

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

EXTENSION OF PRINCIPAL REPAYMENT DATE BY YICHANG SMARTPOWER GREEN ELECTRICITY CO., LTD UNDER FINANCIAL LEASING AGREEMENT

1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of Charisma Energy Services Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Yichang Smartpower Green Electricity Co., Ltd (“**Yichang**”), a subsidiary in which the Group owns 80% of the total issued share capital of, has on 22 December 2020 entered into a supplementary agreement (the “**Supplementary Agreement**”) in relation to the financial leasing agreement (the “**Financial Leasing Agreement**”) and such other ancillary documentation in relation thereto, with its lender (the “**Lender**”).

2. BACKGROUND

- 2.1. Through its 80% shareholding interest in Yichang, the Group owns and operates a solar power plant in Yichang City, Hubei Province in the People’s Republic of China. To fund its operations, Yichang had previously in September 2017 entered into the Financial Leasing Agreement to obtain financing of RMB125 million from the Lender for the term of 12 years, expiring on 25 September 2029 (the “**Financing**”).
- 2.2. Further in 2017, pursuant to the Financial Leasing Agreement, as security, the Company and its partner of Yichang (being the other shareholder) (the “**Other Shareholder**”) had pledged their entire shareholding interests in Yichang to the Lender (the “**Pledges**”) and one of the major shareholders of the Other Shareholder had provided a corporate guarantee in favour of the Lender for the entire outstanding amounts under the Financing of which a back to back corporate guarantee was provided by the Company to such major shareholder of the Other Shareholder in proportion to the Company’s shareholding interests in Yichang.

3. EXTENSION TERMS

- 3.1. Pursuant to the Supplementary Agreement, the Company and the Other Shareholder agreed with the Lender, amongst other terms, that the first repayment of the principal of the Financing (the “**Repayment**”) shall be extended for a term of one (1) year, from 25 December 2020 to 25 December 2021, provided that the Pledges continue to be provided (pursuant to entry into supplementary agreements to the agreements documenting the Pledges) and a new corporate guarantee will be provided by the Company (in lieu of the existing one) in favour of the Lender for the entire outstanding amounts under the Financing (the “**New Corporate Guarantee**”) in accordance with the terms and conditions of the New Corporate Guarantee.
- 3.2. The major shareholder of the Other Shareholder, are unrelated third parties to the Group, Directors, controlling shareholders and their respective associates, based in the People’s Republic of China. The major shareholder of the Other Shareholder will provide a back to back corporate guarantee in favour of the Company for 20% of the outstanding amounts under the Financing (the “**Back to Back Guarantee**”).

4. RATIONALE

The extension of the Repayment will allow Yichang to free up cash flow to continue to partially fund for its operations. Notwithstanding that the Lender had requested for the provision of the New Corporate Guarantee as a condition thereto, the Back to Back Guarantee will be obtained to limit the exposure to the Company's shareholding in Yichang.

As such, the Board believes that it will be in the interests of the Group to enter into the Supplementary Agreement.

5. FURTHER ANNOUNCEMENTS

The Company will make further announcements, in compliance with the requirements of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, as and when there are material developments in respect of the Financing.

6. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and the other announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
CHARISMA ENERGY SERVICES LIMITED

Tan Wee Sin
Company Secretary
24 December 2020

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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