
**ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN
RELATION TO THE AUDITED FINANCIAL STATEMENTS**

Pursuant to Rule 704(4) of the Listing Rules (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), the Board of Directors (the “**Board**” or “**Directors**”) of Charisma Energy Services Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to advise that the Company’s independent auditor, KPMG LLP has issued a Disclaimer of Opinion on the Group’s financial statement for the financial year ended 31 December 2018 (the “**Audited Financial Statements**”) due to the significance of the matters described in the ‘Basis of Disclaimer of Opinion’ section of the Independent Auditor’s Report (the “**Independent Auditor’s Report**”). A copy of the Independent Auditor’s Report, and the extract of the relevant note 2 to the Audited Financial Statements are annexed to this announcement as Appendix I.

Notwithstanding the above, the Board is of the opinion that the Group and the Company are able to meet its obligations as and when they fall due based on:

- 1) the continual support from the lenders which is critical to the completion of the Group’s refinancing plans;
- 2) the forecasted positive operating cashflow of the Group to June 2020 including the expected revenue from existing customers and contracts;
- 3) the planned divestment of some of the Group’s assets; and
- 4) the continual support from other stakeholders.

Based on the aforementioned, the Board is of the view that the Group and the Company will be able to continue as going concern, and that the Audited Financial Statements have been prepared on that basis.

The Independent Auditor’s Report and a complete set of the Audited Financial Statements will form part of the Company’s annual report for FY2018 (“**FY2018 Annual Report**”) which will be released on SGXNET and sent to the shareholders of the Company in due course. Shareholders of the Company are advised to read this announcement in conjunction with the FY2018 Annual Report

BY ORDER OF THE BOARD
Charisma Energy Services Limited

Tan Wee Sin
Company Secretary
12 April 2019

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

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

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

APPENDIX I

Extracted from the Independent Auditors' Report to the Audited Financial Statements of Charisma Energy Services Limited for the financial year ended 31 December 2018

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.

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.

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

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.