

CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199706776D)

MONTHLY UPDATE

*Unless otherwise defined, all capitalised terms used in this announcement which are not defined herein shall have the same meanings ascribed to them in the announcements by Charisma Energy Services Limited (the “**Company**”) dated 15 June 2021 in relation to the updates on the going concern assessment, announcement dated 14 June 2021 on the release of the Company’s annual report for financial year ended 31 December 2020, announcements dated 29 June 2021, 14 August 2021, 13 November 2021, 29 April 2022 and 7 April 2023 on the release of the Company’s results announcements and the monthly update announcements dated 2 October 2020, 4 November 2020, 3 December 2020, 5 January 2021, 3 March 2021, 16 April 2021, 27 May 2021 9 July 2021, 16 September 2021, 22 October 2021, 30 December 2021, 28 January 2022, 21 February 2022, 25 March 2022, 7 April 2022 and 3 June 2022 (collectively the “**Previous Announcements**”).*

1. INTRODUCTION

- 1.1. The Board of Directors (the “**Directors**” or the “**Board**”) of the Company and together with its subsidiaries (the “**Group**”), refers to its Previous Announcements and would like to update the following:

General

- (a) As announced on 14 October 2021, the Group continues to face issues with the repatriation of US Dollars out of Sri Lanka to service its bank loan repayment obligation and it defaulted on the September 2021 instalment for the bank loan (the “**Loan**”). The lending bank had issued a notice letter (the “**Notice**”) stating the breaches by the Group in accordance with the facility agreement for the Loan (the “**Facility Agreement**”). Consequently, the lending bank had declared in the Notice that such failure constitutes events of default under the Facility Agreement and that the Loan is recalled and cancelled with immediate effect, with the lending bank reserving its rights to take such steps under the Facility Agreement which it deems fit and at the appropriate time. For the avoidance of doubt, the Sri Lanka bank account has sufficient funds to service the instalments required under the Loan. Save for the Notice, the Group has not received any other formal notices from the lending bank. The Group continues to maintain communications and discussions with the bank, *inter alia*, to seek forbearance in the meantime as the continued delay in payment of the overdue instalments is due to the foreign currency crisis in Sri Lanka. The Group remains committed to the exploration of avenues to remit the US Dollar amounts.
- (b) On 3 February 2023, it was announced that the Company and Anchor Marine 3 Inc, a wholly-owned subsidiary of the Company (“**AM3**”) had received notices of demand dated 1 February 2023 (each, a “**Notice of Demand**”) from a secured lending bank of the Group (the “**Secured Lender**”). The Notice of Demand received by AM3 pertains to the facility granted by the Secured Lender under the facility agreement to AM3 (the “**AM3 Facility Agreement**”) for the acquisitions of two (2) anchor handling tug supply vessels (each, an “**AHTS**”). Due to headwinds in the oil and gas industry faced by the Group, the values and charter rates of the AM3 AHTS had declined and AM3 had failed to, *inter alia*, make full payments under or in connection with the AM3 Facility Agreement. Consequently, the Secured Lender had declared an event of default under the AM3 Facility Agreement (the “**EOD**”) and that the AM3 Facility Agreement is cancelled. The Notice of Demand issued to the Company is by virtue of a guarantee dated 18 December 2014 (the “**Guarantee**”), where the Company had guaranteed to pay on demand as principal debtor, *inter alia*, all sums due and owing from AM3 under the AM3 Facility Agreement. Accordingly, as a result of the EOD, the Company will be liable under the Guarantee. Save for the Notices of Demand, the Group has not received any other formal notices from the Secured Lender. The Group is in continuous discussion with the Secured Lender and seek their support in the Group’s proposed debt restructuring. As a further update, the Group has executed partial repayment on the AM3 Facility Agreement from the sale of one of the AHTS in March 2023.

- (c) In relation to the China photovoltaic power plant ("**PRC Solar**"), the Company remains in talks with potential buyers for PRC Solar as part of the Company's divestment strategy. The Group had progressively received the outstanding National Subsidy in relation to the electricity sold by PRC Solar up to June 2018 and is closely following up on the remaining National Subsidy payment for electricity sold since June 2018.

As previously updated, the Group had received approval from the lender to PRC Solar to extend the principal instalment payment for the loan by six (6) months from 25 March 2022 to 25 September 2022. Since then, the Group had fulfilled the quarterly instalment payment on the loan principal amount and interest for periods ended September 2022, December 2022 and March 2023.

- (d) In relation to the settlement agreement with Whitesea Shipping & Supply (LLC) FZC ("**WSS**"), as announced on 21 September 2022, the Group had disposed one (1) of the vessels ("**Vessels**") to WSS and had entered into addendum to the settlement agreement with WSS on the remaining three (3) Vessels. The remaining three (3) Vessels had since been disposed progressively in October 2022, February 2023 and March 2023 respectively.

Debt Restructuring and Recapitalisation of the Group

- (a) On 10 January 2022, the Company announced that it had entered into a conditional subscription agreement (the "**CSA**") with Yin Khing Investments Limited (the "**Investor**") for the subscription of new ordinary shares and share options. As the Company, the creditors and the Investor were not able to reach an agreement in relation to the terms and conditions of the Proposed Debt Restructuring under the CSA, the CSA lapsed on its long-stop date of 9 July 2022. Notwithstanding, the Company remained engaged in discussions with all of its creditors as well as the Investor and continued to evaluate and assess all available options.

Subsequently, the Company entered into a new conditional subscription agreement (the "**New CSA**") with the same Investor for the subscription of new ordinary shares amounting to S\$13,576,000 and share options amounting to S\$16,291,200. Please refer to the Company's announcement dated 18 January 2023 for more details.

- (b) Under the New CSA, the Company will undertake the following, *inter alia*:
 - (i) divestments of its existing assets and quoted securities (the "**Proposed Divestments**") such that pursuant to the Proposed Divestments, the Company will retain its ownership in the holding entities of its operations in Sri Lanka and the operating companies in Sri Lanka (the "**Sri Lanka Sub-Group**") (being the owners of the 13 units of mini-hydroelectric power plants in Sri Lanka with a combined capacity of 43.46 megawatt), together with their receivables, cash and inventories;
 - (ii) propose a scheme of arrangement which will be a compromise or arrangement between the Company and class(es) of certain of its unsecured creditors, in accordance with Section 210 of the Companies Act 1967 of Singapore or the Insolvency, Restructuring and Dissolution Act 2018 of Singapore or under any applicable law(s) of Singapore, to compromise certain of the Company's debt with such settlement being a combination of cash and issue of new Shares (the "**Scheme of Arrangement**");
 - (iii) the creation of a fresh debt obligation to the Subscriber and/or its nominee, in consideration for the Investor procuring (1) full discharge of all liabilities and debts owing by the Sri Lanka Sub-Group to Overseas Chinese Banking Corporation ("**OCBC**"); and (2) OCBC's consent to discharge any and all mortgage, charge, pledge, lien or other security interest securing any obligation of the Sri Lanka Sub-Group for the benefit of OCBC;
 - (iv) agreement on a settlement with holders of the redeemable exchangeable preference shares, which is envisaged to comprise a combination of cash and issue of new Shares (the "**Bilateral Settlement**", together with the Scheme of Arrangement, the "**Proposed Debt Restructuring**"); and

- (v) a share consolidation of all of the issued Shares pursuant to the above transactions, (collectively, the “**Transactions**”).
- (c) In relation to the Scheme of Arrangement,
 - (i) the Company had announced on 18 February 2023 that it had applied to the Singapore High Court (the “**Court**”) for:
 - (A) leave to be granted, pursuant to Section 210(1) of the Companies Act 1967 of Singapore (the “**Companies Act**”), for the Company to convene to convene a meeting of the eligible creditors of the Company (the “**Scheme Meeting**”) for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Arrangement; and
 - (B) any and all further proceedings in any action or proceeding against the Company be restrained except by permission of the Court pursuant to Section 210(10) of the Companies Act, and subject to such terms as the Court imposes, for a period of three (3) months from the date of this order, or until further order of Court; and
 - (ii) the Company announced on 12 April 2023, that the Court had on 11 April 2023, granted Orders in the following terms:
 - (A) pursuant to Section 210(1) of the Companies Act, leave be granted to the Convene to convene the Scheme Meeting on a date before 11 July 2023; and
 - (B) pursuant to Section 210(10) of the Act, any and all further proceedings in any action or proceeding against the Company be restrained except by permission of the Court, and subject to such terms as the Court imposes, for a period of three (3) months from the date of the Order, or until further order of Court.

As announced on 31 January 2023, the Company had submitted an application, through its sponsor, to the Singapore Exchange Regulation Pte Ltd (“**SGX Regco**”) for a further extension of time to 30 June 2023 to submit a proposal for the resumption of trading of its securities (the “**Resumption Proposal**”). The Company will provide update on the outcome of the Resumption Proposal accordingly.

Further to that, the Company would like to update that, as at the date of this announcement, it is still in the midst of discussion with its lenders and creditors to obtain their support on the Proposed Debt Restructuring. The Company is working towards completing the formal negotiation and finalisation of the terms of the Proposed Debt Restructuring with the relevant lenders and creditors, in order to be able to submit the Resumption Proposal (based on agreed terms of the Transactions). It is the intention that pursuant to the completion of the Transactions, the Company would be able to achieve a positive net assets value and operate on a going concern.

2. GOING CONCERN

Failing to complete the Proposed Debt Restructuring will have a major impact on the Company’s ability to complete the New CSA with the Investor. Coupled with the depletion of the unencumbered cash to sustain the Group’s operation, the Company may have no means to continue as a going concern.

3. FURTHER ANNOUNCEMENTS

In accordance with Catalist Rule 704(22), the Company will continue to update its shareholders via SGXNet regarding the, *inter alia*, financial situation of the Group. The Company will make further announcements as and when there are material developments.

4. CAUTIONARY STATEMENT

Notwithstanding that the trading of the Company's shares is suspended, shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Tan Ser Ko
Director
17 April 2023

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

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