

CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199706776D)



ENTRY INTO A NEW CONDITIONAL SUBSCRIPTION AGREEMENT

1. INTRODUCTION

The board of directors (the “**Board**”) of Charisma Energy Services Limited (the “**Company**” and together with its subsidiaries, the “**Group**”, and each a “**Group Company**”) refers to the previous announcements dated 10 January 2022 and 12 July 2022 in relation to the conditional subscription agreement signed between the Company and Yin Khing Investment Limited (the “**Subscriber**”) dated 10 January 2022 (the “**Previous CSA**”) (the “**Previous Announcements**”).

For the purpose of this announcement, where applicable and unless specified, the foreign exchange rate of US\$1.00: S\$1.3576 has been used.

1.1. Following the lapse of the long stop date under the Previous CSA on 9 July 2022, the Board is pleased to announce that the Company has entered into a new conditional subscription agreement (the “**New CSA**”) with the Subscriber on 18 January 2023 in relation to the following:

- (a) subscription by the Subscriber of new ordinary shares in the Company (the “**Shares**”) (the “**Subscription Shares**”), amounting to S\$13,576,000 (the “**Subscription Amount**”), on the terms and conditions of the New CSA (the “**Proposed Subscription**”); and
- (b) subscription by the Subscriber of S\$16,291,200 in principal amount of unlisted and freely transferable share options (the “**Options**”), with each Option carrying the right to subscribe for one (1) new Share (the “**Option Shares**”) per Option, on the terms and conditions of the New CSA (the “**Proposed Grant of Options**”, together with the Proposed Subscription, the “**Proposed Transactions**”).

Please refer to paragraph 4 (*Principal terms of the New CSA*), paragraph 5 (*Principal terms of the Proposed Subscription*) and paragraph 6 (*Principal terms of the Proposed Grant of Options*) of this announcement for further details on the New CSA, Proposed Subscription and Proposed Grant of Options, respectively.

1.2. Together with the Proposed Transactions, the Company will also undertake the following:

- (a) divestments of its existing assets and quoted securities¹ (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 compromise certain of the Company’s debt (the “**Past Liabilities**”) with such settlement being 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

¹ Such existing assets for divestments include (a) 80.0% shareholding interests in Yichang Smartpower Green Electricity Co. Ltd. (the “**Yichang Divestment**”); (b) two (2) units of anchor handling tug supply vessels; and (c) the Group’s investments in quoted securities.

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) agreement on a settlement with holders of the redeemable exchangeable preference shares², which is envisaged to comprise a combination of 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
 - (e) a share consolidation of all of the issued Shares pursuant to the above transactions (the “**Proposed Share Consolidation**”).
- 1.3. Further to the above and in relation to the OCBC Loan Restructuring, the Board is also pleased to announce that the Company has entered into a binding termsheet (the “**Termsheet**”) with Anchor Marine 2 Inc (a wholly-owned subsidiary of the Company) (“**AM2**”), CES Hydro Power (SL) Limited (a wholly-owned subsidiary of the Company) (“**CES Hydro**”, together with AM2, the “**Borrowers**”) and the Subscriber on 18 January 2023 for a convertible loan of principal amount of approximately S\$10,860,800³ extended by the Subscriber to the Company (the “**Proposed Convertible Loan**”). Please refer to paragraph 7 (Principal terms of the Termsheet and the Proposed Convertible Loan) of this announcement for further details on the Termsheet and the Convertible Loan.
- 1.4. The Company will keep its shareholders (the “**Shareholders**”) updated on any of the above contemplated corporate actions as and when updates are available, in compliance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”).

2. INFORMATION ON THE SUBSCRIBER⁴

As at the date of this announcement, the Subscriber is Yin Khing Investments Limited, a company duly incorporated and existing under the laws of the Republic of Seychelles and having its registered office at Vistra Corporate Services Centre, Suite 23, 1st Floor, Eden Plaza, Eden Island, Mahe, Republic of Seychelles. The Subscriber is jointly owned by Mr. Patrick Tay and Mr. Elson Yin with equal shareholding.

The Subscriber is principally engaged in the business of infrastructure development in Singapore, Vietnam, People’s Republic of China and South Asia. The founder and Managing Director of the Subscriber, Mr. Patrick Tay, has acquired the domain knowledge in engineering, procurement, and construction of energy infrastructure projects. Mr. Elson Yin is a private investor. The Subscriber also has experience operating in frontier countries such as Sri Lanka.

As at the date of this announcement, none of the Subscriber and its shareholders (a) hold any Shares; and (b) is related to any of the directors of the Company (the “**Directors**”), substantial shareholders of the Company, or their respective associates. There is also no connection (including business relationship) between the Subscriber and its shareholders and the Directors or substantial shareholders of the Company.

² There are currently 7,299,270 redeemable exchangeable preference shares in a subsidiary of the Company available for exchange into 523,620,521 Shares (based on the assumption that there is no adjustment to the exchange price and that the distribution preference dividend is not exchangeable).

³ Under the terms of the Termsheet, the final principal amount of the Proposed Convertible Loan will be determined at a subsequent date but as soon as possible to facilitate the submission of the applications by the Company as required under the New CSA to the relevant authorities for the Proposed Transactions and the Proposed Convertible Loan.

⁴ Under the New CSA, the Subscriber is entitled to nominate an entity to whom the Subscriber may direct the Company to allot and issue the Subscription Shares. In the event of such nomination, details of the nominee will be provided to the Shareholders for their information.

3. RATIONALE FOR THE PROPOSED TRANSACTIONS AND THE PROPOSED CONVERTIBLE LOAN

3.1. Background to the Proposed Transactions and the Proposed Convertible Loan

Since the Shares have been suspended from trading on 4 February 2019 and subsequently suspended from trading on 17 June 2020 pursuant to Rule 1303(3) of the Catalist Rules, the Company has been actively taking steps to restructure its debts and existing assets, including negotiating standstill agreements with its lenders, restructuring its debt liabilities and undertaking divestments of its existing assets including the divestment of its Indian solar assets business to Yinson Renewables (S) Pte Ltd, Accommodation Module to AusGroup Limited and vessels to Whitesea Shipping & Supply (LLC) FZC, with the assistance of an external advisor engaged by the Group for the strategic review of the Group's existing business and in the formulation of plans to improve the financial position and/or performance of the Group. The Company has also assessed various options and investment proposals.

On 10 January 2022, the Company announced that it had entered into the Previous CSA for a subscription of new ordinary shares and options convertible into new ordinary shares in the capital of the Company. Subsequently on 12 July 2022, the Company announced that the long stop date of the Previous CSA had lapsed as the parties were unable to reach an agreement on the terms of the Proposed Debt Restructuring.

Following further negotiations between the Subscriber and OCBC, the Subscriber had entered into an agreement with OCBC on 18 January 2023 (the "**OCBC Loan Purchase Agreement**") to purchase the Group's debts under its loans to OCBC (the "**OCBC Loan Purchase**"). The Company understands that the OCBC Loan Purchase is not conditional on the Proposed Transactions, the Proposed Convertible Loan or any of the transactions contemplated under this announcement and is intended to be completed no later than 9 months from the date of the OCBC Loan Purchase Agreement (including the transfer of all the security interests thereunder). Upon the completion of the OCBC Loan Purchase, the debts owed by the Group to OCBC will be owed to the Subscriber.

In connection with the OCBC Loan Purchase, the Group and the Subscriber had negotiated and agreed on the key terms as set out in the Termsheet for an amount of S\$10,860,800 which will be owed to the Subscriber (after completion of the OCBC Loan Purchase) to be capitalised via the allotment and issue of the Subscription Shares (as contemplated and described further below) and the rest (approximately S\$10,860,800) to be restructured into the Proposed Convertible Loan.

This led to the alignment of the interests of the Group and the Subscriber and therefore, the terms for the Proposed Transactions and the Proposed Convertible Loan were agreed.

3.2. Rationale of the Proposed Transactions

The Company is of the view that the investment by the Subscriber through the Proposed Transactions and the Proposed Convertible Loan is beneficial to the Company and the Group as the Proposed Transactions and the Proposed Convertible Loan, if completed, will allow for a reduction of its liabilities (through the capitalisation of debts) and a capital injection which will provide the required funding for the Company to restructure, which is vital for the continuity of the Company in relation to the Remaining Assets. Further, the Group will then have access to funds to improve its cashflows, reduce its other outstanding debt obligations and continue as a going concern.

Specifically, the Proposed Subscription will result in the Group being able to reduce its liabilities (through the capitalisation of debts) and also provide the Group with the necessary funds to partially address its other outstanding liabilities and provide funding for its continued operations of the Remaining Assets. Separately, the Proposed Grant of Options will allow the Group to have access to additional funds as and when the Subscriber exercises its Options. The proceeds from the Proposed Transactions (including pursuant to the exercise of the Options) will be for settlement of liabilities under the Proposed Debt Restructuring, funding of new renewable energy related projects and working capital purposes. Please refer to paragraphs 5.4 and 6.4 of this announcement for further details on the use of proceeds from the Proposed Subscription and the Proposed Grant of Options (if and when the Options are exercised), respectively. Further, the OCBC Loan

Restructuring through the capitalisation of debts via the allotment and issue of certain Subscription Shares and the Proposed Convertible Loan will also allow the Group the flexibility to manage its repayment of debt thereunder, through a potential conversion of the loan amount into new Shares. The Directors are of the opinion that, as of the date of this announcement, after taking into consideration the Proposed Subscription and the proceeds therefrom, the further proceeds from the Proposed Grant of Options, when the Options are exercised, and its present banking facilities (which will include the Proposed Convertible Loan) and assuming the completion of the Proposed Divestments and the Proposed Debt Restructuring, the working capital available to the Group is sufficient to meet its present requirements and that the Company will be able to operate on a going concern and therefore, have a viable proposal for the resumption of trading of its Shares.

Without the Proposed Transactions, the Proposed Convertible Loan, the Proposed Divestments and the Proposed Debt Restructuring, the Group will not be able to have sufficient working capital to operate as a going concern or have a viable proposal for the resumption of trading of its Shares based on its present bank facilities. In the event that these transactions do not proceed, and as disclosed above, the OCBC Loan Purchase will proceed and upon the completion of the OCBC Loan Purchase, the full debts owed by the Group to OCBC will be owed to the Subscriber.

4. PRINCIPAL TERMS OF THE NEW CSA

Details of Subscription Shares Such number of Subscription Shares, constituting the Subscription Amount of S\$13,576,000, at a subscription price to be determined subsequently (the “**Subscription Price**”) for each Subscription Share.

For further details, please see paragraph 5 (*Principal terms of the Proposed Subscription*) of this announcement.

Details of Options S\$16,291,200 in principal amount of Options, with each Option carrying the right to subscribe for one (1) Option Shares at an option price which is at a 10.0% premium over the Subscription Price per Option.

For further details, please see paragraph 6 (*Principal terms of the Proposed Grant of Options*) of this announcement.

Conditions Completion of the Proposed Transactions shall be conditional upon the following (the “**Conditions**”):

- (a) the full discharge by OCBC of any and all liabilities and debts owing by the Sri Lanka Sub-Group to OCBC;
- (b) OCBC having agreed to the full discharge of 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;
- (c) the creation of a fresh debt obligation to the Subscriber (the principal amount of which shall be no less than S\$10,860,800 pursuant to the New CSA in consideration for the Subscriber having procured the fulfilment of the Conditions set out in sub-paragraphs (a) and (b) above pursuant to the OCBC Loan Restructuring;
- (d) the fulfilment of the Financial Conditions (as defined below);
- (e) the in-principle approval of the SGX-ST being obtained by the Company in relation to the listing and quotation of the Subscription Shares and the Option Shares;

- (f) the in-principle approval of SGX-ST being obtained by the Company in relation to the resumption of trading of the Shares on the SGX-ST;
- (g) the grant by the Securities Industry Council of Singapore (the “**SIC**”) (and the SIC not having revoked or repealed such grant) of the waiver of the obligation of the Subscriber to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers for the Shares not held by the Subscriber following the issue of the Subscription Shares pursuant to the Proposed Subscription under the New CSA and the Option Shares pursuant to the exercise of the Options under the New CSA, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Subscriber (the “**Whitewash Waiver**”); and (ii) the independent Shareholders approving at a general meeting of the Company the proposed ordinary resolution of the Company which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Subscriber in connection with the issue of the Subscription Shares and the Option Shares (the “**Whitewash Resolution**”);
- (h) Shareholders’ approval being obtained at an extraordinary general meeting of the Company (an “**EGM**”) to be duly convened for, *inter alia*, the Proposed Transactions, the allotment and issue of the Subscription Shares and the Option Shares (pursuant to the exercise of the Options), the transfer of controlling interest in the Company to the Subscriber, the Whitewash Resolution, the Proposed Divestments (if necessary), the Proposed Share Consolidation and the Proposed Debt Restructuring (including the allotment and issue of the Settlement Shares thereunder (the “**Proposed Issue of Settlement Shares**”)); and
- (i) such consents, approval or waiver as may be required (or deemed necessary by the parties) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the transactions contemplated in the New CSA and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties.

Financial Conditions

Upon Completion, the following financial conditions shall be met by the Company (the “**Financial Conditions**”):

- (a) the aggregate loans and liabilities of the Sri Lanka Sub-Group excluding any debts owing to the Subscriber, shall not be more than US\$2,400,000 (approximately S\$3,258,240);
- (b) the Completion AP⁵ shall not be more than US\$2,500,000 (approximately S\$3,394,000); and
- (c) the aggregate cash liabilities of the Company pursuant to the Proposed Debt Restructuring (assuming that the Yichang

⁵ Means the estimated cash liabilities of the Group (less the Sri Lanka Sub-Group) net of cash balance from 1 July 2022 to Completion Date as set out in the New CSA.

Divestment is completed), shall not be more than S\$1,357,600.

Upfront Amount

S\$339,400 (Singapore dollar equivalent of US\$250,000) which forms part of the Subscription Amount (the “**Upfront Amount**”) to be paid by the Subscriber on or before the date of the New CSA, into a bank account in the name of the Company to be held by Stone Forest Accountserve Pte Ltd (the “**Service Provider**”) for the purposes of retaining the Upfront Amount from the date of payment of the Upfront Amount up to the earlier of (a) the termination date of this Agreement; or (b) the Completion Date (the “**Upfront Amount Account**”). For the avoidance of doubt, the Upfront Amount shall form part of the Subscription Amount and the Subscription Amount payable on Completion shall be set off by the Upfront Amount.

The Upfront Amount shall be utilised for the payment of professional fees in relation to the Proposed Transactions and the Proposed Debt Restructuring (including the Proposed Issue of Settlement Shares), which shall include but not be limited to the professional fees for the (a) preparation of the definitive documentation, such as the New CSA; (b) application to SIC for the Whitewash Waiver; (c) fees for the independent financial adviser; (d) preparation of shareholders’ circular to obtain Shareholders’ approval; (e) preparation of trading resumption proposal which would include engagement of the auditors to review the cash flow projections and proforma financial statements; and (f) the Proposed Debt Restructuring (the “**Transaction Expenses**”).

Inter-conditionality

Completion of the Proposed Transactions shall be inter-conditional with the completion of the Proposed Share Consolidation, the Proposed Debt Restructuring and the Proposed Issue of the Settlement Shares, such that the Financial Conditions are met.

Longstop Date

If any of the Conditions are not satisfied or waived by the date falling nine (9) months from the date of the New CSA (or such other date as may be mutually agreed between the parties up to a further three (3) months) (the “**Longstop Date**”), the New CSA shall terminate forthwith and the obligations of the parties shall cease and be of no further effect, and no party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Proposed Transactions, save for any antecedent breach of the New CSA or the parties’ respective liability in relation to the Upfront Amount and for the payment of costs and expenses under the New CSA.

Completion

Subject to the Conditions, completion of the Proposed Transactions (the “**Completion**”) shall take place no later than seven (7) business days from the date falling on which all of the Conditions have been satisfied or waived in accordance with the New CSA (the “**Completion Date**”), at the office of the Company (or at such other place or by such other means as may be agreed between the parties).

Without prejudice to any other remedies available, if in any respect the completion provisions of the New CSA are not complied with by either party on the Completion Date, the party not in default may:

- (a) defer Completion to a date not more than twenty-eight (28) days after the Completion Date and not later than the Longstop Date (and so that the completion provisions of the

New CSA shall apply to Completion as so deferred);

- (b) effect Completion so far as practicable having regard to the defaults which have occurred (without prejudice to their rights under the New CSA); or
- (c) terminate the New CSA (save for the relevant surviving provisions thereto) and no party shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Proposed Transactions, save for any antecedent breach of the New CSA or the parties' respective liability in relation to the Upfront Amount and for the payment of costs and expenses under the New CSA.

Representations and warranties

Each of the Company and the Subscriber has, in the New CSA, provided such representations and warranties as are customary for transactions of the nature of the Proposed Transactions or other similar transactions.

Undertakings

The Company undertakes to the Subscriber that it will, *inter alia*:

- (a) save with the written approval of the Subscriber (such approval not to be unreasonably withheld or delayed) and/or save as utilised in accordance with the New CSA, retain the Upfront Amount in the Upfront Amount Account and not utilise any amounts of the Upfront Amount prior to Completion;
- (b) from the date of the New CSA until Completion, save with the written approval of the Subscriber (such approval not to be unreasonably withheld or delayed), not incur or agree to incur any commitment to capital expenditure for an amount which exceeds or could exceed S\$100,000, other than in the ordinary course of business;
- (c) utilise the Upfront Amount for payment of Transaction Expenses, provided that such utilisation shall be subject to the prior written approval of the Subscriber (such approval not to be unreasonably withheld or delayed). The Parties further agree that for the purposes of obtaining such prior written approval from the Subscriber, the Company shall provide the Subscriber with a list of Transaction Expenses with payment milestones and upon approval being obtained (the "**Pre-Approved Transaction Expenses**"), the Company shall be entitled to the utilisation of the Upfront Amount for the payment of Pre-Approved Transaction Expenses, whilst providing periodic updates to the Subscriber. In the event of any material changes to such Pre-Approved Transaction Expenses, further written approval (such approval not to be unreasonably withheld or delayed) shall be sought from the Subscriber;
- (d) utilise the remaining net proceeds from the Subscription (after deduction of the amounts as described above which are utilised for Pre-Approved Transaction Expenses) in the following manner:
 - (i) up to S\$1,357,600 shall be used towards the satisfaction of liabilities pursuant to the Proposed Debt Restructuring; and

- (ii) up to S\$1,018,200 (being S\$1,357,600 less the Upfront Amount) shall be used towards the working capital of the Company, which shall include but is not limited to the satisfaction of the Completion AP;
- (e) use all reasonable endeavours to procure, in accordance with the terms and conditions of the ESOS⁶, the determination of the necessary adjustments to the exercise price in respect of the Shares comprised in any options issued under the ESOS (to the extent unexercised) and/or the class and/or number of Shares comprised in any options issued under the ESOS (to the extent unexercised), as a consequence of the Proposed Share Consolidation;
- (f) utilise the proceeds from the Proposed Divestments to pare down the existing loans, payment of related transaction costs for the Proposed Divestments and/or as partial cash settlement of the Proposed Debt Restructuring;
- (g) in the event that the Subscriber exercises the Options, to use such proceeds for new renewable energy related project(s) and/or working capital for the Group;
- (h) perform and comply with all rules, regulations and requirements imposed by the SGX-ST in order to maintain its listing on the SGX-ST; and
- (i) for so long as it remains listed on the SGX-ST, take all necessary steps to ensure that all approvals for the issue, allotment, listing and quotation of the Subscription Shares to be issued pursuant to the Subscription and the Option Shares to be issued pursuant to the exercise of the Options, is not revoked, amended and where such approval is subject to conditions, use best endeavours to fulfil them and obtain and maintain a listing for all such Shares as and when they are issued.

In the event of the refinancing of Yichang Smartpower such that Yichang Smartpower is able to fulfil its obligations under its existing loans and working capital obligations for its operations on or prior to Completion (in lieu of the Yichang Divestment), the Company further undertakes to the Subscriber, as a post-Completion undertaking, that it will use all reasonable endeavours to procure that Yichang Smartpower meets its obligations under the refinanced loans. In the event of default under the refinanced loans, it will use all reasonable endeavours to facilitate the Yichang Divestment within 18 months from the Completion Date.

Termination rights

Each of the Company and the Subscriber shall be entitled to terminate the New CSA in the event of any breach of the representations, warranties and undertakings is not remedied (to the reasonable satisfaction of the non-defaulting party) within up to thirty (30) business days (or such other period to be agreed between the Company and the Subscriber, as appropriate) from the receipt of a written notice by the defaulting party from the non-defaulting party notifying of such breach.

⁶ Means the employee share option scheme which was approved by Shareholders at an extraordinary general meeting of the Company held on 24 April 2013.

In the event of termination of the New CSA in accordance with the New CSA which is due to the Subscriber's Fault⁷, the Upfront Amount (less any amounts utilised in accordance with the New CSA and any fees incurred in relation to maintaining the Upfront Amount Account with the Service Provider) shall be forthwith and without delay, released from the Upfront Amount Account to the Company.

In all other circumstances, the Upfront Amount (less any amounts utilised in accordance with this Agreement and any fees incurred in relation to maintaining the Upfront Amount Account with the Service Provider) shall be forthwith and without delay, released from the Upfront Amount Account and returned to the Subscriber.

For the avoidance of doubt, no Party shall be liable to the other for any amounts of the Upfront Amount utilised in accordance with this Agreement and/or any fees incurred in relation to maintaining the Upfront Amount Account with the Service Provider.

Governing law and jurisdiction

The validity, construction, and performance of the New CSA (and any claim, dispute or matter arising under or in connection with it or its enforceability) shall be governed by and construed in accordance with the laws of Singapore.

Any claims, disputes or matters arising out of or in connection with the New CSA, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (the "SIAC") in accordance with the Arbitration Rules of the SIAC for the time being in force.

5. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

5.1. Issue Size

It is expected that the Subscriber will hold Shares that will represent approximately 64.9% of the enlarged share capital of the Company, assuming the Proposed Share Consolidation and the maximum issuance of the Subscription Shares and Settlement Shares (but excluding any issue of the Option Shares pursuant to the exercise of the Options).

The Subscription Shares when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the SGX-ST and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of the Subscription Shares.

5.2. Payment of Subscription Amount

The Subscription Amount of S\$13,576,000 shall be satisfied by the Subscriber in the following manner: (a) the amount of S\$2,715,200 (less the Upfront Amount) shall be paid by the Subscriber to the Company in cash upon Completion; and (b) the amount of S\$10,860,800 shall be paid by way of capitalisation of debts owing by the Company to the Subscriber (pursuant to the OCBC Loan Purchase) on the Completion Date.

5.3. Authority to Allot and Issue the Subscription Shares

The Company will be seeking specific Shareholders' approval for the Proposed Subscription and the allotment and issue of the Subscription Shares at an EGM to be convened pursuant to Catalist Rules 803, 805(1), 811(3) and 824.

⁷ The Subscriber is considered to be at fault if the Subscriber fails and/or refuses to effect Completion in the event where the Company has fully completed the requirements of the Conditions and the Financial Conditions.

Shareholders are to note that the Subscriber will be the new controlling Shareholder. A circular is expected to be issued and despatched by the Company to its Shareholders in due course, containing the necessary information to seek for the approvals required, including business plans which the Subscriber may have for the Company, going forward. Please see paragraph 10 (*Regulatory and shareholder approvals required*) of this announcement for further details of the regulatory and shareholder approvals required.

5.4. Use of Proceeds

The aggregate net proceeds from the Proposed Subscription (after deduction of estimated expenses of S\$678,800 for the Proposed Transactions), will be S\$2,036,400 and is intended to be used by the Company in the following estimated proportions:

Use of Proceeds	S\$'000	Percentage Allocation
Working capital, which shall include but is not limited to the satisfaction of the Completion AP	678.8	33.3%
Settlement of liabilities pursuant to the Proposed Debt Restructuring	1,357.6	66.7%
TOTAL	2,036.4	100.0%

Pending the deployment for the uses identified above, the gross proceeds from the Proposed Subscription may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of gross proceeds as and when such funds are materially disbursed, and provide a status report on the use of the proceeds from the Proposed Subscription in the Company's interim and full year financial statements issued under Catalist Rule 705 and its annual reports. Where the proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

5.5. Catalist Rule 812

The Subscriber is not a person who falls within the categories set out in Catalist Rule 812(1). Accordingly, none of the Subscription Shares will be placed by the Company to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Catalist Rule 812(1).

5.6. No Placement Agent

There is no placement agent appointed for the Proposed Subscription. The Proposed Subscription will be by way of a private placement pursuant to an exempted offer under Section 272B of the Securities and Futures Act 2001 of Singapore (the "**SFA**"). Hence, no prospectus or offer information statement will be issued in connection with the Proposed Subscription.

6. PRINCIPAL TERMS OF THE PROPOSED GRANT OF OPTIONS

6.1. Principal Terms of the Options

Options: Such number of Options constituting S\$16,291,200 in principal amount, subject to any adjustments required as summarised below in *Adjustments* pursuant to the New CSA.

Issue Price of the Options:	10.0% premium over the Subscription Price per Option (the “ Option Price ”).
Consideration:	S\$1.00.
Status and transferability of the Options:	The Options constitute valid, legally binding and enforceable obligations of the Company and are unlisted and freely transferable.
Exercise rights of the Options:	Each Option entitles the holder of the Options (the “Option Holder”) to subscribe for one (1) Option Share at the Option Price (as defined below) during the Exercise Period (as defined below). The Option Holder may only exercise the Options in tranches of S\$50,000 at any time during the Exercise Period (with fractional entitlements to be disregarded), save where the balance of Options held by an Option Holder is less than S\$50,000, in which case, the Option Holder may exercise all but not some of such balance of the Options (with fractional entitlements to be disregarded).
Exercise price of the Options.:	The exercise price shall be the sum payable in respect of each Option Share for which an Option Holder shall subscribe upon exercise of an Option, which shall be the Option Price, subject to any adjustments required as summarised below in <i>Adjustments</i> pursuant to the New CSA.
Payment of the Option Price:	Payment of the Option Price by the Option Holder shall be made either (a) by way of set-off against an existing debt owed by the Company to the Option Holder as at the date of the relevant Exercise Notice; or (b) by way of a Singapore dollar cheque or by banker’s draft or cashier’s order for the amount of the moneys payable in respect of the Options exercised.
Exercise Period:	The exercise period shall be the period commencing on and including the date of issue of the Options and expiring on the fifth (5th) anniversary of the date of issue of the Options, unless such date is a date on which the register of members is closed or is not a market day, in which event, such period shall end on the date prior to the closure of the register of members of the Company or immediate preceding market day (as the case may be) (the “Exercise Period”). At the expiry of the Exercise Period (the “Expiry Date”), the Options, if not exercised, shall lapse and cease to be valid for any purpose.
Exercise Date:	The exercise date, in relation to the exercise of the Options, shall be the market day (falling within the Exercise Period) on which the applicable conditions referred to in terms and conditions of the Options are fulfilled, or (if fulfilled on different days) on which the last of such conditions is fulfilled, provided that if any such day falls on a date when the register of members of the Company is closed, the option exercise date shall be the following market day on which the register of members is open (the “Exercise Date”). The Options which are exercised shall be treated as exercised on the Exercise Date, and shall immediately thereafter be cancelled on the Exercise Date.
Adjustments:	The Option Price and number of Options are subject to certain anti-dilution adjustments under circumstances provided for in the New

CSA. Such circumstances relate to, *inter alia*:

- (a) an issue by the Company of Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature or not) to its Shareholders (other than an issue of Shares to Shareholders who elect to receive Shares in lieu of cash or other dividend);
- (b) a Capital Distribution (as defined in the New CSA) made by the Company to its Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
- (c) any share split, consolidation, reclassification or subdivision of the Shares.

Notice of expiry:

The Company shall, not later than one (1) month before the Expiry Date, announce the Expiry Date on the SGXNet. Additionally, the Company shall, not later than one (1) month before the Expiry Date, take reasonable steps to notify the Option Holder in writing of the Expiry Date and such notice shall be delivered personally or by post to the address of the Option Holder.

Alteration to terms:

No material alteration to the terms of the Options after the issue thereof to the advantage of the Option Holder shall be made, unless the alterations are made pursuant to the terms and conditions of the Options or the prior approval of Shareholders in general meeting has been sought.

No modification or alteration shall materially adversely affect the rights attaching to any Option granted prior to such modification or alteration, except with the written consent of the Option Holders holding or representing not less than 50.0% of the Options for the time being unexercised.

Governing law:

Singapore.

6.2. Issue Size

It is expected that the Subscriber will hold Shares that will represent approximately 79.5% of the enlarged share capital of the Company, assuming the Proposed Share Consolidation, the maximum issuance of the Subscription Shares and Settlement Shares and assuming that the Options are fully exercised by the Subscriber but not taking into consideration any other Shares that may otherwise be issued. Shareholders are to note that this remains subject to the final Subscription Price and the Option Price.

In the event that the Company does not have at least 10% of the total number of Shares (excluding preference shares, convertible equity securities and treasury shares) that held by the public, it will undertake a compliance placement to be in compliance with Catalist Rule 723.

The Option Shares when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the SGX-ST and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of the Option Shares.

6.3. Authority to Allot and Issue the Options and Option Shares

The Company will be seeking specific Shareholders' approval for the Proposed Grant of Options and the allotment and issue of the Option Shares at an EGM to be convened pursuant to Catalist Rules 803, 805(1), 811(3) and 824.

6.4. Use of Proceeds

Assuming that all the Options are validly exercised, the aggregate gross proceeds from the issuance of Option Shares will be S\$16,291,200. No material expenses are expected to be incurred from the Proposed Grant of Options. The aggregate gross proceeds from the exercise of the Options shall be used by the Company in the following estimated proportions (the "**Option Proceeds**"):

Use of Proceeds	S\$'000	Percentage Allocation
Funding for new renewable energy related projects	13,033.0	80.0%
Working capital, which shall include but is not limited to the satisfaction of the Completion AP, payment of purchases, employees' salaries and outstanding balances in the ordinary course of business	3,258.2	20.0%
TOTAL	16,291.2	100.0%

Pending the deployment for the uses identified above, the Option Proceeds may be deposited with banks and/or financial institutions or invested in money market instruments and/or securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of Option Proceeds as and when such funds are materially disbursed, and provide a status report on the use of the Option Proceeds from the Proposed Grant of Options in the Company's interim and full year financial statements issued under Catalist Rule 705 and its annual reports. Where the Option Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Option Proceeds have been applied in the announcements and status reports. Where there is any material deviation from the stated use of Option Proceeds, the Company will announce the reasons for such deviation.

6.5. Catalist Rule 812

The Subscriber is not a person who falls within the categories set out in Catalist Rule 812(1). Accordingly, none of the Options will be placed by the Company to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Catalist Rule 812(1).

6.6. No Placement Agent

There is no placement agent appointed for the Proposed Grant of Options. The Proposed Grant of Options will be by way of a private placement pursuant to an exempted offer under Section 272B of the SFA. Hence, no prospectus or offer information statement will be issued in connection with the Proposed Grant of Options.

7. PRINCIPAL TERMS OF THE TERMSHEET AND THE PROPOSED CONVERTIBLE LOAN

7.1. Principal Terms of the Termsheet and the Proposed Convertible Loan

Parties to the Proposed Convertible Loan:	(a) The Subscriber; (b) the Company; (c) AM2; and (d) CES Hydro.
Principal Amount⁸:	Approximately S\$10,860,800, being the principal amount and other amounts, if any, due that are to be purchased under the OCBC Loan Purchase, after the capitalisation of S\$10,860,800 pursuant to the New CSA (the “Principal Amount”). The final principal amount of the Proposed Convertible Loan will be determined at a subsequent date but as soon as possible to facilitate the submission of the applications by the Company as required under the New CSA to the relevant authorities for the Proposed Transactions and the Proposed Convertible Loan.
Interest:	6% per annum, calculated on the basis of the actual number of days elapsed over a 365-day year, payable in cash (the “ Interest ”).
Interest Period:	6 months (semi-annually) (the “ Interest Period ”).
Disbursement Date:	The date falling on the later of (a) the completion date of the purchase of the loans from OCBC by the Subscriber and (b) the completion date of the New CSA, whichever is later.
Payment of Interest:	Interest is payable on the last day of each Interest Period.
Repayment Date:	Five (5) years from the Disbursement Date.
Security:	Substantially the same security as that as granted to OCBC (the “ Security ”).
Conversion Rights:	Conversion rights for the parties include (the “Conversion Rights”): (a) For as long as any part of the Principal Amount under the Proposed Convertible Loan is outstanding, the Subscriber shall have the option to convert the outstanding principal amount under the Proposed Convertible Loan at the Conversion Price (as defined below) into new Shares (the “Conversion Shares”). (b) CES Hydro shall have the option to convert all outstanding Principal Amount under the Proposed Convertible Loan at the Conversion Price into Conversion Shares on the Repayment Date. For the avoidance of doubt, all interests and any other costs stated to be payable under the Proposed Convertible Loan shall be payable in cash and shall not be subject to the Conversion Rights.
Conversion Price:	10% premium to the Subscription Price, subject to adjustment for any consolidation or subdivision of Shares (the “ Conversion Price ”).

⁸ Upon the completion of the OCBC Loan Purchase, the amounts owed by the Group to the Subscriber is in United States dollars. Pursuant to the Termsheet, it has been agreed that the Proposed Convertible Loan will be denominated in Singapore dollars at an agreed exchange rate as used in this announcement.

Conditions precedent:	The disbursement of the Principal Amount is conditional upon the Conditions under the New CSA.
Conditions subsequent:	Subsequent to the Disbursement Date, the Company shall, or shall procure its subsidiaries (as the case may be), as soon as possible but no later than three months after the signing of the definitive agreement for the Proposed Convertible Loan (the “ CLA ”), to effect the Security for the Proposed Convertible Loan.
Longstop date:	Nine (9) months from the date of the New CSA (or such other date as may be mutually agreed between the parties up to a further three (3) months).
CLA:	Each party to the Termsheet agrees that it will act in good faith and work together to finalise and to execute the CLA which is consistent with the provisions of the Termsheet as soon as reasonably practicable after signing the Termsheet. In the event that the CLA cannot be signed by the Longstop Date, the provisions of this Termsheet shall from such date terminate, save for certain provisions as stated in the Termsheet.
Representations, warranties and undertakings:	The CLA shall provide for the customary representations, warranties and undertakings in relation to the parties as well as customary undertakings.
Events of default:	The CLA shall provide for the customary events of default.
Governing law and jurisdiction:	The Termsheet and all matters arising from or in connection with it are governed by, and shall be construed in accordance with, the laws of the Republic of Singapore. Any dispute arising out of or in connection with the Termsheet, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the SIAC in accordance with the Arbitration Rules of the SIAC for the time being in force, which rules are deemed to be incorporated above. The seat of the arbitration shall be Singapore. The Tribunal shall consist of three (3) arbitrators. The language of the arbitration shall be in English.

7.2. Issue Size

It is expected that the Subscriber will hold Shares that will represent approximately 83.9% of the enlarged share capital of the Company, assuming the Proposed Share Consolidation, the maximum issuance of the Subscription Shares, the Settlement Shares, the Conversion Shares and assuming that the Options are fully exercised by the Subscriber but not taking into consideration any other Shares that may otherwise be issued. Shareholders are to note that this remains subject to the final Subscription Price, the Option Price and the Conversion Price.

In the event that the Company does not have at least 10% of the total number of Shares (excluding preference shares, convertible equity securities and treasury shares) that are held by the public, it will undertake a compliance placement to be in compliance with Catalist Rule 723.

The Conversion Shares when allotted and issued, are duly authorised, validly issued and credited as fully paid-up, free from any and all encumbrances, listed and tradable on the SGX-ST and rank *pari passu* with all other existing Shares, save that they will not rank for any dividends, rights, allotments, distributions or entitlements, the record date for which falls before the date of issue of the Conversion Shares.

7.3. Authority to Allot and Issue the Conversion Shares

The Company will be seeking specific Shareholders' approval for the Proposed Convertible Loan and the allotment and issue of the Conversion Shares at an EGM to be convened pursuant to Catalyst Rules 803, 805(1), 811(3) and 824.

7.4. Use of Proceeds

No proceeds will be disbursed under the Proposed Convertible Loan as the amounts have been purchased by the Subscriber under the OCBC Loan Purchase and is part of the OCBC Loan Restructuring.

7.5. Catalyst Rule 812

The Subscriber is not a person who falls within the categories set out in Catalyst Rule 812(1). Accordingly, the Proposed Convertible Loan will not be entered into by the Company with any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Catalyst Rule 812(1).

7.6. No Placement Agent

There is no placement agent appointed for the Proposed Convertible Loan. The Conversion Shares will be by way of a private placement pursuant to an exempted offer under Section 272B of the SFA. Hence, no prospectus or offer information statement will be issued in connection with the allotment and issue of the Conversion Shares.

8. FURTHER ANNOUNCEMENTS

As the terms of the Proposed Share Consolidation and the Proposed Debt Restructuring (both of which the Proposed Transactions and the Proposed Convertible Loan are inter-conditional on) have not been finalised, the Company will provide more details to its Shareholders in due course, including the issue size of the Subscription Shares, Options, Option Shares, the Conversion Shares, the Subscription Price, the Option Price, the Conversion Price and the financial effects of the Proposed Transactions and the Proposed Convertible Loan.

Further, the Company will also make the requisite announcements in compliance with the requirements of the Catalyst Rules, when there are material developments in respect of the Proposed Transactions, the Proposed Convertible Loan, the Proposed Divestments, the Proposed Debt Restructuring and the Proposed Share Consolidation.

9. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors and to the best of the knowledge of the Directors, none of the controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Transactions and the Proposed Convertible Loan, other than through their respective directorships and shareholdings in the Company, if any.

10. REGULATORY AND SHAREHOLDER APPROVALS REQUIRED

10.1. The Proposed Transactions and the Proposed Convertible Loan are subject to the conditions precedent as set out in the New CSA and the Termsheet, and includes the following:

- (a) the Whitewash Waiver granted by the SIC; and
- (b) approval of Shareholders for, *inter alia*, the Proposed Subscription, the Proposed Grant of Options, the transfer of controlling interest in the Company to the Subscriber and the approval of the independent Shareholders for the Whitewash Waiver, at the EGM to be convened.

- 10.2. Approvals will also be sought separately where necessary for the Proposed Divestments, the Proposed Share Consolidation and the Proposed Debt Restructuring (including the allotment and issue of the Settlement Shares).
- 10.3. Listing and quotation in relation to the Subscription Shares, the Option Shares, the Conversion Shares and any other new Shares as contemplated under this announcement will be sought for upon finalisation of all of the terms of the Proposed Share Consolidation and the Proposed Debt Restructuring (and any other transactions contemplated by the Company).
- 10.4. Upon the finalisation of the terms of the Proposed Share Consolidation and the Proposed Debt Restructuring (and any other transactions contemplated by the Company), the Company will make the requisite announcements in compliance with the requirements of the Catalist Rules and will also issue and despatch a circular to Shareholders containing the necessary information to seek for the approvals required.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the New CSA and the Termsheet are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 for a period of three (3) months commencing from the date of this announcement.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transactions and the Proposed Convertible Loan, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

13. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Transactions remain subject to, amongst others, the fulfilment of the Conditions and Financial Conditions under the New CSA and the Proposed Convertible Loan remain subject to the entry into the CLA and fulfilment of the conditions precedent thereto. **There is no certainty or assurance that the conditions precedent for the Proposed Transactions or the Proposed Convertible Loan can be fulfilled or that the Proposed Transactions or the Proposed Convertible Loan will be undertaken at all.** Although the Shares are under suspension, shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their shares or securities of the Company.

By Order of the Board

Tan Ser Ko
Director
18 January 2023

*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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