
RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors (the “**Board**”) of Charisma Energy Services Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has received queries from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 25 August 2020 (the “**25 August Queries**”) in relation to the Company’s announcement on 21 August 2020 on the disposal of shares in Rising Sun Energy Private Limited and wishes to respond to the 25 August Queries in this announcement as follows:

Question 1: The aggregate consideration for the Sale Shares due to the Sellers is an aggregate sum of approximately US\$14.7 million (the “Total Consideration”), which was arrived at on a willing buyer and willing seller basis after arm’s length negotiations between the Parties as well as taking into account a recent offer price by a competitor for the Sale Shares. The consideration from the disposal of the Charisma Sale Shares, based on the Company’s effective interest of 48% held in the Target as at the date of the SPA, is an amount of approximately US\$6.9 million (the “Charisma Consideration”). Please elaborate on the factors that the Board had considered in arriving at the Total Consideration and the Charisma Consideration.

Company’s Response

As mentioned in the Company’s previous announcement dated 17 June 2020 on updates on going concern of the Group, planned disposal of the Group’s assets is a key factor to the completion of the Group’s finance restructuring exercise. Successful execution of the Proposed Disposal is one of the key factors to address the uncertainties in the Group’s going concern issue.

In arriving at the Total Consideration and the Charisma Consideration, the Board took into consideration:

- a) the financial situation of the Group with the utilization of the proceeds from the Proposed Disposal to reduce the Group’s debt obligations to its lenders;
- b) the anticipated future financial performance of the Target;
- c) evaluation of financial ratios, including assessment on the Group’s rate of returns from the Target’s operations as well as comparison of the financial ratio of the Proposed Disposal with a proxy transaction in India of comparable size;
- d) the value of the Total Consideration as compared to the competing offer for the Target; and
- e) the estimated net gain of US\$0.6 million from the Proposed Disposal.

Question 2: It was stated that the Sellers will commission a report for the valuation of the Sale Shares and such valuation report will be included in the circular to be issued in relation to the Proposed Disposal. The Total Consideration shall be satisfied by the Purchaser to the respective Sellers in cash on the date of completion of the Proposed Disposal (the "Completion") and will not be subject to the valuation report. Please elaborate and explain on why the Total Consideration and thereby the Charisma Consideration, will not be subject to the valuation report as it would be indicative of the fair and market price of the Target.

Company's Response

Taking into consideration the abovementioned factors in query #1, the Board believes that the Total Consideration, and therefore the Charisma Consideration is a fair price for the Target and given the circumstances and financial situation of the Group, the Proposed Disposal is in the best interests of the Company and its shareholders.

In view of the above, the Sellers have confirmed the Total Consideration and Charisma Consideration of the Proposed Disposal, which the Purchaser has agreed. Pursuant to the SPA, the Proposed Disposal shall be executed on a willing buyer and willing seller basis and the Total Consideration and the Charisma Consideration is not subject to change.

A valuation report will be commissioned by the Company to substantiate and accompany the independent financial advisor's report which will also be included in the circular to be issued to the Company's shareholders as additional information for the shareholders prior to the upcoming Extraordinary General Meeting of the Company, when the Proposed Disposal will be subject to the shareholders' approval.

CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and further 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
28 August 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.

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