	**2,040,335,705**	**100.00**

TOP 20 WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1	OCBC SECURITIES PRIVATE LTD	764,444,500	37.47
2	PATRICK TAN CHOON HOCK	160,908,400	7.89
3	EZION HOLDINGS LIMITED	115,193,200	5.65
4	RAFFLES NOMINEES (PTE) LTD	101,849,600	4.99
5	UOB KAY HIAN PTE LTD	78,738,380	3.86
6	MAYBANK KIM ENG SECURITIES PTE LTD	74,960,812	3.67
7	MA ONG KEE	54,000,000	2.65
8	SERENE LEE SIEW KIN	33,900,000	1.66
9	PHILLIP SECURITIES PTE LTD	30,689,433	1.50
10	DBS NOMINEES PTE LTD	20,428,393	1.00
11	ANG YEW JIN EUGENE	19,000,000	0.93
12	YEO TIN MIN OR SOO YIN PENG	17,607,500	0.86
13	CHEN CHIN EE	17,497,400	0.86
14	YAP CHEE LAM	15,397,800	0.75
15	SEAH SOI CHENA	14,780,000	0.72
16	TEGUH ANDY	13,418,400	0.66
17	CHOW JOO MING	10,800,000	0.53
18	ONG KIM TAN	10,037,600	0.49
19	PEH KAY KOON	10,000,000	0.49
20	TEOH HAI THOW	10,000,000	0.49
	Total:	**1,573,651,418**	**77.12**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Charisma Energy Services Limited ("the Company") will be held at Conference Room (Level 2), Warren Golf and Country Club, 81 Choa Chu Kang Way, Singapore 688263 on Tuesday, 30 April 2019 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company ("Directors") retiring pursuant to Article 95 of the Constitution of the Company ("Constitution"):

   Mr. Tan Ser Ko (See Explanatory Note (i)) **(Resolution 2)**
   Mr. Wong Bheet Huan (See Explanatory Note (ii)) **(Resolution 3)**

3. To approve the payment of Directors' fees of S$168,000 for the financial year ending 31 December 2019 to be paid quarterly in arrears (2018: S$168,000).
   (Resolution 4)

4. To re-appoint Messrs KPMG LLP as the Auditor of the Company and to authorise the Directors to fix their remuneration.
   (Resolution 5)

5. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual Section B: Rules of the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"), authority be and hereby given to the Directors to:-

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing Shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note (iii)) **(Resolution 6)**

7. **Authority to issue shares under the Charisma Energy Employee Share Option Scheme**

That the Directors be hereby authorised and empowered to offer and grant options in accordance with the rules of the Charisma Energy Employee Share Option Scheme (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

(See Explanatory Note (iv)) **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to grant options under the Charisma Energy Employee Share Option Scheme at a discount**

That the Directors be and are hereby authorised to offer and grant Options in accordance with the provisions of the Scheme to participants with exercise prices set at a discount to the Market Price provided that such discount does not exceed 20% (or such other relevant limits as may be set by the SGX-ST from time to time) of the Market Price and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. All capitalised terms used in this Resolution not defined herein shall have the meanings ascribed to them in the circular dated 6 April 2015 to Shareholders of the Company.

(Resolution 8)

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions, particulars of which are set out in the Appendix to the Annual Report (the "Appendix") with any party who is of the class of Interested Persons described in the Appendix provided that such transactions are carried out on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for recurrent Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company; and

(c) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the above paragraphs of this Resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

(See Explanatory Note (v)) **(Resolution 9)**

By Order of the Board

Tan Wee Sin
Secretary
Singapore, 15 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) **Ordinary Resolution 2** is to re-elect Mr. Tan Ser Ko who will be retiring by rotation under Article 95 of the Constitution. Mr. Tan will, upon re-election, remain as the Executive Director and Chief Executive Officer of the Company. Saved as disclosed, Mr. Tan does not have any relationship including family relationship between himself and the Directors, the Company and its 10% shareholders. Further information on Mr. Tan can be found under "Board of Directors" and "Corporate Governance" sections in the Company's Annual Report 2018.

(ii) **Ordinary Resolution 3** is to re-elect Mr. Wong Bheet Huan who will be retiring by rotation under Article 95 of the Constitution. Mr. Wong will, upon re-election, remain as the Executive Director of the Company. Saved as disclosed, Mr. Wong does not have any relationships including immediate family relationships between himself and the Directors, the Company and its 10% shareholders. Further information on Mr. Wong can be found under "Board of Directors" and "Corporate Governance" sections in the Company's Annual Report 2018.

(iii) **Ordinary Resolution 6**, if passed, will empower the Directors from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) **Ordinary Resolution 7**, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes or share plans of the Company, fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(v) **Ordinary Resolution 9**, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

2. (a) A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. A proxy need not be a member of the Company.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "Relevant intermediary" has the meaning ascribed to it under Section 181 of the Companies Act.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 15 Hoe Chiang Road #12-05 Tower Fifteen Singapore 089316 not less than forty-eight (48) hours before the time appointed for holding the meeting.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**") at least 72 hours before the time fixed for holding the Meeting in order for the Depositor to be entitled to attend and vote at the Meeting. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any Shareholder who is holding his shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his proxy form forty-eight (48) hours before the AGM, his proxy will not be entitled to attend and vote at the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION

on Directors seeking re-election

Mr Tan Ser Ko and Mr Wong Bheet Huan are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 30 April 2019 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	Mr Tan Ser Ko	**Mr Wong Bheet Huan**
Date of Appointment	29 July 2011	1 October 2014
Date of last re-appointment	26 April 2016	26 April 2016
Age	52	76
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr Tan Ser Ko for re-appointment as Executive Director and Chief Executive Officer of the Company. The Board have reviewed and concluded that Mr Tan possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr Wong Bheet Huan for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Wong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Tan oversees the strategic planning, corporate management, daily operations, business development and performance of the Group.	Executive. Mr Wong is responsible for the Group's strategic planning, project evaluation and implementation.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer.	Executive Director.
Working experience and occupation(s) during the past 10 years	2014 to present – Executive Director and Chief Executive Officer of Charisma Energy Services Limited 2012 to 2014 – Executive Director of Charisma Energy Services Limited 2010 to 2012 – Executive Director of Contel Corporation Limited 2009 to 2010 – Director of Centennial Capital Pte Ltd	2014 to present - Executive Director of Charisma Energy Services Limited 2010 to 2014 – Chief Executive Officer of Triyards Holdings Limited 2004 to 2010 – Technical Director of Ezra Holdings Limited

ADDITIONAL INFORMATION
on Directors seeking re-election

	Mr Tan Ser Ko	Mr Wong Bheet Huan
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 52,500,000 options	Direct interest: 33,880 ordinary shares 10,000,000 options
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No, save for the following: The Company is in the midst of completing the disposal of 3.67% membership interest in Mustang Operations Center 1 LLC to Alpha Energy Holdings Limited, which Mr Tan is a Non-Executive Director. Please refer to the Company's announcement dated 29 September 2018. For avoidance of doubt, there is no ongoing conflict of interest save for as disclosed.	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years)	M Development Limited Surface Mount Technology (Holdings) Limited Charis Electric Pte. Ltd. (in liquidation) Suntera Limited Scuba Director Pte. Ltd. Yew Hock Marine Engineering Pte Ltd XH Trading Pte. Ltd. Mustang Operations Centre 1 LLC Midland Silicon Company Limited Silex Group Limited	Strategic Equipment Inc Eminent Offshore Logistic Pte Ltd Loys NZ Venture Limited
Present	Alpha Energy Holdings Limited & its subsidiaries Centennial Capital Pte. Ltd. Grenzone Pte. Ltd. Henosis Investments Pte. Ltd. Strategic Equipment Inc Rising Sun Energy Pvt Ltd Bhadla Solar Investments Pte. Ltd. Rising Bhadla 1 Private Limited Rising Bhadla 2 Private Limited JK E&P Group Pte. Ltd. Conquest Energy Pte. Ltd.	

ADDITIONAL INFORMATION

on Directors seeking re-election

	Mr Tan Ser Ko	Mr Wong Bheet Huan
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

ADDITIONAL INFORMATION
on Directors seeking re-election

	Mr Tan Ser Ko	Mr Wong Bheet Huan
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A

APPENDIX DATED 15 APRIL 2019

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

Capitalised terms appearing on the cover of this Appendix have the same meanings defined herein.

This Appendix is circulated to the shareholders of Charisma Energy Services Limited (the "**Company**") together with the Annual Report 2018. Its purpose is to explain to the shareholders the rationale and to provide information pertaining to the proposed renewal of the IPT Mandate, and to seek Shareholders' approval of the same at the annual general meeting to be held on Tuesday, 30 April 2019 at 10.00 a.m. at Conference Room (Level 2), Warren Golf and Country Club, 81 Choa Chu Kang Way, Singapore 688263.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2018.

If you have sold or transferred all your Shares (as defined herein) in the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward the Annual Report 2018 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee as arrangements will be made by CDP for separate copies of the same to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should at once hand the Annual Report 2018 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, 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 Catalist. The Sponsor has not verified the contents of this Appendix.

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

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

CHARISMA ENERGY

CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199706776D)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE IPT MANDATE

CONTENTS

DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires:

"2018 AGM"	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
"2019 AGM"	:	The annual general meeting of the Company to be held on Tuesday, 30 April 2019 at 10.00 a.m. at Conference Room (Level 2), Warren Golf and Country Club, 81 Choa Chu Kang Way, Singapore 688263, notice of which is set out in the Notice of Annual General Meeting.
"Annual Report 2018"	:	The Company's annual report for the financial year ended 31 December 2018
"Appendix"	:	This appendix to Shareholders dated 15 April 2019
"Associate"	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means (i) his immediate family, (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediately family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audit Committee"	:	The audit committee of the Company
"Board"	:	The board of Directors of the Company
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Charisma IPT Group"	:	(a) the Company; (b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its Interested Person(s), has or have control
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"	:	Charisma Energy Services Limited
"Controlling Shareholder"	:	A person who:– (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company. The Exchange may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company

DEFINITIONS

"Directors"	:	The directors of the Company, including alternate directors of the Company (if any), as at the Latest Practicable Date, and "Director" means any of them
"Ezion"	:	Ezion Holdings Limited
"Ezion Group"	:	The group of companies comprising Ezion and its subsidiaries, and associated companies, from time to time
"FY"	:	Financial year ended 31 December
"Group"	:	The Company and its subsidiaries
"Independent Shareholders"	:	Shareholders who are deemed to be independent of the Interested Person Transactions contemplated under the IPT Mandate
"Interested Person"	:	(a) a Director, chief executive officer, or Controlling Shareholder of the Company; or (b) an Associate of any such Director, chief executive officer, or Controlling Shareholder
"Interested Person Transactions"	:	Transactions proposed to be entered into between the Charisma IPT Group and the Interested Persons, as detailed in Annex A of this Appendix
"IPT Mandate"	:	The general mandate given by Shareholders to enable the Charisma IPT Group to enter into certain Interested Person Transactions
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Appendix, being 2 April 2019
"Non-Interested Directors"	:	Has the meaning ascribed to it in Section 5 of this Appendix
"Notice of Annual General Meeting"	:	The Notice of 2019 AGM dated Monday, 15 April 2019
"NTA"	:	Net tangible assets
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares except that where CDP is the registered holder, the term "Shareholders" shall, in relation to such Shares, mean Depositors who have Shares entered against their names in the Depository Register
"Shares"	:	Ordinary shares in the capital of the Company
"Sponsor"	:	PrimePartners Corporate Finance Pte. Ltd.
"Substantial Shareholder"	:	A Shareholder who has an interest in 5% or more of the voting shares of the Company.
"Treasury Shares"	:	The Shares held in treasury by the Company
"S$"	:	Singapore dollars
"%" or "per cent."	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in section 81SF of the SFA.

DEFINITIONS

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

Board of Directors:

Mr. ChewThiam Keng (Non-Executive Director and Chairman)
Mr. Tan Ser Ko (Executive Director and Chief Executive Officer)
Mr. Wong Bheet Huan (Executive Director)
Mr. Simon de Villiers Rudolph (Independent Director)
Mr. Cheng Yee Seng (Independent Director)
Mr. Lim Chen Yang (Independent Director)

Registered Office:

15 Hoe Chiang Road
#12-05 Tower Fifteen
Singapore 089316

15 April 2019

To: The Shareholders of Charisma Energy Services Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE IPT MANDATE

1 INTRODUCTION

1.1 Annual General Meeting

Reference is made to ordinary resolution 9 under the heading "Special Business" set out in the Notice of Annual General Meeting of Charisma Energy Services Limited (the "**Company**") dated Monday, 15 April 2019, accompanying the annual report of the Company for the financial year ended 31 December 2018 ("**2018 Annual Report**"), convening the 2019 AGM which is scheduled to be held on Tuesday, 30 April 2019, in relation to the proposed renewal of the IPT Mandate.

1.2 Purpose of this Appendix

The purpose of this Appendix is to provide the Independent Shareholders with details in respect of the proposed renewal of the IPT Mandate and to seek Shareholders' approval for the same at the 2019 AGM to be held at on Tuesday, 30 April 2018 at 10.00 a.m. at Conference Room (Level 2), Warren Golf and Country Club, 81 Choa Chu Kang Way, Singapore 688263.

2 THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 The Existing Shareholders' Mandate

At the extraordinary general meeting of the Company held on 21 April 2014, approval of Shareholders was obtained for a mandate to enable the Charisma IPT Group to enter into certain recurring Interested Person Transactions. The IPT Mandate was subsequently amended and renewed at the extraordinary general meeting of the Company held on 21 April 2015. The IPT Mandate was last renewed at the annual general meeting of the Company on 26 April 2018 ("**2018 AGM**").

2.2 Details of the IPT Mandate

Details of the IPT Mandate, including the scope of the IPT Mandate, the class of the Interested Person, the categories of Interested Person Transactions, the rationale and benefits of the IPT Mandate and the review procedures for Interested Person Transactions are set out in Annex A to this Appendix.

2.3 Proposed Renewal of the IPT Mandate

The IPT Mandate will expire on the date of the 2019 AGM, which is scheduled to be held on Tuesday, 30 April 2019. Accordingly, the Directors propose that the ordinary resolution relating to the renewal of the IPT Mandate be passed at the 2019 AGM, and (unless revoked or varied by the Company in a general meeting) to take effect until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier. The particulars of the Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged.

2.4 Audit Committee's Statement

The Audit Committee confirms that:

(a) the methods or procedures for determining transaction prices under the IPT Mandate have not changed since the 2018 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares, based on the register of Directors' interests in Shares and Substantial Shareholders' interest in Shares respectively, are as follows:-

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%[1]	Number of Shares	%[1]	Number of Shares	%[1]
Directors						
Mr. Chew Thiam Keng	–	–	–	–	–	–
Mr. Tan Ser Ko	–	–	–	–	–	–
Mr. Wong Bheet Huan	33,880	0.00	–	–	33,880	0.00
Mr. Simon de Villiers Rudolph	10,000,000	0.08	–	–	10,000,000	0.08
Mr. Cheng Yee Seng	–	–	–	–	–	–
Mr. Lim Chen Yang	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Ezion Holdings Limited	5,461,932,000	41.48	–	–	5,461,932,000	41.48
Mr. Patrick Tan Choon Hock	1,000,483,100	7.60	493,186,000[2]	3.75	1,493,669,100	11.34

Notes:

[1] The percentage of shareholdings is calculated based on the total issued capital of the Company comprising 13,166,385,035 Shares (excluding Treasury Shares) as at the Latest Practicable Date.

[2] Mr. Patrick Tan Choon Hock is able to exercise control over the voting rights of 339,000,000 Shares owned by his spouse, Mdm Serene Lee Siew Kin and 154,186,000 Shares owned by Mr. Patrick Tan Choon Hock are held through nominees

As Mr. Chew Thiam Keng, the Non-Executive Chairman of the Company, is the Chief Executive Officer and an Executive Director of Ezion, the controlling shareholder of the Company, he has a direct interest in the proposed renewal of the IPT Mandate.

Save as disclosed in this Appendix and other than through their respective shareholdings in the Company, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the proposed renewal of the IPT Mandate.

4 ABSTENTION FROM VOTING

Ezion (being an Interested Person) and its Associates have undertaken to abstain from voting in respect of ordinary resolution 9 as set out in the Notice of Annual General Meeting relating to the proposed renewal of the IPT Mandate in respect of the Shares held by them respectively. In addition, Ezion and its Associates will also not accept nominations to act as proxy for any Shareholder (being one who is not subject to the foregoing voting restrictions) in respect of ordinary resolution 9, unless specific instructions have been given in the Proxy Form on how the votes are to be cast in respect of ordinary resolution 9. Ezion has undertaken to ensure that its associates will abstain from voting on ordinary resolution 9 in respect of the Shares held by them and that its Associates will decline to accept appointment as proxy for any Shareholder (being one who is not subject to the foregoing voting restrictions) to vote in respect of ordinary resolution 9 unless the Shareholder concerned has given specific instructions in the Proxy Form as to the manner in which his votes are to be cast in respect of ordinary resolution 9 at the 2019 AGM.

5 NON-INTERESTED DIRECTORS' RECOMMENDATIONS

The Directors who are considered independent for the purpose of the IPT Mandate are Mr. Tan Ser Ko, Mr. Wong Bheet Huan, Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang (together, the "**Non-Interested Directors**"). The Non-Interested Directors, having considered, inter alia, the rationale for the proposed renewal of the IPT Mandate, as set out in Annex A of the Appendix, are of the opinion that the proposed renewal of the IPT Mandate is in the best interests of the Company and not prejudicial to the interests of minority Shareholders. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of ordinary resolution 9 relating to the proposed renewal of the IPT Mandate to be proposed at the 2019 AGM as set out in the Notice of Annual General Meeting.

Mr. Chew Thiam Keng, being the Chief Executive Officer and Executive Director of Ezion, is interested in the proposed renewal of the IPT Mandate and therefore, has abstained from making any recommendation in respect of ordinary resolution 9 as set out in the Notice of Annual General Meeting.

6 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Appendix) collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix 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 the Appendix in its proper form and context.

7 ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

8 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 15 Hoe Chiang Road, #12-05 Tower Fifteen Singapore 089316, during normal business hours from the date of this Appendix to the date of the 2019 AGM scheduled to be held on Tuesday, 30 April 2019:

(a) the Constitution of the Company; and

(b) the Annual Report 2018.

Yours faithfully,
For and on behalf of the Board of Directors of
Charisma Energy Services Limited

Tan Ser Ko
Executive Director and Chief Executive Officer

ANNEX A – THE IPT MANDATE

Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's interested persons, but will not cover the transactions relating to the purchase or sale of assets, undertakings or businesses. Transactions between the Charisma IPT Group and any Interested Person will constitute an interested person transaction, which is subject to Chapter 9 of the Catalist Rules.

In this connection, Rule 906 of the Catalist Rules prescribes that the Company must obtain Shareholders' approval for any interested person transaction of a value equal to, or more than five per cent. (5%) of the Group's latest audited NTA or five per cent (5%) of the Group's latest audited NTA when aggregated with other transactions entered into with the same Interested Person during the same financial year. However, a transaction which has been approved by Shareholders, or is the subject of aggregation with another transaction that has been approved by Shareholders, need not be included in any subsequent aggregation. It should also be noted that Rules 905 and 906 of the Catalist Rules do not apply to any transaction which has a value that is below S$100,000 with an Interested Person, and therefore transactions below S$100,000 need not be covered under a general mandate.

A general mandate granted by shareholders is subject to annual renewal. Due to the time-sensitive nature of commercial transactions, such a mandate will enable a listed company, in its ordinary course of business, to enter into certain categories of transactions with certain classes of interested persons, provided such interested person transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Scope and Validity of the IPT Mandate

The IPT Mandate will cover transactions between the Charisma IPT Group and the Ezion Group which are of a revenue or trading nature or those necessary for the day-to-day operations of the Charisma IPT Group, but not in respect of the purchase or sale of assets, undertakings or businesses.

The IPT Mandate will not cover any transaction with the Ezion Group which is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions. Transactions with the Ezion Group that do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

If renewed by Shareholders at the 2019 AGM, the IPT Mandate will take effect from the passing of the ordinary resolution at the 2019 AGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next annual general meeting of the Company.

Thereafter, approval from Shareholders for the renewal of the IPT Mandate will be sought at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the IPT Mandate's continued applicability. Ezion and its Associates will abstain from voting on such resolutions in respect of the renewal of the IPT Mandate. Furthermore, Ezion and its Associates shall not act as proxies in relation to such resolutions unless voting instructions have been given by the relevant Shareholder.

Pursuant to Rule 920(1)(c) of the Catalist Rules, an independent financial adviser's opinion will not be required for the renewal of the IPT Mandate if the Audit Committee confirms that:

(a) the methods or procedures for determining the transaction prices have not changed since the last shareholder approval; and

(b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the Recurrent IPTs (as herein defined) will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Class of Interested Persons

The IPT Mandate will apply to the interested person transactions as described below that are carried out with the Ezion Group.

ANNEX A – THE IPT MANDATE

Ezion is an Interested Person as it is a Controlling Shareholder of the Company and holds, as at the Latest Practicable Date, 5,461,932,000 Shares, representing a direct interest of approximately 41.48% in the total issued share capital of the Company. Accordingly, the Ezion Group is deemed as an Interested Person as well.

For FY2018, excluding transactions below S$100,000, there was an aggregate of US$1,300,630 of Interested Person Transactions conducted under the IPT Mandate entered into by the Charisma IPT Group with the Ezion Group.

Categories of Recurrent IPTs

The IPT Mandate will encompass the following interested person transactions:

(a) the provision of technical advisory and technical management services as well as personnel for marine and offshore operations (the "**Provision of Services and Personnel**") by the Ezion Group;

(b) the charter of offshore support vessels, self-propelled lift-boats, service rigs, and other marine and offshore assets (the "**Assets**") from the Ezion Group;

(c) the provision of Assets for charter to the Ezion Group;

(d) the Charisma IPT Group acting as shipbroker for the Ezion Group;

(e) the Ezion Group acting as shipbroker for the Charisma IPT Group; and

(f) the payment of management fees to the Ezion Group for the provision of office space, human resource and information technology services (the "**Provision of Support Service**").

(the "**Recurrent IPTs**")

Rationale and Benefits of the IPT Mandate

It is envisaged that in the ordinary course of their businesses, transactions between the Charisma IPT Group and the Ezion Group are likely to occur from time to time as the Charisma IPT Group also focuses on on-shore and offshore oil and gas and marine related businesses that are complementary to the existing business of the Ezion Group. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the Group to the Interested Persons or the obtaining of goods and services from them.

In addition, the Company pays the Ezion Group a management fee for the Provision of Support Service by the Ezion Group which will enable the Company to benefit from the Ezion Group's expertise and enable the Company to carry on its business and corporate functions seamlessly and effectively. The Company therefore derives synergy and benefits from being an associated member of the Ezion Group.

In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Catalist Rules will enable:

(a) the Company;

(b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and

(c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its interested person(s), has or have control,

(together, the "**Charisma IPT Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out above (under the section titled ("**Categories of Recurrent IPTs**") with the specified classes of the Company's Interested Persons set out above (under the section titled "**Class of Interested Persons**"), provided such Recurrent IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

ANNEX A – THE IPT MANDATE

If approved, the renewal of the IPT Mandate will:

(i) facilitate entry into the Recurrent IPTs with the Ezion Group in the ordinary course of the Charisma IPT Group's businesses;

(ii) eliminate the need for the Company to convene separate general meetings on each occasion, pursuant to the financial limits imposed under Chapter 9 of the Catalist Rules to seek Shareholders' approval as and when such transactions with the Ezion Group arise, thereby:

(A) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings;

(B) allowing manpower resources and time to be channelled towards attaining corporate objectives; and

(C) enabling the Charisma IPT Group to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions.

Review Procedures for Recurrent IPTs

The Company will establish the following guidelines and review procedures pursuant to the IPT Mandate to ensure that the Recurrent IPTs are undertaken on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its minority Shareholders.

(a) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Charisma IPT Group and/or such external advisors as they deem appropriate, and any member of the Audit Committee may, at his discretion, request for additional information pertaining to the Recurrent IPTs under review from independent sources or advisers.

(b) All Recurrent IPTs with the Ezion Group above S$100,000 each are to be approved by a Director who shall not be an Interested Person in respect of the particular transaction. Recurrent IPTs with the Ezion Group below S$100,000 each do not require such approval.

(c) <u>Provision of Services and Personnel to the Charisma IPT Group</u>

Any Recurrent IPT will not be entered into unless the fees for the Provision of Services and Personnel by the Ezion Group is based on their usual fees of the relevant or comparable services and/or personnel. The fees will be no less favourable than that offered to unrelated third party customers after taking into consideration various factors including inter alia, the customers' credit standing, volume of transactions, tenure of business relationship and potential for future repeat business. The Charisma IPT Group will obtain from the Ezion Group the necessary evidence to satisfy itself that the basis set out herein has been adhered to by the Ezion Group. In addition, the Charisma IPT Group will obtain at least two quotations, where available, from unrelated third-party suppliers and/or service providers ("**Third-party Quotations**") to determine if the fees quoted by the Ezion Group are competitive. If such Third-party Quotations are priced more competitively than those provided by the Ezion Group, the Charisma IPT Group will re-negotiate with the Ezion Group for a quote which is at least as competitive as the Third-party Quotations, taking into account the factors referred to above. The Charisma IPT Group will not accept a quote from the Ezion Group which is not as competitive as a Third-party Quotation.

Where it is not possible to compare against the terms of other transactions with unrelated third parties given that the services and/or personnel may be provided only by the Ezion Group, the fees payable by the Charisma IPT Group for such services and/ or personnel to be provided by the Ezion Group will be determined by the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, in accordance with the Charisma IPT Group's usual business practices and policies. In determining the fees payable to the Interested Person for such services and/or personnel, factors such as, but not limited to, volume of transactions, requirements and specifications will be taken into account.

ANNEX A – THE IPT MANDATE

(d) Chartering of Assets to or from the Ezion Group by the Charisma IPT Group

If there is any new charter, revision of charter rates charged to or by (as the case may be) or any renewal of chartering agreements between the Charisma IPT Group and the Ezion Group, the senior finance officer of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPTs, will review the charter rates, the revision of charter rates, or the revised terms upon which the charter agreements are to be entered/renewed (as the case may be) to ensure that they are on normal commercial terms. This will be done by comparing the charter rates against those granted to or granted by at least two unrelated third parties.

In the event that such comparative charter rates cannot be obtained (for instance, if there are no unrelated third parties), the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, will determine whether the price and terms offered by or to the Interested Person are fair and reasonable. The terms of the charter will be in accordance with applicable industry norms, prevailing rates and at rates no less favourable than those charged by the Interested Person to an unrelated third party or from an unrelated third party to the Interested Person. In determining this, factors such as, but not limited to requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

(e) Shipbrokering of Vessels for the Ezion Group and the Ezion Group acting as Shipbroker for the Charisma IPT Group

For the shipbrokering of vessels for the Ezion Group by the Charisma IPT Group and having the Ezion Group act as the shipbroker for the Charisma IPT Group (as the case may be), the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, will determine whether the price and terms offered by or to the Interested Person are fair, reasonable and on normal commercial terms. The terms of the charter will be in accordance with applicable industry norms, prevailing rates and at rates no less favourable than those charged by the Interested Person to an unrelated third party or from an unrelated third party to the Interested Person (as the case may be). In determining this, factors such as, but not limited to the industry brokerage rates, condition of the vessel, size of the transaction, specifications and strategic purposes of the transaction will be taken into account:

(f) Provision of Support Services by the Ezion Group to the Charisma IPT Group

The management fee paid to the Ezion Group for the Provision of Support Service is computed based on the cost incurred by Ezion for the total office floor area occupied by the Company's employees as well as the human resources and information technology services rendered to the Company with a reasonable mark up on this base cost figure. The Charisma IPT Group will obtain from the Ezion Group the necessary evidence to satisfy itself that the basis set out herein has been adhered to by the Ezion Group. In addition, the Charisma IPT Group will obtain Third-party Quotations to determine if the fees quoted by the Ezion Group are competitive. If such Third-party Quotations are priced more competitively than those provided by the Ezion Group, the Charisma IPT Group will re-negotiate with the Ezion Group for a quote which is at least as competitive as the Third- party Quotations, taking into account factors such as, but not limited to, the synergy and benefit derived by the Company, Ezion's experience and expertise, requirements and specifications of the services or location. The Charisma IPT Group will not accept a quote from the Ezion Group which is not as competitive as a Third-party Quotation.

In the event that such Third-party Quotations cannot be obtained, the management fee payable by the Charisma IPT Group for the support services to be provided by the Ezion Group will be determined by the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, in accordance with the Charisma IPT Group's usual business practices and policies. In determining the management fee payable to the Interested Person for such support services, factors such as, but not limited to, the synergy and benefit derived by the Company, Ezion's experience and expertise, requirements and specifications of the services or location.

(g) The Company will monitor all Recurrent IPTs and categorise them as follows:

(i) A Category 1 Recurrent IPT is one where the value thereof is in excess of five per cent. (5%) of the latest audited consolidated NTA of the Charisma IPT Group ("**Category 1 Recurrent IPT**"); and

(ii) A Category 2 Recurrent IPT is one where the value thereof is below or equal to five per cent. (5%) of the latest audited consolidated NTA of the Charisma IPT Group ("**Category 2 Recurrent IPT**").

ANNEX A – THE IPT MANDATE

All Category 1 Recurrent IPTs must be approved by the Audit Committee prior to entry whereas Category 2 Recurrent IPTs need no such approval provided that these transactions with a value equivalent to or greater than S$100,000 shall be reviewed, at minimum, on a half-yearly basis by the Audit Committee.

In addition to and without prejudice to the above, where the aggregate value of all Category 2 Recurrent IPTs with the same Interested Person in the current financial year is equal to or exceeds three per cent. (3%) of the latest audited NTA of the Charisma IPT Group, the latest and all future Category 2 Recurrent IPTs with that same Interested Person (so defined) will be approved by the Audit Committee prior to the Charisma IPT Group's entry into such transactions.

If any member of the Audit Committee has an interest in any Recurrent IPT or is a nominee for the time being of an Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

The Company shall prepare the relevant information to assist the Audit Committee in its review.

(h) The Company will keep a register to record all Recurrent IPTs, which register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. The Audit Committee will review the register on the Recurrent IPTs on at least a half-yearly basis to ascertain if the above internal control procedures have been complied with.

(i) The annual audit by the auditors of the Company shall incorporate a review of the Recurrent IPTs entered into pursuant to the IPT Mandate recorded in the register. The Audit Committee shall, if it deems necessary, require the appointment of auditors or any independent professional to review all matters relating to the Recurrent IPT entered into pursuant to the IPT Mandate recorded in the register.

(j) The annual internal audit plan shall incorporate a review of all transactions entered into pursuant to the IPT Mandate. The Audit Committee will review the internal audit reports on the Recurrent IPTs on at least an annual basis to ascertain if the above internal control procedures have been complied with. If during the course of any of their reviews, the Audit Committee is of the view that the internal control procedures for the Recurrent IPTs have become inappropriate or insufficient for whatever reasons, the Company will seek the Shareholders' approval for a fresh general mandate based on the new internal control procedures to ensure that the Recurrent IPT will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

(k) Disclosure will be made in the Company's annual report of the aggregate value of transactions conducted pursuant to the IPT Mandate or otherwise, during the financial year under review, and in the annual reports for the subsequent financial years during which the IPT Mandate is renewed and remains in force.

(l) The Company will maintain a list of Interested Persons, which will be updated periodically, and will disseminate the list to the relevant staffs of the companies within the Charisma IPT Group to enable the identification of the Interested Persons.

(m) The Company shall announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods on which the Company is required to report pursuant to Rule 705 of the Catalist Rules.

(n) The Board will also ensure that all disclosure, approval and other requirements on Recurrent IPTs, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. In the event that a member of the Board or a member of the Audit Committee (where applicable) is interested in any Recurrent IPT he/ she will abstain from reviewing that particular transaction to ensure that the Recurrent IPT will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Upon Shareholders' approval, the IPT Mandate shall be renewed and take effect from the passing of the ordinary resolution at the 2019 AGM and will be effective until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held (whichever is the earlier), unless sooner revoked or varied by the Company in a general meeting. Thereafter, approval from the Shareholders for a renewal of the IPT Mandate will be sought at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the IPT Mandate's continued applicability.

Transactions which do not fall within the ambit of the IPT Mandate shall be subject to the other relevant provisions of the Catalist Rules as appropriate.

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CHARISMA ENERGY SERVICES LIMITED
(Company Registration No. 199706776D)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF/SRS Approved Nominees and is sent solely **FOR INFORMATION ONLY.**
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF and SRS investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We*, ______________________________ (Name) ______________________________ (NRIC/Passport No.*)

of ____ (Address)

being a member/members* of Charisma Energy Services Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or* (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting of the Company ("AGM") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf at the AGM to be held at Conference Room (Level 2), Warren Golf and Country Club, 81 Choa Chu Kang Way, Singapore 688263 on Tuesday, 30 April 2019 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion. The resolutions put to vote at the AGM shall be decided by poll.

No.	**Resolutions relating to:**	**No. of Votes For#**	**No. of Votes Against#**
1	Adoption of the Directors' Statement, Audited Financial Statements and Independent Auditors' Report for the financial year ended 31 December 2018		
2	Re-election of Mr. Tan Ser Ko as a Director of the Company		
3	Re-election of Mr. Wong Bheet Huan as a Director of the Company		
4	Approval of payment of Directors' fees amounting to S$168,000 for financial year ending 31 December 2019 to be paid quarterly in arrears.		
5	Re-appointment of Messrs KPMG LLP as Auditor of the Company and to authorise the Directors to fix their remuneration		
6	Authority to issue new shares in the capital of the Company		
7	Authority to issue shares under the Charisma Energy Employee Share Option Scheme		
8	Authority to grant options under the Charisma Energy Employee Share Option Scheme at a discount		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		

If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ______________ day of ________________ 2019

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors, who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 15 Hoe Chiang Road, #12-05 Tower Fifteen Singapore 089316 not less than forty-eight (48) hours before the time appointed for the AGM.

8. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2019.

GENERAL:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

CHARISMA ENERGY

Annual Report 2018

CONSOLIDATED FOCUS ON

RENEWABLE ENERGY

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