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

ANNOUNCEMENT PURSUANT TO RULE 704(4) OF THE CATALIST RULES IN RELATION TO THE FY2023 AUDITED FINANCIAL STATEMENTS

The Board of Directors (the "**Board**" or "**Directors**") of Charisma Energy Services Limited (the "**Company**" and together with its subsidiaries, the "**Group**", and each a "**Group Company**") refers to the previous announcement 18 January 2023 (the "**Announcement**").

Unless otherwise defined, all capitalized terms used in this announcement shall bear the same meanings ascribed to them in the Announcement.

1. INTRODUCTION

1.1. Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), the Board of the Company wishes to announce that the Company's independent auditor, CLA Global TS Public Accounting Corporation, has highlighted a Material Uncertainty Relating to Going Concern in respect of the ability of the Group and the Company to continue as a going concern in the Independent Auditor's Report on the Group's financial statements for the financial year ended 31 December 2023 (the "**FY2023 Audited Financial Statements**").

1.2. The Board wishes to highlight that the audit opinion is not modified and not qualified in respect of this matter. The basis for opinion on Material Uncertainty Relating to Going Concern in relation to the Group's FY2023 Audited Financial Statements is set out in greater detail in the independent auditor's report issued by CLA Global TS Public Accounting Corporation (the "**Independent Auditor's Report**"), a copy of which is attached as **Appendix I** in this announcement. The Independent Auditor's Report is part of the FY2023 Audited Financial Statements and FY2023 Annual Report (which will be published by the Company on the SGXNet in due course).

2. BACKGROUND

2.1. As announced by the Company on 13 October 2023, the Company entered into a supplemental agreement with the Investor to extend the Longstop Date of the New CSA from 17 October 2023 to 31 March 2024. On 4 April 2024, the Company has updated the shareholders that the Longstop Date of the New CSA is further extended to 30 April 2024.

2.2. The Company would like to update that, as at the date of this announcement, the Company has submitted through its sponsor its proposal for resumption of trading to the SGX RegCo to obtain approval for the resumption of trading of its Shares. It is the intention that pursuant to the completion of the New CSA, the Company would be able to achieve a positive net assets value and operate as a going concern.

3. PREPARATION OF FY2023 AUDITED FINANCIAL STATEMENTS

3.1. With respect to the Group's ability to continue as a going concern, the Audit Committee of the Company and the Board believe that the use of the going concern assumption in the preparation of the FY2023 Audited Financial Statements would be appropriate if the Group is able to complete the New CSA and Proposed Debt Restructuring, contingent upon the following:

(a) completion of the New CSA with the Investor;

(b) realisation of the forecasted operating cashflow from the Group's continuing businesses; and

(c) the successful divestment of the Group's assets, other than the Remaining Assets.

Please refer to "Note 2 to the FY2023 Audited Financial Statements", a copy which is attached as **Appendix II** in this announcement.

As at the date of this announcement, the Board confirms that to the best of its knowledge and belief, all material disclosures have been provided and sufficient information has been disclosed and announced. Shareholders are advised to read this announcement in conjunction with the Company's FY2023 Annual Report.

4. FURTHER ANNOUNCEMENTS

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

5. 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 Ser Ko
Chief Executive Officer
11 April 2024

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*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 Mr Shervyn Essex, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, sponsorship@ppcf.com.sg.

APPENDIX I

As extracted from the Independent Auditor's Report for the Financial Year ended 31 December 2023

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Charisma Energy Services Limited (the "**Company**") and its subsidiary corporations (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 2023, the 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 material accounting information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of Professional Conduct and Ethics Applicable to 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

We draw attention to Note 2 *Going Concern* to the financial statements, which indicates that the Group incurred a net loss of US$7,220,000 for the financial year ended 31 December 2023. As of 31 December 2023, the Group and the Company were in net liability positions of US$49,777,000 and US$77,432,000 respectively; and in net current liability positions of US$56,908,000 and US$86,041,000 respectively.

The ability of the Group to fulfil its obligations is dependent on the Group's ability to raise fresh investment funds from the conditional subscription agreement with the investor, restructuring plans to be agreed with creditors and lenders, continuous support from shareholders and the Group generating sufficient cash flows from its continuing operations and asset divestment plans.

These conditions, along with other matters as set forth in Note 2 *Going Concern*, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Valuation of trade receivables As at 31 December 2023, the Group's net trade receivables amounted to US$3.4 million, comprising gross trade receivables of US$5.7 million and a corresponding allowance for impairment of US$2.3 million, accounted for 13% of the Group's total assets. Separately, trade receivables amounting to US$5.1 million were included in assets of disposal group classified as held for sale, which accounted for 16% of the Group's total assets. The Group applied the simplified approach in determining the expected credit loss ("ECL") rates in accordance with SFRS(I) 9 – *Financial Instruments*. Significant judgement is required in determining whether an loss allowance should be recorded including the assessment of expected credit losses ("ECL") under SFRS(I) 9 – *Financial Instruments*. Accordingly, we consider this to be a key audit matter. Please refer to Note 4.8(i) of the financial statements for disclosure of the related accounting policy, Note 3.4 for disclosure of the related critical accounting estimates and assumptions, Note 11 for the trade receivables' balances and Note 32 for details of the ECL.	We reviewed the Group's ECL assessment of trade receivables that were in default or overdue as at 31 December 2023. We obtained an understanding of significant credit exposures on the trade receivables which were either overdue, in default or had been specifically identified via collection reports and analysis of aged receivables produced by management. Our audit procedures included the following: • Examined proposed or existing settlement plans against evidence of cash receipts, where these had been received; • Reviewed management's ECL assessment on trade receivables including examining and validating the data used to determine historical loss rates adjusted with forward-looking information; • Reviewed the aging analysis and subsequent receipts as part of the testing to support the adequacy of allowance of ECL on the trade receivables. Based on the above procedures, we found the results of our procedures to be consistent with the results of management's assessment.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters

Key audit matter	How our audit addressed the matter
Valuation of property, plant and equipment and right-of-use assets As at 31 December 2023, property, plant and equipment of the Group amounted to US$5.7 million. This represented 18% of the Group's total assets. The Group's property, plant and equipment consists mainly of hydropower electric plants disclosed as power generation equipment in Note 5 of the financial statements. Separately, property, plant and equipment and right-of-use assets amounting to US$383,000 and US$12.5 million were included in assets of disposal group classified as held for sale, which represented 40% of the Group's total assets. The right-of-use assets consist mainly of solar photovoltaic power plant disclosed as power generation equipment in Note 12 of the financial statements. The respective power generation equipment in China and Sri Lanka, included within property, plant and equipment and right-of-use assets respectively, each determined as a separate cash-generating unit ("**CGU**"), are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Management has prepared discounted cash flows for the respective CGUs which involves significant estimates, assumptions and judgements. There is no loss allowance recognised at the end of the financial year. We had identified this as a key audit matter as the valuation of property, plant and equipment and right-of-use assets involves significant estimates, assumptions and judgements. Please refer to Note 4.8(ii) of the financial statements for disclosure of the related material accounting policy, Note 3.4 for disclosure of the related critical accounting estimates and assumptions and Note 5 for the property, plant and equipment.	We considered the potential risks and implications associated with impairment of these non-financial assets and we have identified specific procedures to address these risks: • Obtained an understanding of the estimates, assumptions and judgements used by management; • Checked the mathematical accuracy of the underlying calculations of the management's cash flows forecast; • Reviewed management's cash flows forecast and with the involvement of our internal specialists, challenged management's significant assumptions and estimates, in particular the weighted average cost of capital used for the assessment; and • Assessed the adequacy of disclosures in the financial statements. Based in the results of the above procedures, we found the results of our procedures to be consistent with the results of management's assessment.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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 director on the audit resulting in this independent auditor's report is Loh Ji Kin.

CLA Global TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
11 April 2024

APPENDIX II

As extracted from "Note 2 to the Audited Financial Statements for the Financial Year ended 31 December 2023"

GOING CONCERN

The Group incurred a net loss of US$7,220,000 (2022: US$8,154,000) for the financial year ended 31 December 2023. As of that date, the Group and the Company were in net liability positions of US$49,777,000 and US$77,432,000 (2022: US$42,904,000 and US$75,688,000) respectively; and in net current liability positions of US$56,908,000 and US$86,041,000 (2022: US$63,466,000 and US$88,970,000) respectively. The net current liability positions were a result of certain liabilities being reclassified from non-current to current as the Group and the Company did not meet the repayment schedule, financial covenants and the general undertaking imposed by the lenders.

On 10 January 2022, the Company entered into a conditional subscription agreement (the "**CSA**") with an investor (the "**Investor**") for the subscription of new ordinary shares and share options. The Company, the creditors and the Investor were not able to reach an agreement in relation to the terms and conditions of the Proposed Debt Restructuring under the CSA, pursuant to which, the Longstop Date of the CSA lapsed on 9 July 2022. Notwithstanding the lapse of the Longstop Date of the CSA, the Company remained engaged in discussions with all of its creditors and the Investor, to evaluate and assess all available options.

On 18 January 2023, the Company entered into a new conditional subscription agreement (the "**New CSA**") with the same Investor for the subscription of new ordinary shares amounting to S$13,576,000 and share options amounting to S$16,291,200.

Under the **New CSA**, the Company will undertake the following:

(a) divestments of its existing assets and quoted securities (the "**Proposed Divestments**") such that pursuant to the Proposed Divestments, the Company will retain its ownership in the holding entities of its operations in Sri Lanka and the operating companies in Sri Lanka (the "**Sri Lanka Sub-Group**") (being the owners of the 13 units of mini-hydroelectric power plants in Sri Lanka with a combined capacity of 43.46 megawatt (the "**Hydro-Power Plants**")), together with their receivables, cash and inventories (including the Hydro-Power Plants) (the "**Remaining Assets**");

(b) propose a scheme of arrangement which will be a compromise or arrangement between the Company and class(es) of certain of its unsecured creditors, in accordance with Section 210 of the Companies Act 1967 of Singapore or the Insolvency, Restructuring and Dissolution Act 2018 of Singapore or under any applicable law(s) of Singapore, to settle certain of the Company's debt (the "**Past Liabilities**") with a combination of cash and issue of new Shares (the "**Scheme of Arrangement**");

(c) the creation of a fresh debt obligation to the Subscriber and/or its nominee, in consideration for the Subscriber procuring (a) full discharge of all liabilities and debts owing by the Sri Lanka Sub-Group to Overseas Chinese Banking Corporation ("**OCBC**"); and (b) OCBC's consent to discharge any and all mortgage, charge, pledge, lien or other security interest securing any obligation of the Sri Lanka Sub-Group for the benefit of OCBC (the "**OCBC Loan Restructuring**");

(d) settlement agreement with holders of the redeemable exchangeable preference shares, which is envisaged to comprise cash and issue of new Shares to such creditors, with such new Shares to be issued under the Scheme of Arrangement and the Bilateral Settlement (the "**Settlement Shares**") (the "**Bilateral Settlement**", together with the Scheme of Arrangement, the "**Proposed Debt Restructuring**"); and

Note 2 to the Audited Financial Statements for the Financial Year ended 31 December 2023 (Cont'd)

(e) a share consolidation of all of the issued Shares pursuant to the above transactions (the "**Proposed Share Consolidation**").

The completion of the New CSA and Proposed Debt Restructuring is contingent upon the following:

(a) completion of the New CSA with the Investor;

(b) realisation of the forecasted operating cashflow from the Group's continuing businesses; and

(c) the successful divestment of the Group's assets, other than the Remaining Assets.

These conditions may affect the Group's ability to meet its debts obligations as and when they fall due, at least in the next 12 months from the reporting date. If for any reason the Group and Company are unable to continue as a going concern, it could have an impact on the Group's and Company's classification of assets and liabilities and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

In the assessment of the appropriateness of going concern assumption used in the preparation of the financial statements, the directors of the Company have considered future inflows of fresh investment funds from the conditional subscription agreement with the investor, restructuring plans to be agreed with creditors and lenders, continuous support from shareholders, as well as the expected positive cash flows from the Group's continuing operations in the financial year ending 31 December 2024.

<u>Recent Developments for the financial year ended 31 December 2023</u>

In 2023, the Group has made significant progress in its holistic plan to recapitalise and restructure the Group.

The Group had entered into the New CSA as mentioned above. Pursuant to the New CSA and the binding term sheet entered into with the Subscriber, half of the loan owing in respect of the Sri Lanka Hydro assets would be capitalised pursuant to the New CSA while the terms of the remaining loan would also be restructured into a 5-year convertible loan with no principal repayment obligations during the tenure.

In relation to the Bilateral Settlement, the Company, together with its wholly-owned subsidiary, CES Hydro Power Group Pte. Ltd. ("**CES Hydro**"), had entered into a deed of settlement on 6 June 2023 with holders of the non-voting, redeemable and exchangeable preference shares issued by CES Hydro, Venstar Investments III Ltd (In Members' Voluntary Liquidation) ("**Venstar**") and Evia Growth Opportunities III Ltd (In Members' Voluntary Liquidation) ("**Evia**") in relation to the settlement of outstanding arrangements and to terminate the deed of charge under a subscription agreement dated 3 August 2015 signed between CES Hydro, Venstar and Evia.

In relation to the Scheme of Arrangement, the Company had convened a meeting with class(es) of certain of its creditors (the "**Scheme Creditors**") on 7 June 2023 (the "**Scheme Meeting**") and at this Scheme Meeting, the Scheme Creditors have, by a majority in number of each class of Scheme Creditors voting, either in person or by proxy on the resolution, representing three-fourths in value of each class of Creditors present and voting, either in person or by proxy on the resolution, approved the Scheme of Arrangement dated 12 April 2023 between the Company and its Scheme Creditors pursuant to Section 210 of the Companies Act (the "**Act**").

Note 2 to the Audited Financial Statements for the Financial Year ended 31 December 2023 (Cont'd)

The Singapore High Court (the "**Court**") had on 6 July 2023 granted an Order of Court sanctioning the Scheme of Arrangement pursuant to Section 210(4) of the Act. The Company had lodged a copy of the sealed Order of the Court with the Registrar of Companies on 7 July 2023 and with the lodgement, the Scheme is binding on the Company and the Scheme Creditors.

The Group has successfully divested the two remaining anchor handling tug supply vessels ("**AHTS**"), the proceeds of which were applied towards reducing the respective secured loans.

On 13 October 2023, the Company has entered into a supplemental agreement with the Investor to extend the longstop date of the New CSA from 17 October 2023 to 31 March 2024 and in view of the above developments, the Company has on 10 November 2023, submitted an application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on the lifting of suspension of trading of the ordinary shares of the Company on the SGX-ST in accordance with Chapter 13 of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Due to the extension of the longstop date mentioned above, the Company had received instructions from OCBC in December 2023 to make a partial repayment of US$5 million towards the outstanding OCBC bank loan, using the remitted funds from the Sri Lanka operations (which was remitted to the Company's OCBC account and earmarked for repayment to OCBC). The Company complied with the OCBC's instruction and arranged for the partial repayment of US$5 million on 4 December 2023. As announced by the Company on 16 January 2024, the Company has completed the assignment of the rights and securities under the loan from OCBC to Cosmic Marvel International Limited, a wholly owned subsidiary of the Subscriber and the loan remains in default. With the completion of the OCBC Loan Purchase, the Company is working with the Subscriber to regularise the loan via entry into a loan agreement on the terms and conditions as agreed in the Term Sheet (which was entered into between the Company and the Subscriber together with the New CSA).

The Company has on 4 April 2024, entered into a second supplemental agreement with the Investor to extend the Longstop Date of the New CSA from 31 March 2024 to 30 April 2024.