

CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199706776D)

STATUS UPDATE ON LOAN

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, financial statements announcements dated 14 June 2021 (annual report for financial year ended 31 December 2020), 29 June 2021 (first quarter results for the financial period ended 31 March 2021), 14 August 2021 (second quarter results for the financial period ended 30 June 2021) and the status 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) It was previously disclosed in the 16 September 2021 status update announcement that “*In view of the current economic crisis in Sri Lanka, the Group is facing challenges in repatriating foreign currency out of Sri Lanka to service its bank loan repayment obligation. The Group is currently in talks with the lending bank and the local banks on resolving the foreign currency issue.*”
- 2) As the Group continues to face issues with the repatriation of US Dollars out of Sri Lanka to repay the monthly instalments under the bank loan (the “**Loan**”), it defaulted on the September instalment for the Loan. As at the date of this announcement, the outstanding principal owing to the lending bank (the “**Bank**”) is approximately US\$13.2 million¹ and the Loan is secured by, *inter alia*, a corporate guarantee from the Company, first legal charge on the mini-hydro electric power plants in Sri Lanka (the “**Hydro Electric Assets**”), legal assignment of the proceeds from the Hydro Electric Assets and assignment of the insurances in respect of the Hydro Electric Assets and all monies standing to the credit of the Group’s receiving operating accounts in respect of the Hydro Electric Assets.
- 3) Pursuant thereto, the Bank had issued a notice letter on 8 October 2021 (the “**Notice**”) stating the breaches by the Group for the failure to (a) make or transfer dividend payments as required under the facility agreement for the Loan (the “**Facility Agreement**”); and (b) make the instalment payment for September 2021 in accordance with the Facility Agreement. Consequentially, the Bank declared in the Notice that such failure constitutes events of default under the Facility Agreement (the “**Events of Default**”) and that the Loan is recalled and cancelled with immediate effect, with the 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 Bank.
- 4) Further to the above, the Group maintained communications with the Bank, specifically to seek for 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 US Dollars, with the view to resume instalment payments by November 2021.
- 5) The Group intends to continue working with the Bank to reach an amicable resolution of the Events of Default and is of the view that it will not significantly impact the on-going discussion with potential investors and the debt restructuring and recapitalisation of the Group. Further, on the basis that an amicable resolution is reached with the Bank and the Bank does not enforce the securities under the Facility Agreement, the

¹ Further, the Group also has another loan with the Bank with an outstanding amount of approximately US\$2.4 million, where such loan is secured by, *inter alia*, a pledge over one of the Group’s anchor handling tug supply vessels.

Directors are of the opinion that the Events of Default will not (a) have a significant impact on the operations of the Company; or (b) result in the Company facing a cash flow problem.

- 6) In the event the Bank enforces the securities under the Facility Agreement, there may be a significant impact on the operations of the Company and may result in the Company facing a cash flow problem. In such circumstances, the Group will consider all options available to protect its stakeholders' interests.

Further Announcements

The Company will continue to update its shareholders via SGXNet regarding the financial situation of the Company and its subsidiaries (including in relation to the Events of Default). 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, stakeholders are advised to read this announcement and any further announcements by the Company carefully. Stakeholders 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
14 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.*

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