

CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199706776D)

RESPONSE TO QUERIES FROM SHAREHOLDER ON THE ANNUAL REPORT

The Board of Directors (the “**Board**” or the “**Directors**”) of Charisma Energy Services Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to:

- (1) the annual report of the Company for the financial year ended 31 December 2021; and
- (2) the notice of annual general meeting (the “**AGM**”) dated 19 April 2023 relating to the Company’s AGM to be held by way of electronic means on Thursday, 4 May 2023 at 9.30 a.m..

The Company has received certain questions from a shareholder of the Company and would like to thank the shareholder for submitting the questions in advance of the AGM.

Please see below for the Company’s responses to the questions received from the shareholder as of 26 April 2023:

Question 1

What is stopping the Company to finalize FY22 results? Please provide full explanation.

Company’s Response

We refer to our announcement dated 17 March 2023 on the Company’s application for a further extension of time for, *inter alia*, the finalisation of the FY2022¹ results. Unless otherwise defined, capitalised terms used shall have the meanings as ascribed in the said announcement.

As set out in the said announcement,

- the Company, the creditors and the Investor, being Yin Khing Investments Limited (the “**Investor**”), were not able to reach an agreement in relation to the terms and conditions of the Proposed Debt Restructuring². Pursuant to which, the Longstop Date² of the Conditional Subscription Agreement entered into on 10 January 2022 had lapsed on 9 July 2022 (reference: announcement on 12 July 2022);
- the Company had 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. (reference: announcement dated 18 January 2023);
- the exercise of preparing and finalising the FY2021 AR¹, 1Q2022 Results¹, 2Q2022 Results¹, 3Q2022 Results¹, FY2022 Results¹ and 1Q2023 Results¹ involves the making of (1) appropriateness of going concern assumptions; and (2) critical accounting estimates; and

¹ Please refer to the announcement dated 17 March 2023 for definition of the terms

² Please refer to the announcement dated 18 January 2023 for definition of the terms

- with the entry into the New CSA as described above, the Company has better clarity to determine the actual impact on the FY2021 AR, 1Q2022 Results, 2Q2022 Results, 3Q2022 Results, FY2022 Results and 1Q2023 Results to ensure that these financial statements present a true and fair view of the financial performance and position of the Group.

The preparation of the results took time and the Company had also faced constraints of limited resources.

The Company has since managed to prepare the unaudited results for the following periods:

- a) 3 months ended 31 March 2022;
- b) 6 months and half year ended 30 June 2022; and
- c) 9 months ended 30 September 2022.

The unaudited condensed interim financial statements for the above 3 periods were released via SGXNet on 7 April 2023.

The Company is currently working to finalise the FY2022 results to be released no later than 3 July 2023 and is targeting to complete the audit of FY2022 results by 14 July 2023.

Question 2

By God grace we can see a hope for the company to return back from suspension unlike Ezra or Ezion who is RIP. I thank management for your effort to keep it alive. When is the likely date for the company to return back from suspension?

Company's Response

The Company will be required to submit a proposal for the resumption of trading (the “**Resumption Proposal**”) to the SGX RegCo for approval.

As set out in the Company's announcement on 31 January 2023, the Company needs time to be able to come up with a viable Resumption Proposal to be submitted to the SGX RegCo by 30 June 2023, due to the following:

(a) due to the revision of the terms of the New CSA, the Company will need to renegotiate and revise the terms with the other lenders / creditors under the Proposed Debt Restructuring. The Group is of the view that additional time will be required for this process as there are multiple key creditors involved and due to the complexity in managing the requirements of all parties;

(b) time will be required to prepare, review, negotiate, finalise and execute the documentation required for all of the transactions contemplated, to reflect the requirements of all parties involved; and

(c) the Company will only be able to prepare and submit the Resumption Proposal after renegotiating with all parties involved in the Proposed Debt Restructuring so that the terms on which the Resumption Proposal are based on will be finalised.

The completion of the New CSA is contingent upon successful completion of the key milestones as previously disclosed, including the approval for resumption of trading. The Company is working towards meeting these milestones before the long-stop date for the New CSA. As mentioned in the Company's announcement dated 18 January 2023, the long-stop date to complete the New CSA is in October 2023 (or such other date as may be mutually agreed between the Company and the Investor up to a further three (3) months).

Question 3

Did the board of directors and senior management take a pay cut during this challenging period and what was the figure in terms of percentage of the original salary? If not, why not?

Company's Response

The Company would like to share that the Chief Executive Officer of the Company has taken a pay cut of 40% and the payroll for remaining staff have been cut by an average of 24% during this challenging period. In view of the Company's situation, the Chief Executive Officer of the Company had not been granted bonus for the last 5 years.

The directors' fees for the non-executive and independent directors for FY2021¹ and FY2022 which remained substantially unpaid are subjected to the Scheme of Arrangement² and recovery is similar to the other unsecured creditors. The Scheme of Arrangement is still on-going and is subjected to adjudication but the expected recovery will be both in cash and in shares.

Question 4

Based on SGX filing of the audited result of FY2021, company has accumulated loss of US\$344 mill. Based on current situation, how long will be company take to recover all the losses incurred? If you are not able to estimate, do you think it make sense to continue with the company and why?

Company's Response

The management of the Company is working towards preserving the shareholders' value by maintaining it as a going concern. In a liquidation scenario, it is likely that there would be no recovery for the shareholders.

The accumulated losses of the Company were primarily due to the legacy oil and gas business. With the completion of the New CSA, the Company is of the view that the prospects of the Company would be improved as the Company is able to have a capital injection which will recapitalise the Company and provide access to funds for its business and operations.

Question 5

Can the board publish actual salary of the all the board members and senior management team? If not why not? Given that company is in life-support mode, the Board and senior management need to take some accountability and responsibility for this situation of the company. Otherwise Board will not be God fearing as it is trying to portrait itself.

Company's Response

The Company will strive to be in compliance with the SGX disclosure requirements for the disclosure of remuneration for board members and executive team.

The Board is mindful about its accountability and responsibilities and will use its best endeavours to preserve value for its stakeholders. Nonetheless, the Company seeks understanding that the current situation faced by the Group is caused by macroeconomic conditions e.g. the oil crisis and the economic crisis in Sri Lanka, which are beyond the Board's control.

Question 6

Can the board consider paying significant portion of the directors salary/fee using company stock instead of cash so that board members also can get some pleasure holding company shares?

Company's Response

Please refer to point 3 above for the Company's response to this question.

By Order of the Board

Tan Ser Ko
Director
28 April 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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