

CHARISMA ENERGY SERVICES LIMITED
(Incorporated in the Republic of Singapore)
(Co. Registration No: 199706776D)

DISPOSAL OF THE SHARES IN YEW HOCK MARINE ENGINEERING PTE LTD

The Board of Directors of Charisma Energy Services Limited (the “**Company**”) wishes to announce that the Company had, through its wholly owned subsidiary Admiralty Engineering Pte Ltd (“**AEPL**”), entered into a sales and purchase agreement (the “**Sales and Purchase Agreement**”) with Sim Eng Kiang (“**SEK**”) on 7 May 2014, for the sale of an aggregate of 127,500 ordinary shares (“**YHME Shares**”) in Yew Hock Marine Engineering Pte Ltd (“**YHME**”), representing 51% of the issued and paid-up ordinary shares (“**Shares**”) in YHME (“**Proposed Disposal**”). The consideration payable for the sale and purchase of the YHME Shares will be S\$300,000 (the “**Consideration**”).

The YHME Shares comprises all of the Shares held by AEPL in YHME. The remaining 49% of the Shares of YHME are held by SEK. YHME is engaged in scaffolding contracting in the petro-chemical, refinery, construction and marine industries. As at the date of this announcement, SEK is the managing director of YHME.

The Consideration for YHME Shares at \$300,000 represents a 8.8% discount to the Company’s 51% share of YHME’s net tangible asset as at 31 March 2014. The Consideration, payable in cash on completion, was arrived after arms’ length negotiations between the Company and SEK on a willing buyer and willing seller basis and after taking into account the unaudited net tangible asset value of the YHME Shares as at 31 March 2014 of approximately \$329,000. As at 31 December 2013, the audited net tangible asset value represented by the YHME Shares was approximately \$347,000. No valuation was carried out of YHME or of its assets.

The Consideration represents a shortfall of approximately S\$29,000 over the unaudited net tangible asset value of YHME Shares as at 31 March 2014.

The Company, after taking into account its working capital position, intends to use the net proceeds of approximately S\$290,000 (being the Consideration after deducting expenses incurred in connection with the transaction) received from the Proposed Disposal for working capital purposes.

The net profit of YHME for the financial year ended 31 December 2013 (“**FY2013**”) was about S\$24,000, and the net profit attributable to the YHME Shares is approximately S\$12,000. Assuming the Proposed Disposal had been completed on 31 December 2013, the Group would recognize a loss on disposal of about S\$47,000 based on the audited net tangible assets represented by the YHME Shares as at 31 December 2013.

Financial Effects

The financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Disposal.

The financial effects have been prepared on a proforma basis using the latest audited consolidated financial statements of the Group for the FY2013.

Assuming that the Proposed Disposal had been completed on 31 December 2013 and based on the Group's audited consolidated financial statements for FY2013, the effects on the Net Tangible Asset ("NTA") per Share of the Group are as follows:

<u>As at 31 December 2013</u>	Before the Proposed Disposal	After the Proposed Disposal
Equity attributable to owners of the Group (S\$'000)	67,255	67,208
Number of issued shares ('000)	8,265,234	8,265,234
NTA per share (cents)	0.81	0.81

Assuming that the Proposed Disposal has taken place on 1 January 2013 and based on the Group's audited consolidated financial statements for FY2013, the Proposed Disposal would have the following effects on the Loss attributable to Owners of the Company or Group's loss per Share as presented in the following table:

<u>As at 31 December 2013</u>	Before the Proposed Disposal	After the Proposed Disposal
Consolidated net loss attributable to owners of the Group (S\$'000)	(427)	(486)
Weighted average Share Capital ('000)	8,170,451	8,170,451
EPS (cents)	(0.01)	(0.01)

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

Rationale

The Company is proceeding with the Proposed Disposal in view of the marginal financial performance of YHME. While YHME is marginally profitable, the Company believes that the Group will be able to obtain better returns from its investment from other businesses. This would allow management resources to focus on expanding and developing new businesses and opportunities for the Group.

None of the Directors or controlling shareholders of the Company have any direct or indirect interest in the Sales and Purchase Agreement or the Proposed Disposal, other than through their respective shareholdings in the Company.

Pursuant to the Sales and Purchase Agreement, AEPL and SEK agreed that as from the completion of the Proposed Disposal, risks and rewards associated with the Sale Shares shall be deemed to have passed from AEPL to SEK as from 1 April 2014. Save for the foregoing, there are no material conditions attached to the Sales and Purchase Agreement.

Relative Figures under Rule 1006

	Relative Figures (%)
Rule 1006 (a) The net asset value of the assets to be disposed of (\$329,000 as at 31 March 2014), compared with the group's net asset value as at 31 March 2014 (\$67,298,000 as at 31 March 2014)	0.49%
Rule 1006 (b) The net loss attributable to the assets acquired or disposed of (net loss of \$35,000 for 1QFY2014), compared with the Group's net profit as at 31 March 2014 (net profit of \$33,000 for 1QFY2014)	Not meaningful. The Company has through its Sponsor sought confirmation from the Exchange in accordance with Catalist Rule 1007 that the Proposed Disposal would be treated as a discloseable transaction under Chapter 10 of the SGX-ST Listing Manual Section B: Rules of Catalist.
Rule 1006 (c) Aggregate value of consideration given or received, compared with the market capitalisation of the Company as at 6 May 2014, being the last full market day immediately preceding the execution of the Sales and Purchase Agreement	0.06%
Rule 1006 (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Sales and Purchase Agreement, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

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

BY ORDER OF THE BOARD

Lim Ka Bee
Company Secretary
7 May 2014

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

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