

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, announcement dated 29 June 2021 on the release of the Company’s first quarter results for the financial period ending 31 March 2021, announcement dated 14 August 2021 on the release of the Company’s second quarter results for the financial period ending 30 June 2021 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 and 16 September 2021 (collectively the “Previous Announcements”).

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:

- 1) As announced on 14 October 2021, the Group continued to face issues with the repatriation of US Dollars out of Sri Lanka to service its bank loan repayment obligation, it defaulted on the September instalment for the bank loan (“**Loan**”). The lending bank had issued a notice letter (“**Notice**”) stating the breaches by the Group in accordance with the facility agreement for the Loan (“**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. Save for the Notice, the Group has not received any other formal notices from the lending bank.

The Group continues to maintain communications with the Bank, specifically to seek forbearance in the meantime as the continued delay in payment of the September instalment is due to the foreign currency crisis in Sri Lanka. For the avoidance of doubt, the Sri Lanka bank account has sufficient funds to service the instalments required under the Loan. The Group remains committed to the exploration of several avenues to remit the US Dollar amount, with the view to resume instalment payments by November 2021.

- 2) In relation to the China photovoltaic power plant (the “**PRC Solar**”), the Company remains in preliminary talks with potential buyers for the PRC Solar as part of the Company’s divestment strategy. In the meantime, the Group has, in September 2021, received the third payment of the National Subsidy for the electricity sold in 2017. The Group is following up closely on the remaining government subsidies receivable. The first repayment of the principal amount of the lease financing in PRC Solar of RMB 3,710,348 is due on the 25 December 2021 and the Group is exploring avenues for refinancing.
- 3) In relation to the settlement agreement with Whitesea Shipping & Supply (LLC) FZC (“**WSS**”), the Group will dispose of four vessels (“**Vessels**”) to WSS for a total consideration of US\$4,000,000 over twenty instalments. As at the date of this announcement, the Group had received the first instalment payment of US\$200,000. The Group had fulfilled its obligations in order to receive the second instalment payment and is following up with WSS on the second instalment payment due on 26 November 2021.
- 4) As announced on 19 October 2021, the Group has finalised the terms of the revision of the instalment payment terms with the buyer in relation to the sale of the accommodation module. The Group has granted to the buyer a further three months until 31 January 2022 to complete the transaction.
- 5) In relation to the extension of standstill agreement in relation to the maturity of US\$7,299,270 Redeemable Exchangeable Preference Shares (“**REPS**”) in CES Hydro Power Group Pte Ltd (“**CES HPG**”), the Group have announced on 5 October 2021, that the Company, CES HPG and the investors had entered into the twelfth variation agreement dated 30 September 2021 to further extend the standstill period from 30 September 2021 up to and including 31 March 2022.

2016 Warrants Update

Notwithstanding that trading in the Company's shares was suspended under Rule 1303(3)(c) of the Catalist Rules in view of the Trading Suspension, the Company would like to remind that:

- (a) holders of the 2016 Warrants remain able to exercise the 2016 Warrants at the exercise price of S\$0.0020 until the Expiry Date (being 5.00 p.m. of 28 November 2021); and
- (b) the procedure for the exercise of the 2016 Warrants remain unchanged as set out in Paragraph 4 of the terms and conditions of the 2016 Warrants as set out in Appendix I and Appendix II, as the case may be, of the Offer Information Statement dated 3 November 2016.

Shareholders are to note that:

- (a) holders of the 2016 Warrants who have exercised the 2016 Warrants will be issued shares in the Company;
- (b) the 2016 Warrants which have not been exercised after the Expiry Date shall lapse and cease to be valid for any purpose; and
- (c) due to the Trading Suspension, the trading of the Company's shares and the 2016 Warrants on SGX under the book-entry (scripless) settlement system remains suspended.

Debt Restructuring and Recapitalisation of the Group

- 1) The Company, together with the support from its corporate consultant, is continuously in search and remains in discussion with Potential Investors to secure new cash funding for the Group (the "**New Investments**"). Currently, the Company is in advance stages of negotiation with one of the Potential Investors, while another Potential Investor is performing due diligence.

Once the discussion with any one of the Potential Investors materialises, the Company will be looking into the Proposed Debt Restructuring Exercise and the Company will seek shareholders' approval for the contemplated transactions. The Company will be reviewing the terms and conditions of any proposal put forth by any of the Potential Investors.

- 2) There is also a need to engage in further discussions with the relevant lenders and creditors to obtain their support in satisfying the relevant terms of New Investments as well as to understand the requirement of these lenders and creditors. Once the discussion with any of the Potential Investors materialises, the Company will be looking into the Proposed Debt Restructuring Exercise to achieve a positive net assets value upon completion of the debt restructuring and recapitalisation exercise and strive towards trading resumption of the Company's shares. At the appropriate time, the aforementioned proposed transactions, including any potential shareholding dilution, will be tabled to all relevant stakeholders for their approval.

Resumption of Trading

Since 17 June 2020, trading in the Company's shares has been suspended under Rule 1303(3)(c) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX**") (the "**Catalist Rules**") in view of the uncertainties faced by the Company to continue as going concern (the "**Trading Suspension**"). The Company has on 14 June 2021, through its sponsor submitted an application to the Singapore Exchange Regulation Pte Ltd (the "**SGX RegCo**") to extend the submission date of the proposal to resume trading in its securities (the "**Resumption Proposals**") from 17 June 2021 to 31 December 2021. The Company had received the letter of no objection for the Company's extension of time application on 29 June 2021. Once the definitive agreements with the Potential Investor and the Proposed Debt Restructuring Exercise are executed, the Group will submit the Resumption Proposals to SGX RegCo.

Further Announcements

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

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 Wee Sin
Company Secretary
22 October 2021

*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.*

The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.