ANNUAL REPORT 2019

CHARISMA ENERGY

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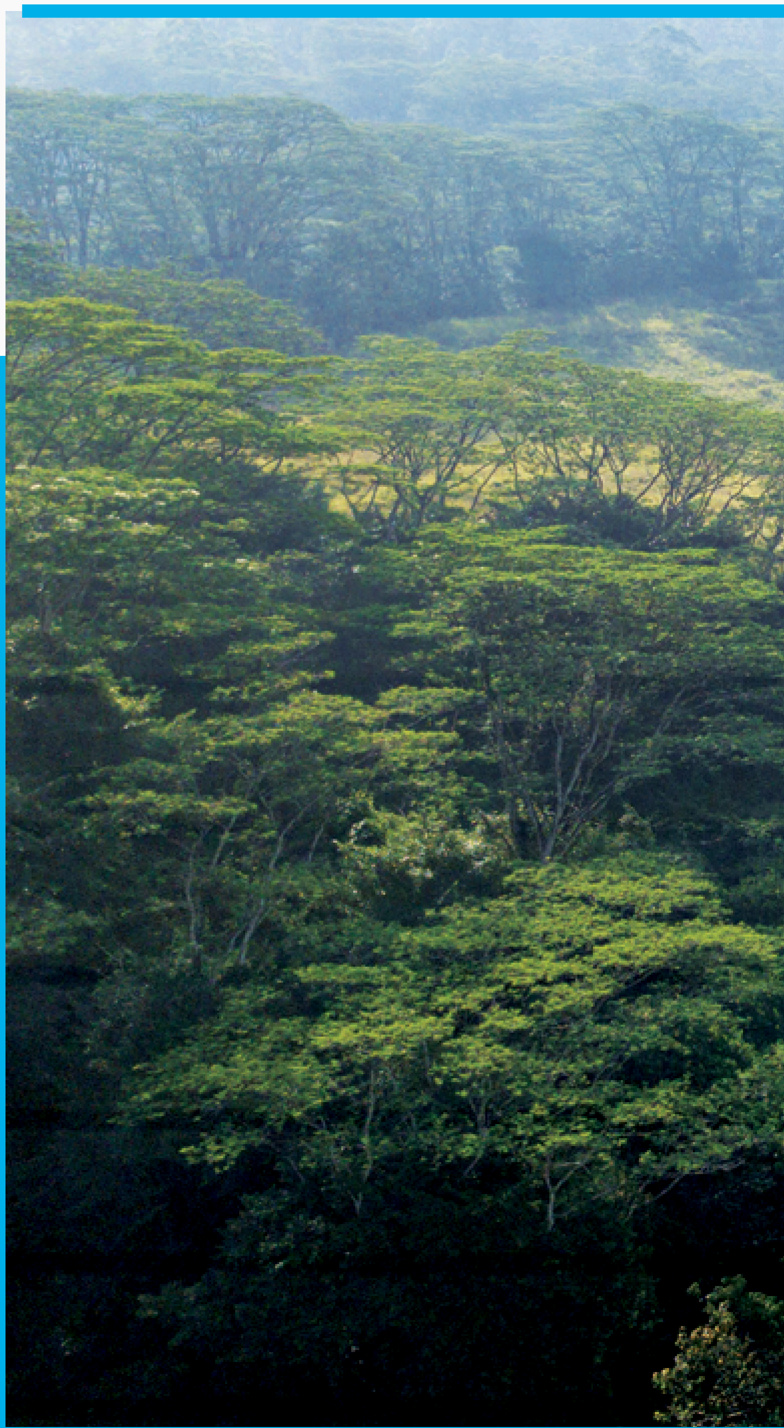
This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

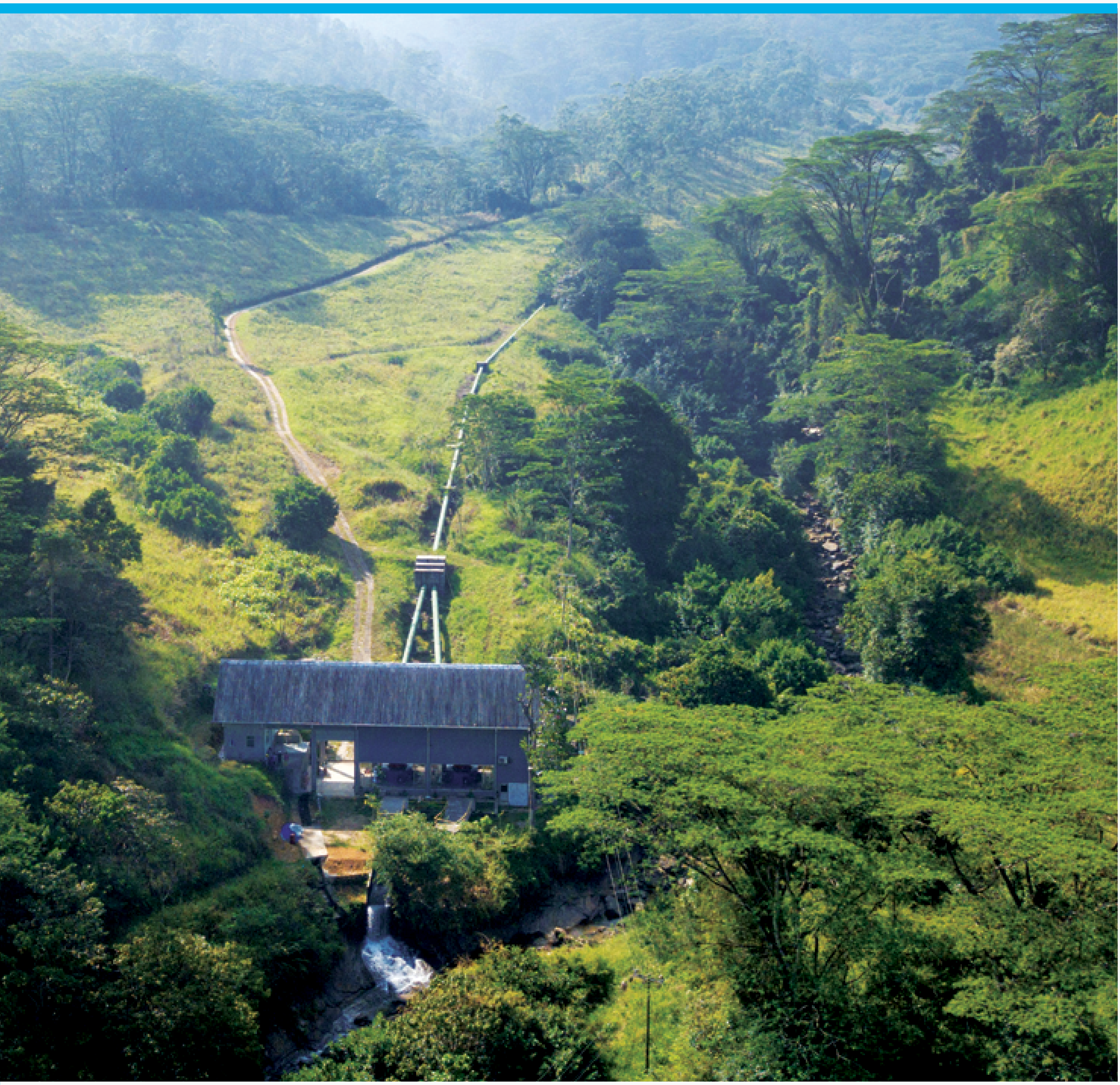
The contact person for the Sponsor is Ms Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).



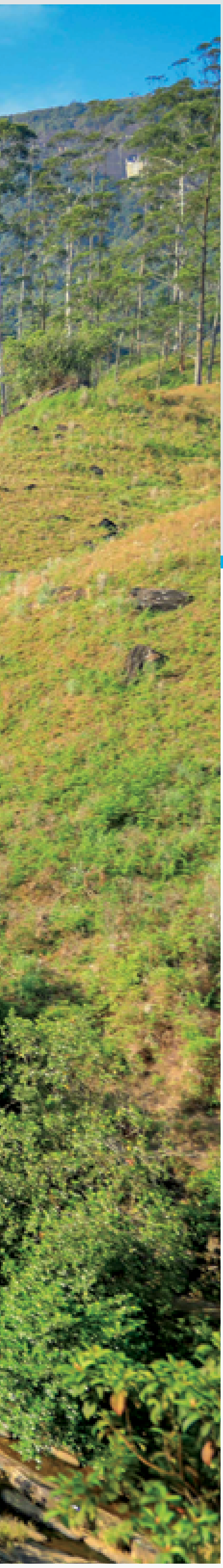
REVIEW

FINANCIALS

THE GROUP CONTINUES TO FOCUS ON ITS BUSINESS OPERATIONS IN RENEWABLE ENERGY DURING THE YEAR.



LETTER TO SHAREHOLDERS



THE BUSINESS OPERATIONS OF THE GROUP'S RENEWABLE PROJECTS... ARE RUNNING SMOOTHLY AND HAVE CONTRIBUTED POSITIVE OPERATING CASHFLOW TO THE GROUP THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW.

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we present to you the annual report of Charisma Energy Services Limited (the "Company", or together with its subsidiaries, the "Group") for the financial year ended 31 December 2019 ("FY2019").

The Group continues to focus on its business operations in renewable energy during the year. The business operations of the Group's renewable projects in hydro power plant in Sri Lanka and the photovoltaic power plant in Hubei, China under the Group's subsidiaries, as well as the photovoltaic power plant of the Group's joint venture in Rajasthan, India, are running smoothly and have contributed positive operating cashflow to the Group throughout the financial year under review.

During FY2019, the Group successfully extended the tenure of the loan to one of its subsidiaries for seven years from November 2019. The extension on the tenure of this loan resulted in improvement of the Group's cash flows. The Group had also completed on the disposal of its marine and offshore oil and gas services assets on the entire share capital of Mustang Operations Center 1 LLC and the accommodation module at Port Melville, located in the Northern Territory of Australia. Proceeds from these disposals were largely applied towards reduction of the Group's financial liabilities.

LETTER TO SHAREHOLDERS

On the financial performance, the Group's revenue in FY2019 decreased by 23% to US$13.3 million mainly due to lower rainfall during the year that resulted in lower revenue from the hydro power plant, as well as suspension in revenue recognition in certain hydro plants, that are pending finalization of the renewal of the power purchase agreements. The Group had carried out an assessment on impairments of its assets and other financial assets in FY2019, and recognised impairments amounting to US$18.4 million. This resulted in a net loss of US$26.7 million reported for FY2019. The Group generated US$3.8 million of net operating cash flows during the year.

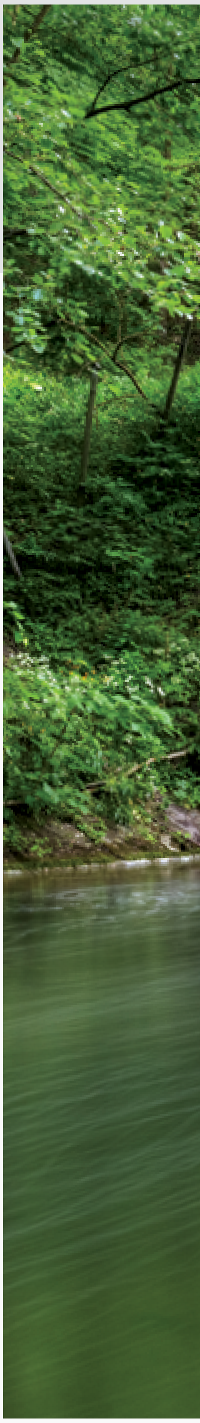
As disclosed previously, the Group is currently in a net liability position and until the financial restructuring of the Group is completed, there are uncertainties that may cast doubt on the Group's ability to continue as a going concern.

We are appreciative to our fellow directors for their continued guidance and support. To our bankers, we are grateful for every dispensation of grace and kindness. We are also much indebted to our consultants and the professional team that have been assisting us through this difficult period. Last but not least, we thank you for your patience.

We thank God for his grace upon us for the last twelve months. May the peace of the Lord be with you all.

MR. TAN SER KO
Chief Executive Officer & Executive Director

MR. CHEW THIAM KENG
Non-Executive Chairman



THE GROUP GENERATED US$3.8 MILLION OF NET OPERATING CASH FLOWS DURING THE YEAR.

BOARD OF DIRECTORS

01

MR. CHEW THIAM KENG

Non-Executive Chairman & Non-Executive Director

Mr. Chew Thiam Keng was appointed to the Board as Non-Executive Chairman of the Board on 20 February 2013 and was last re-elected on 26 April 2018. Mr. Chew is currently the Chief Executive Officer and Executive Director of Ezion Holdings Limited ('Ezion') and he was appointed to the Board of Ezion on 1 March 2007. Prior to this, he was the Managing Director / Chief Executive Officer of KS Energy Services Limited for about five years and was an Executive Director of Kian Ann Engineering Limited between 1996 and November 2001. Before that, he was with the Development Bank of Singapore Limited for nine years working in areas of banking such as corporate finance and retail banking. Mr. Chew holds a Master Degree in Business Administration from the University of Hull and Bachelor Degree (Honours) in Mechanical Engineering from the National University of Singapore. He previously served as Independent Non-Executive Director of Pharmesis International Limited.

02

MR. TAN SER KO

Chief Executive Officer & Executive Director

Mr. Tan Ser Ko was first appointed to the Board as Non-Executive and Independent Director of the Company on 29 July 2011 and was re-designated as Executive Director on 1 March 2012. Mr. Tan was appointed Chief Executive Officer of the Company on 1 October 2014 and was last re-elected as Executive Director on 30 April 2019. As Chief Executive Officer, he is responsible for overseeing the strategic planning, corporate management, daily operations, business development and performance of the Group. Mr. Tan is also a Non-Executive Director of Alpha Energy Holdings Limited. Mr. Tan has 21 years of experience in banking, finance and investment. After serving his scholarship bond with the Singapore Armed Forces, he started his banking career in consumer and enterprise banking. His past directorships in companies listed on the SGX-ST include Contel Corporation Limited, M Development Limited and Surface Mount Technology (Holdings) Limited. Mr. Tan holds a Bachelor of Engineering Degree from the National University of Singapore.

03

MR. ENG CHIAW KOON

Non-Executive Director

Mr. Eng Chiaw Koon has over 27 years of senior management, business development and mergers and acquisitions experience across various industries. Mr. Eng is currently the Deputy Chief Executive Officer of Ezion Holdings Limited. He was previously the Managing Director and Executive Director of AusGroup Limited. Prior to that, he was the Chief Executive Officer of Aqua-terra Supply Co. Ltd. where he grew and led the company to be listed on the Singapore Exchange, and was the Chief Operating Officer of KS Distribution Pte Ltd, a subsidiary of KS Energy Limited. With a background in the electronics industry specialising in process audit, vendor quality and management, Mr. Eng set up Aero-Green Technology (S) Pte Ltd in 1996 to pioneer the commercialisation of aeroponic technology, with the Company winning the first Asian Innovation Award from the Far Eastern Economic Review in 1998 and a UN Urban Agriculture Award in 2000. Mr. Eng holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.

04

MR. SIMON DE VILLIERS RUDOLPH

Independent Non-Executive Director

Mr. Simon de Villiers Rudolph was appointed as Independent Non-Executive Director of the Company on 1 July 2013 and was last re-elected on 25 April 2017. He currently serves as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mr. Rudolph had retired from the asset manager, Franklin Templeton, having worked as a portfolio manager for nearly 18 years. He has nearly 32 years of extensive knowledge and experience of business across the world, notably in Asia Pacific, Middle East and North Africa in particular, with specific focus on fund management. Mr. Rudolph holds a degree in Economic History from the University of Durham in the United Kingdom and is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales (ICAEW). Mr. Rudolph previously served as Independent Non-Executive Director of Giordano International Limited, a company listed on the Hong Kong Stock Exchange.

05

MR. CHENG YEE SENG

Independent Non-Executive Director

Mr. Cheng Yee Seng was appointed as Independent Non-Executive Chairman of the Board and Independent Non-Executive Director of the Company on 16 May 2011. He stepped down as the Chairman of the Board on 20 February 2013 and remains on the Board as an Independent Director. He currently serves as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He was last re-elected as a Director on 25 April 2017. Prior to joining the Group, he was an Executive Director of Penguin International Ltd and Non-Executive Chairman and an Independent Director of Enzer Corporation Ltd. He is currently a Director of Modz Pte Ltd. Mr. Cheng has varied experience working in the areas of investment, mergers and acquisitions, finance, company secretarial work, contracts and legal matters. Currently, he is a businessman having his main operations based in China. Mr. Cheng holds a Bachelor of Laws (Honours) degree from the University of London, a Bachelor of Accountancy degree from the Singapore University, and a Master degree in Business Administration from the University of Hull.

06

MR. LIM CHEN YANG

Independent Non-Executive Director

Mr. Lim Chen Yang was appointed as an Independent Non-Executive Director of the Company on 26 July 2011 and was last re-elected on 26 April 2018. He currently serves as the Chairman of the Nominating Committee, as well as a member of the Audit and Remuneration Committees. Mr. Lim is also a Director of Urban Harvest Pte Ltd. Mr. Lim has more than 15 years of experience in banking and administration. He started his banking career with Maybank Singapore after graduation. Mr. Lim holds a Bachelor of Arts Degree from the National University of Singapore.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chew Thiam Keng
Mr. Tan Ser Ko
Mr. Eng Chiaw Koon
Mr. Simon de Villiers Rudolph
Mr. Cheng Yee Seng
Mr. Lim Chen Yang

COMPANY SECRETARIES

Mr. Tan Wee Sin
Ms. Wong Foong Yee

SPONSOR

PrimePartners
Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318
Registered Professional:
Ms. Gillian Goh

AUDIT COMMITTEE

Mr. Simon de Villiers Rudolph
(Chairman)
Mr. Cheng Yee Seng
Mr. Lim Chen Yang

REGISTERED OFFICE

438B Alexandra Road #05-08/10
Alexandra Technopark
Singapore 119968
Tel: (65) 6571 0200
Fax: (65) 6571 0202

PRINCIPAL BANKERS

Oversea-Chinese Banking
Corporation Limited
Malayan Banking Berhad
DBS Bank Limited
CIMB Bank Berhad

REMUNERATION COMMITTEE

Mr. Cheng Yee Seng *(Chairman)*
Mr. Simon de Villiers Rudolph
Mr. Lim Chen Yang

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Tricor Barbinder
Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

NOMINATING COMMITTEE

Mr. Lim Chen Yang *(Chairman)*
Mr. Cheng Yee Seng
Mr. Simon de Villiers Rudolph

AUDITORS

KPMG LLP
16 Raffles Quay #22-00 Hong
Leong Building Singapore 048581
Partner-in-charge:
Loo Kwok Chiang, Adrian
(Appointed since financial year ended 31 December 2019)

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Charisma Energy Services Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") recognise the importance of and are committed to maintaining a high standard of corporate governance within the Group. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2019 ("**FY2019**") with references to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), the accompanying practice guidance (the "**Guide**") issued on 6 August 2018 by the Monetary Authority of Singapore, and guidelines from Code of Corporate Governance 2012 ("**Code 2012**") which are still in effect. The Company has complied with the principles and guidelines as set out in the Code and the Guide, where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and Code 2012.

(A) BOARD MATTERS

The Board's Conduct of its Affairs
Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Company is led by an effective Board of Directors (the "**Board**") comprising a majority of Non-Executive Directors. Each Director brings to the Board his skills, experience and insights, which together with strategic networking relationships, serve to further the interests of the Company. At all times, the Directors are collectively and individually obliged to act in good faith, provide insight and consider at all times the best interests of the Company.

The Board oversees the business affairs of the Group and works with the Management to achieve the objectives set for the Group. To ensure smooth operation and facilitate decision-making, and at the same time ensure proper controls, the Board has delegated some of its powers to the board committees and the Management. The board committees and the Management remain accountable to the Board.

As at date of this report, the Board has six members and comprises the following:

Name of Director	Designation
Mr. Chew Thiam Keng	Non-Executive Chairman
Mr. Tan Ser Ko	Executive Director and Chief Executive Officer ("CEO")
Mr. Simon de Villiers Rudolph	Independent Non-Executive Director
Mr. Cheng Yee Seng	Independent Non-Executive Director
Mr. Lim Chen Yang	Independent Non-Executive Director
Mr. Eng Chiaw Koon[1]	Non-Executive Director

[1] Mr. Eng Chiaw Koon was appointed as Non-Executive Director with effect from 1 February 2020.

The main responsibilities of the Board are:

(i) to provide entrepreneurial leadership and guidance and put in place an effective management team;

(ii) to review and approve broad policies, set strategies and objectives of the Group;

(iii) to review and approve business plans and annual budgets, major funding including capital management proposals, major investment and disposal proposals;

(iv) to review at least annually the adequacy and effectiveness of the Group's risk management and internal control systems;

(v) to review and monitor the Group's financial performance and the performance of Management;

(vi) to review and appoint CEO and Directors as well as Board Committees; and

(vii) sets the tone in respect of ethics, values, culture and standards, and ensuring proper accountability within the Company.

Matters and transactions that require the approval of the Board include, amongst others, the following:

(i) matters in relation to the overall strategy and management of the Group;

(ii) material changes to the Group's management and control structure;

(iii) matters involving financial reporting and dividends;

(iv) major/strategic acquisitions and disposal of investments not in the ordinary course of business; and

(v) matters which require approval as specified under Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of the Catalist (**"Catalist Rules**"), Companies Act, Chapter 50 of Singapore (the "**Companies Act**") or other relevant laws and regulations.

The Board has established three board committees, namely the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**") (collectively, the "**Board Committees**"). These Board Committees function within clearly defined terms of reference and operating procedures, which were approved by the Board.

The Board held five meetings in FY2019. Ad-hoc meetings are convened as and when warranted by circumstances. Dates of Board meetings, Board Committee meetings and Annual General Meetings ("**AGM**") are scheduled in advance in consultation with the Directors to assist them in planning their attendance. A Director who is unable to attend a Board or Board Committee meeting physically may participate via telephone conference or other electronic and telegraphic means. The Constitution of the Company provide for the meetings to be held via telephone conference and other electronic or telegraphic means. In addition, matters requiring decisions of the Board are approved by way of written resolutions of the Board.

The attendance of the Directors at the AGM as well as meetings of the Board and Board Committees during FY2019 is disclosed below:

Type of Meetings	AGM	Board	AC	NC	RC
Total No. Held	1	5	5	1	1
Name of Director			**No. of Meetings Attended**		
Mr. Chew Thiam Keng	1	4	N.A.	N.A.	N.A.
Mr. Tan Ser Ko	1	5	N.A.	N.A.	N.A.
Mr. Wong Bheet Huan(1)	1	5	N.A.	N.A.	N.A.
Mr. Simon de Villiers Rudolph	1	4	4	1	1
Mr. Cheng Yee Seng	1	5	5	1	1
Mr. Lim Chen Yang	–	5	5	1	1
Mr. Eng Chiaw Koon(2)	N.A.	N.A.	N.A.	N.A.	N.A.

(1) Mr. Wong Bheet Huan resigned as Executive Director with effect from 31 January 2020.
(2) Mr. Eng Chiaw Koon was appointed as Non-Executive Director with effect from 1 February 2020.

N.A. – Not applicable

The Company believes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge of its duties effectively. The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All Directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary.

All newly appointed Directors will be briefed on the business activities, strategic directions, policies and corporate governance practices of the Group. A formal letter of appointment is provided to all new Directors setting out, among other things, a Director's duties and obligations.

In addition, as required under the Catalist Rules, a new Director who has no prior experience as a Director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment. There was no appointment of first time Directors in FY2019.

Mr. Eng Chiaw Koon was appointed as Non-Executive Director with effect from 1 February 2020. Mr. Eng Chiaw Koon, being a Director of a company listed on the Singapore Stock Exchange, is not required to attend the Listed Entity Directors Programme conducted by the Singapore Institute of Directors under Rule 406(3)(a) of the Catalist Rules.

Directors are also provided with briefings and updates from time to time by professional advisors, auditors and Management on relevant practices, new laws, rules and regulations, Directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors. The CEO updates the Board at each meeting on business and strategic developments of the Group and industry. Informal meetings are held for Management to brief Directors on prospective deals and potential developments in the early stages before formal Board approval is sought.

Directors are informed and encouraged to attend relevant training programmes organised by the Singapore Institute of Directors and may suggest training topics, the funding of which will be provided by the Company.

During FY2019, Directors were briefed by the external auditor on the developments in financial reporting, governance standards and issues which have a direct impact on financial statements so as to enable them to discharge their duties and responsibilities as Board members or Board Committee members.

The Board has separate and independent access to the Company Secretaries and the Management. The role of the Company Secretaries include responsibility for ensuring the Board's procedures are followed and that the applicable rules and regulations are complied with. At least one of the Company Secretary attends and prepares minutes of meetings of the Board, Board Committees and shareholders. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each member of the Board also has direct access to the Group's independent professional advisors as and when necessary to enable each member to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board comprises of six members, five of whom are Non-Executive Directors, of which three are independent. Given the scale of operations of the Group, the Board is of the view that its current size is appropriate. The Non-Executive Directors make up a majority of the Board. As the Independent Directors make up half of the Board and there is a strong independent element on the Board with Independent Directors frequently voicing out their views and challenging the Management's assumptions, the Board is of the view that it is able to exercise independent and objective judgement to make decisions in the best interest of the Company and hence need not comprise of a majority of Independent Directors. Independent Directors make up at least one-third of the Board, as required under Guideline 2.1 of Code 2012.

The Directors come from different background and possess different core competencies, qualifications and skills. The Board comprises members with vast management experience, industry knowledge, strategic planning experience and includes professionals with financial, accounting and legal backgrounds. They bring with them a wealth of experience that enhances the overall quality of the Board.

The NC reviews and considers the size and composition of the Board and the Board Committees annually to ensure that there is an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as age, so as to avoid groupthink and foster constructive debate. The NC considers the present Board size and composition appropriate, taking into account the business and scale of operations of the Group. The NC is of the view that the Board and Board Committees comprises Directors who have the relevant skills and knowledge, expertise and experiences as a group for discharging the Board's duties. There is no formal diversity policy adopted by the Company as it is in the midst of restructuring its loans and operations. Notwithstanding that the Company does not have a diversity policy, the Board will consider adopting a formal diversity policy once it has completed its restructuring.

The Board and Management engage in open and constructive debate for the furtherance and achievement of strategic objectives. All Board members are provided with relevant and sufficient information on a timely basis and Non-Executive Directors may challenge Management's assumptions and also extend guidance to Management, in the best interest of the Group.

The Non-Executive Directors meet as warranted, in the absence of key management personnel, to discuss concerns or matters such as the effectiveness of Management. The Non-Executive Directors met and communicated among themselves without the presence of the Management once during FY2019.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The offices of the Chairman and CEO are separate. The Chairman of the Board, Mr. Chew Thiam Keng, is a Non-Executive Director. Mr. Chew leads the Board and ensures that the Board members engage the Management in constructive discussions on various strategic issues. The CEO, Mr. Tan Ser Ko, is an Executive Director. Mr. Tan is responsible for the business directions and operational decisions of the Group. The Chairman and the CEO are not related to each other.

The responsibilities of the Chairman are as follow:

(i) ensures that Board meetings are held as and when necessary;

(ii) leads the Board to ensure the effectiveness of each Board meeting;

(iii) sets the agenda for Board meetings in consultation with the CEO/Executive Director;

(iv) monitors communications and relations between the Company and its shareholders, between the Board and Management, and between Executive and Non-Executive Directors, with a view to encourage constructive relations and dialogue among them;

(v) works to facilitate the effective contribution of Non-Executive Directors; and

(vi) assists to ensure proper procedures are introduced to comply with the Code.

In consideration of the strong independent element on the Board, with the Independent Directors making up half of the Board, whom voices out their concerns and challenges Management's assumptions, the Board is of the view that it is able to exercise independent and objective judgement on the corporate affairs of the Group.

The Board is of the view that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is based on collective decision of the Directors, without any concentration of power or influence residing in any individual. In view thereof, there is no need for the Company to have a lead Independent Director. The Board is of the view that the Independent Directors are available to shareholders during the general meetings where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Board Membership
Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following Independent Non-Executive Directors:

Mr. Lim Chen Yang	Chairman
Mr. Cheng Yee Seng	Member
Mr. Simon de Villiers Rudolph	Member

The principal duties of the NC, as set out in its terms of reference include:

(i) identifying candidates and making recommendations for all Board appointments and re-nomination or continuation in office of any Director;

(ii) reviewing the Board structure, size and composition, and making recommendations to the Board with regard to any adjustments that are deemed necessary;

(iii) determining the independence of Directors annually;

(iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations, and proposing internal guidelines in relation to multiple board representations;

(v) deciding how the performance of the Board may be evaluated and proposing objective performance criteria; and

(vi) recommending process and procedures for assessing the effectiveness of the Board as a whole, its Board Committees and the contributions by each individual Director to the effectiveness of the Board.

The NC acknowledged the importance of succession planning for Directors and Chief Executive Officer and was satisfied with the existing board composition. In view of the ongoing debts and organisational restructuring of the Group, the Board has assessed and concurred with the NC's recommendation that the Board and Chief Executive Office succession plans will be on hold and will be reviewed at a later stage. There is currently no succession plan in place for key management personnel. The NC and the Board will consider implementing such succession plan upon the completion of the Group's restructuring plans.

Directors are encouraged to attend relevant training programmes organised by the Singapore Institute of Directors and may suggest training topics, which are subject to Management's approval and the funding of which will be provided by the Company. During FY2019, Directors were briefed by the external auditor on the developments in financial reporting, governance standards and issues which have a direct impact on financial statements so as to enable them to discharge their duties and responsibilities as Board members or Board Committee members. News releases issued by the SGX-ST which are relevant to the Directors are also circulated to the Board for information.

For selection and appointment of new Directors, the NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board. The search and nomination process for new Directors will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates. The NC would meet and interview the shortlisted candidates to assess their suitability. The NC will review and recommend the selected candidate to the Board for consideration and approval. The NC ensures that newly appointed Directors are aware of their duties and obligations. Newly appointed Directors during the year shall hold office only until the next AGM of the Company and shall be eligible for re-election.

The existing Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. Pursuant to Article 95 of the Company's Constitution and the Catalist Rules, one third of the Board are to retire from office by rotation and these Directors are eligible to offer themselves for re-election at the AGM. The NC would assess the performance of the incumbent Director due for re-election in accordance with the performance criteria set by the Board; and consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would propose the re-nomination of the Director to the Board for its consideration and approval.

Information in respect of the academic and professional qualification, and directorship or chairmanship, both present and those held over the preceding three years in other listed companies, of the Directors are set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Directors' Statement" section of the Annual Report.

The dates of initial appointment and last re-election of each of the Directors are set out as follows:

Name of Director	Designation	Date of initial appointment	Date of last re-election
Mr. Chew Thiam Keng	Non-Executive Chairman	20 February 2013	26 April 2018
Mr. Tan Ser Ko	Executive Director and CEO	29 July 2011	30 April 2019
Mr. Wong Bheet Huan(1)	Executive Director	1 October 2014	30 April 2019
Mr. Simon de Villiers Rudolph	Independent Non-Executive Director	1 July 2013	25 April 2017
Mr. Cheng Yee Seng	Independent Non-Executive Director	16 May 2011	25 April 2017
Mr. Lim Chen Yang	Independent Non-Executive Director	26 July 2011	26 April 2018
Mr. Eng Chiaw Koon(2)	Non-Executive Director	1 February 2020	-

(1) Mr. Wong Bheet Huan resigned as Executive Director with effect from 31 January 2020.

(2) Mr. Eng Chiaw Koon was appointed as Non-Executive Director with effect from 1 February 2020.

Pursuant to Article 95 of the Company's Constitution, Mr. Cheng Yee Seng and Mr. Simon de Villiers Rudolph, the Independent Non-Executive Directors, will be retiring by rotation at the forthcoming AGM and both being eligible, had consented to stand for re-election as Directors at the forthcoming AGM.

Pursuant to Article 77 of the Company's Constitution, Mr. Eng Chiaw Koon, the Non-Executive Director, will be retiring at the forthcoming AGM and being eligible, had consented to stand for re-election as Director at the forthcoming AGM.

The NC has recommended that the abovementioned Directors be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered and is satisfied with the Directors' overall contributions and performance. The Board has assessed and concurred with the NC's recommendation.

Information regarding the Directors nominated for re-election/re-appointment, including the information required under Appendix 7F of the Catalist Rules is given in the "Board of Directors" section and on pages 143 to 151 of the Annual Report.

The NC had reviewed the declaration of independence provided by each of the Independent Directors in accordance with the Code and Catalist Rules. The NC and Board consider a Director to be independent if he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Company. Under the Catalist Rules, a Director will not be independent if (i) he is employed or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; and (ii) he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for any of the past three financial years, and whose remuneration is or was determined by the RC of the Company.

The NC, taking into consideration the above, determined that Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang are independent according to the Code and Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code and Catalist Rules.

There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code and Catalist Rules that would otherwise deem him not to be independent.

In the course of the year, the NC also assessed the independence of Board members in light of Guideline 2.4 of the Code 2012, which requires that the independence of any Director who has served on the Board beyond nine (9) years from the date of first appointment be subject to particularly rigorous review. Mr. Cheng Yee Seng has served on the Board for more than nine (9) years since his first appointment as Director.

The NC recognises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time. Mr. Cheng is determined to be independent subsequent to rigorous review by the NC. He continues to express his viewpoints, debate issues and objectively scrutinise and challenge Management. He also seeks clarification and amplification as deemed required in discharging his duties as Independent Director. After careful consideration of the relevant factors and to avoid an abrupt loss of a member with experience and institutional memory, the Board has determined that the tenure of Mr. Cheng has not affected his independence or ability to bring judgment to bear in his discharge of his duties as an Independent Director and member of the Board Committees. In the determination of the independence of Mr. Cheng by the NC, he had recused himself from the discussion and decision-making on the matter.

The NC noted Rule 406(3)(d)(iii) of the Catalist Rules, which will come into effect from 1 January 2022, that a Director will also not be independent if he has been a Director for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an Independent Director has not been sought and approved in separate resolution by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the Directors or Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officers.

In view of the above, the NC noted that the approval by way of two-tier shareholders' vote will be required on or before 1 January 2022 for Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang to remain as Independent Directors.

The Board has not capped the maximum number of listed company board representations each Director may hold. The NC and the Board are of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many factors such as whether they were in full time employment and their other responsibilities and commitments. The NC does not wish to omit from consideration of any outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments effectively while serving on the Board.

In assessing the capacity of Directors, the NC considers, amongst others, the following:

(i) Expected and/or competing time commitments of Directors, including whether such commitment is in a full-time or part-time employment capacity;

(ii) Geographical location of Directors;

(iii) Size and composition of the Board;

(iv) Nature and scope of the Group's operations and size; and

(v) Capacity, complexity and expectations of the other listed directorships and principal commitments held, if any.

The measures and tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- Declarations by individual Directors of their other listed company board directorships and principal commitments; and
- Attention to the Company's affairs, having regard to his other commitments.

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the NC is satisfied that the Directors continue to meet the demands of the Group and are discharging their duties adequately.

The Company does not have any alternate Director.

Board Performance
Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

The performance of the Board is ultimately reflected in the long-term performance of the Company.

The Board, through the delegation of its authority to the NC, had made its best efforts to ensure that each Director possesses the experience, knowledge and skills critical to the Group's business. This is necessary to enable the Board to make sound and well-considered decisions. The NC, in considering the nomination of any Director for re-election, will evaluate the performance of the Director involved. Renewal or replacement of Directors does not necessarily reflect their contribution to-date, but may be driven by the need to position and shape the Board in line with the needs of the Group and its business.

The NC has in place a formal evaluation process for assessing the Board as a whole, the Board Committees and contribution of individual Directors to the effectiveness of the Board. The performance criteria for the Board evaluation are in respect of Board composition, procedures, training, strategy and performance. The Nominating Committee also undertook an evaluation of the Board Committees based on, amongst others, the size, training and their performance in relation to discharging their responsibilities as set out in their respective terms of reference. Individual Directors are evaluated based on performance criteria such as competency of the Director, attendance and contribution at Board meetings and ability to work with other Directors.

The NC would review the criteria on a periodic basis to ensure that the criteria used is able to provide an accurate and effective performance assessment, taking into consideration factors such as industry standards and the industry operating environment, with the objective to enhance long term shareholders value, and thereafter propose amendments, if any, to the Board for approval.

The process for the evaluation of the Board, Board Committees and individual Directors involves the completion of a questionnaire by Board members annually to seek their views on various aspects of Board performance such as Board composition, information, Board process, internal controls and risk management and accountability. A summary of the findings is prepared based on the completed questionnaire and is reviewed and deliberated by the NC and thereafter tabled to the Board for further discussion and implementation if required.

No external facilitator was used in the evaluation process for FY2019.

All NC members have abstained from voting or the review process of any matters in connection with the assessment of his performance.

The NC had conducted its assessments of the Board as a whole, its Board Committees and the individual Directors in respect of FY2019. The Chairman of the NC confers with the Chairman of the Board on the findings and ensures appropriate follow-up actions are taken as necessary. The Board is satisfied that all Directors have discharged their duties adequately and that the Board had met its performance objectives in FY2019, amidst the ongoing debts and organisational restructuring exercise of the Group.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

The RC comprises the following Independent Non-Executive Directors:

Mr. Cheng Yee Seng	Chairman
Mr. Simon de Villiers Rudolph	Member
Mr. Lim Chen Yang	Member

The principal duties of the RC, as set out in its terms of reference include:

(i) reviewing and recommending a framework of remuneration for the Directors and key management personnel, determining specific remuneration packages for each Executive Director, the CEO and key management personnel and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework;

(ii) reviewing the remuneration packages of employees in the Company or any of its principal subsidiaries who are related to any of the Directors or the CEO (if any);

(iii) administering the Charisma Energy Employee Share Option Scheme (the "**Scheme**"); and

(iv) administering and recommending to the Board the performance share plan or any long-term incentive schemes which may be set up from time to time.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC reviews the terms of compensation and employment for Executive Directors and key management personnel at the time of their respective employment or renewal (where applicable) including considering the Company's obligations in the event of termination of services to ensure such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. The RC has access to external professional advice on remuneration matters, if required. In the event of such advice being sought, existing relationship, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2019.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objective of the Company.

The remuneration received by the Executive Directors and key management personnel comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate.

The Independent and Non-Executive Directors are paid Directors' fees, taking into account factors such as effort and time spent, and their responsibilities. The Independent Directors and the Non-Executive Directors received a base Director's fees. Directors' fees are set in accordance with a remuneration framework comprising basic fees and additional fees for serving on any of the Board Committees, having regard to the scope and extent of a Director's responsibilities and obligations, the prevailing market conditions and referencing Directors' fees against comparable benchmarks. The Independent Directors are not over-compensated to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval at the Company's AGM.

The RC is the committee administering the Scheme. The Scheme recognises the fact that the services of the Group's employees, including the Group's Executive and Non-Executive Directors are important to the success and continued well-being of the Group. By implementing the Scheme, the Company hopes to inculcate in all participants a stronger and more lasting sense of identification with the Group and align their interest with that of the Group. Information on the Scheme is set out on pages 30 to 31 of this Annual Report.

Disclosure in Remuneration

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company's remuneration policy, which covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, share-based incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The Company's compensation framework comprises fixed pay, short-term and long-term incentives. The Company subscribes to linking executive remuneration to corporate and individual performance.

Long-term incentive schemes are put in place to motivate and reward employees and align their interests to maximise long-term shareholder value. Charisma Share Option Scheme is a long-term incentive plan, and is intended to achieve the objective of aligning the interests of holders with those of the shareholders of the Company. Performance targets are set and performances are evaluated annually. The short-term incentives are based largely on the Group's performance and the responsibilities and performance of each individual personnel. The remuneration policy of the Company is based on an annual appraisal system using the criteria of core values, competencies, key result areas, performance rating and potential. Rewards are linked with corporate and individual performance.

The Board has, taking note of the competitive pressures in the industry and the talent market, decided to disclose the remuneration of the Directors in bands with a breakdown of the components in percentage. The names, breakdown of the remuneration earned and total remuneration paid to the Company's key management personnel were also not disclosed as such confidential and sensitive information could be exploited by competitors.

Information on the remuneration of each Director for FY2019 are as follows:-

Remuneration Bands and Name of Directors	Salary %	Bonus %	Other benefits %	Fees %	Total %
Below S$250,000					
Mr. Tan Ser Ko	92	8	–	–	100
Mr. Wong Bheet Huan[(1)]	92	8	–	–	100
Mr. Chew Thiam Keng	–	–	–	100	100
Mr. Simon de Villiers Rudolph	–	–	–	100	100
Mr. Cheng Yee Seng	–	–	–	100	100
Mr. Lim Chen Yang	–	–	–	100	100
Mr. Eng Chiaw Koon[(2)]	–	–	–	–	–

(1) Mr. Wong Bheet Huan resigned as Executive Director with effect from 31 January 2020.

(2) Mr. Eng Chiaw Koon was appointed with effect from 1 February 2020.

In FY2019, there were three key management personnel in the Company. The key management personnel each received remuneration of less than S$250,000.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel other than the payment in lieu of notice in the event of termination in their respective employment contracts in FY2019.

There were no employees within the Group who were substantial shareholders of the Company or were immediate family members of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeded S$100,000 in FY2019.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance.

The AC oversees risk governance and the related roles and responsibilities of the AC include the following:

(i) proposing the risk governance approach and risk policies for the Group to the Board;

(ii) reviewing the risk management methodology adopted by the Group;

(iii) reviewing the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and

(iv) reviewing Management's assessment of risks and Management's action plans to mitigate such risks.

To facilitate the governance of risks and monitoring the effectiveness of internal controls, the Group has in place a formal Enterprise Risk Management policy. Management reports annually to the AC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the effectiveness and adequacy of Group's risk management and internal controls systems including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal audit, external audit and external certifications conducted by various external professional service firms.

In respect of FY2019, the Board has received assurance from the CEO and the Financial Controller ("**FC**"):

(i) that financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) that the Company's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, assurance received from the CEO and FC, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board (with concurrence of the AC) are of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management system, were adequate and effective for FY2019.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee
Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises the following Independent Non-Executive Directors:

Mr. Simon de Villiers Rudolph	Chairman
Mr. Cheng Yee Seng	Member
Mr. Lim Chen Yang	Member

The Board is of the view that the AC members have the relevant accounting or related financial management expertise and experience to discharge their duties.

None of the AC members are former partners or Directors of the Company's external audit firm within the last two (2) years and none of the AC members hold any financial interest in the external audit firm.

The AC meets at least four times a year to perform the duties as set out in its terms of reference which include:

(i) reviewing with the external auditors the scope and results of the audit, their evaluation of the system of internal accounting controls, their Management letter and Management's response;

(ii) reviewing the financial statements including annual budget and any forecast, before submission to the Board for approval;

(iii) reviewing the adequacy and effectiveness of and the procedures for the internal audit function, including the staffing of and resources made available for the internal audit function, and to make such recommendations as it may think fit;

(iv) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems;

(v) reviewing and making recommendations to the Board on the appointment and re-appointment of the external auditors and the remuneration and terms of engagements of the external auditors;

(vi) reviewing the scope and results of the external audit, the independence and objectivity of the external auditors and the cost-effectiveness of the audit;

(vii) reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

(viii) reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;

(ix) reviewing interested person transactions, if any; and

(x) overseeing risk governance.

The AC has full access to and obtained the co-operation of the Management. The AC has the explicit authority to investigate any matter within its terms of reference. It also has full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC meets with the external and internal auditors without the presence of the Management at least once annually.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of KPMG LLP as the external auditors of the Company and its significant subsidiaries. The Company does not have any significant Singapore-incorporated associated companies.

The AC has reviewed the non-audit services provided by the external auditors in FY2019 and is of the view that the nature and extent of non-audit services does not compromise the independence of the external auditors given that the non-audit services rendered during FY2019 were not substantial. Details of the aggregate amount of fees paid to the external auditors in FY2019 and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 107 of this Annual Report. The AC has recommended the Board that KPMG LLP be nominated for re-appointment as the external auditors at the forthcoming AGM.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy, details of which have been made available to all employees. The public can access to the details of the whistle blowing policy via the Company's corporate website at https://charismaenergy.com. This policy provides well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group directly to the AC Chairman, as appropriate. No whistle blowing reports have been received during FY2019.

During FY2019, the AC reviewed the quarterly and full-year financial statements prior to approving or recommending their release to the Board, the external audit plan and the results of the external audit performed and the internal audit report of the Group.

During FY2019, the AC and the Board were briefed by the external auditors on the developments in financial reporting and governance standards.

The Group outsources its internal audit function to Yang Lee & Associates ("IA"). Internal control weaknesses identified during the internal audit reviews and the implementation status of the recommended corrective actions are reported to the AC periodically.

The AC approves the hiring, removal, evaluation and compensation of the corporation to which the internal audit function is outsourced.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function. The AC annually reviews the adequacy and effectiveness of the risk management and internal audit function to ensure that the internal audits are performed effectively. The AC has reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced.

The IA reports directly to the AC and administratively to the CEO. The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. As such, the AC is satisfied that the IA is staffed by qualified and experienced personnel, and has appropriate standing in the Company to discharge its duties effectively.

The IA completed one review in FY2019 in accordance with the internal audit plan approved by the AC.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company give shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, quarterly and full-year financial results. The Company does not practise selective disclosures and releases its financial results and other material information to the shareholders on a timely basis in accordance with the requirements of the Catalist Rules, via the SGXNet.

Shareholders are encouraged to attend the AGM of the Company to ensure a greater level of shareholder participation and for them to be kept up to date as to the strategies and goals of the Group. An independent polling agent is appointed by the Company for general meetings who will explain the rules, including voting procedures that govern the AGM. All shareholders of the Company receive a copy of the annual report, the notice of AGM and circulars and notices pertaining to any extraordinary general meeting of the Company. The notices are also advertised in a newspaper and available on the SGXNet as well as the Company's website.

To facilitate participation by the shareholders, the Company's Constitution allow a shareholder to appoint not more than two proxies to attend and vote at general meetings. Currently, the Company's Constitution do not allow a shareholder to vote in absentia as the authentication of shareholder identity information and other related security issues remain a concern.

With the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each AGM.

The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principle regarding "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will explain the reasons and material implications.

At the general meetings, the external auditors as well as all the Directors, in particular the Chairman of the Board and the respective Chairman of the AC, NC and RC, are in attendance to answer queries from shareholders. The attendance of the Directors at general meeting held during FY2019 is set out in page 12 of this Annual Report. Shareholders are given the opportunity at general meetings to air their views and query the Directors and Management on matters relating to the Group and its operations. The Board members also avail themselves after general meetings to solicit and understand the view of the shareholders. All resolutions are put to vote by poll and the voting results of all votes cast for, or against, each resolution and the respective percentages are announced at the meeting and via SGXNet after the meeting.

Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management are available to shareholders upon request. The Company does not publish minutes of general meetings of shareholders on its corporate website or via SGXNet as there might be potential adverse implications for the Company if the minutes of general meetings are published to the public at large (outside the confines of a shareholders' meeting), including risk of litigation if defamatory statements were made during the meeting. The Company is of the view that its position is consistent with the intent of Principle 11 of the Code as shareholders have a right to attend general meetings either in person or by proxy, where they may exercise their right to speak and vote and have the opportunity to communicate their views on various matters affecting the Company. Further, shareholders, including those who did not attend the relevant general meeting, have a statutory right to be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that, consistent with the intent of Principle 11 of the Code, as between themselves, shareholders are treated fairly and equitably by the Company. The minutes of the AGM for the financial year ended 31 December 2019 would be published on SGXNet and the Company's corporate website within one month from the AGM.

The Company does not have a formal dividend policy. Nonetheless, Management will review, *inter alia*, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

Engagement with Shareholders
Principle 12: The Company communicates regularly with its shareholders and facilities the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their view on various matters affecting the Company.

The Company's primary avenue to solicit and understand the views of shareholders is via general meetings.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, as well as any information that is necessary to avoid the establishment of a false market in the Company's shares, through announcements via SGXNet. Such announcements are communicated on an immediate basis or on a timely basis as required under the Catalist Rules. Shareholders are provided with updates on the Group's performance position and prospects through the Company's annual report and its unaudited financial results announced quarterly.

The Company's quarterly and full year results announcements are issued via SGXNet. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make same disclosure publicly to all others promptly.

The Company does not have a formal investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNet and the Company's website. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arise.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders
Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, community, government and regulators and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company maintains a current corporate website at https://www.charismaenergy.com to communicate and engage with stakeholders.

The Company does not have a formal investor relations policy. Pertinent information is regularly conveyed to the shareholders through SGXNet and going forward on the Company's website. Shareholders can submit their feedback and raise any questions to the Company as provided in the Company's corporate website at enquiries@charismaenergy.com.

SUSTAINABILITY REPORTING

The Company upholds the high standards of responsible, sustainable and socially aware business practices. We are committed to instilling sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

The Company has assigned a Sustainability task force for our sustainability reporting, to monitor our sustainability performance and the implementation of our sustainability policies and measures. We endeavour to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the key topics in line with the Global Reporting Initiative standards that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Infrastructure Investments Indirect Economic Impacts Anti-Corruption	Energy Biodiversity Greenhouse Gas Emissions	Community Engagement Anti-Discrimination Diversity and Equal Opportunity

More information on the Group's efforts on sustainability management in FY2019 can be found in our 2019 Sustainability Report which will be published by 31 May 2020 through SGXNet and the Company's website.

DEALINGS IN SECURITIES

The Company has adopted an internal code in line with the SGX-ST's best practices with regards to dealings in securities to provide guidance for its Directors and employees.

The internal code provides that the Company, its Directors and employees are prohibited from dealing in securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group. The internal code also prohibits the Company, its Directors and employees from dealing in the Company's securities during the period commencing one month and two weeks before the date of announcement of the Company's full-year and quarterly financial results respectively and ending on the date of announcement of the relevant results.

The Company, its Directors and employees are also required to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company, its Directors and employees are expected not to deal in the Company's securities for short-term considerations.

DISCLOSURE OF MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Company has established procedures to ensure that transactions with interested persons are properly reviewed and approved and are conducted at arm's length basis.

The Group had on 21 April 2014 obtained a general mandate from shareholders for IPTs which was last renewed on 30 April 2019. The Company will be ratifying the loan agreement entered into and its interest payable to Ezion Holdings Limited in relation to a loan from Ezion Holdings Limited as an IPT, as well as proposing the adoption of a relevant shareholders' mandate for this IPT transaction at the upcoming EGM.

Save as disclosed below, there were no interested persons transactions of S$100,000 and above entered into during the financial year reported on.

Details of IPTs transacted during FY2019 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$
Ezion Holdings Limited Management fee paid/payable to	Controlling shareholder of the Company	Nil	344,186
Ezion Holdings Limited Interest paid/payable to	Controlling shareholder of the Company	1,069,240	Nil

NON-SPONSOR FEES

No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2019.

USE OF PROCEEDS

There are no outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 36 to 133 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regards to the matters set out in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Chew Thiam Keng	
Tan Ser Ko	
Simon de Villiers Rudolph	
Cheng Yee Seng	
Lim Chen Yang	
Eng Chiaw Koon	(Appointed on 1 February 2020)
Wong Bheet Huan	(Resigned on 31 January 2020)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct	
Name of directors and corporation in which interests are held	**Holdings at beginning of the year/date of appointment**	**Holdings at end of the year**
Charisma Energy Services Limited		
- Ordinary shares		
Wong Bheet Huan	33,880	33,880
Simon de Villiers Rudolph	10,000,000	10,000,000
- Warrants to subscribe for ordinary shares		
Simon de Villiers Rudolph	1,000,000	1,000,000

DIRECTORS' STATEMENT

Except as disclosed in this statement, no other director who held office at the end of the financial year had interests in shares, debentures or warrants of the Company, or of related corporations, either at the beginning or date of appointment, if later, or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed under the "Share options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

Employee Share Option Scheme

The Company's Employee Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 24 April 2013. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Cheng Yee Seng, Simon de Villiers Rudolph and Lim Chen Yang.

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at market price or at a discounted price not exceeding 20% of the market price (or such other percentage or amount prescribed or permitted by the SGX-ST) and approved by the shareholders at a general meeting in a separate resolution in respect of that option.
- The options shall be exercised in whole or in part 1 year (if exercise price of option is set at market price) or 2 years (if exercise price of option is set at a discount to market price) after the grant date.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years from date of grant or upon cessation of the employment of employees.

At the end of the financial year, details of the options granted under the Scheme on unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2019	Options exercised	Options cancelled	Options outstanding at 31 December 2019	Number of option holders at 31 December 2019	Exercise period
	S$	'000	'000	'000	'000		
10/5/2016	0.009	58,100	–	–	58,100	7	10/5/2018 to 10/5/2026
9/5/2017	0.006	56,000	–	–	56,000	7	9/5/2019 to 9/5/2027

Except for the above, there are no other share options forfeited, expired, cancelled or exercised since commencement of Scheme to 31 December 2019.

No options were granted to the following:

(i) participants who are controlling shareholders of the Company and their associates;

(ii) participants, other than those as set out in (i) above and those directors disclosed below, who received 5% or more of the total number of options available under the Scheme; and

(iii) directors or employees of the holding company and its related companies as the Company does not have a holding Company.

Details of options granted to the directors of the Company are as follows:

Name of director	Options granted for financial year ended 31 December 2019 '000	Aggregate options granted since commencement of Scheme to 31 December 2019 '000	Aggregate options exercised since commencement of Scheme to 31 December 2019 '000	Aggregate options cancelled since commencement of Scheme to 31 December 2019 '000	Aggregate options outstanding as at 31 December 2019 '000
Chew Thiam Keng	–	–	–	–	–
Tan Ser Ko	–	52,500	–	–	52,500
Simon de Villiers Rudolph	–	10,000	–	–	10,000
Cheng Yee Seng	–	10,000	–	–	10,000
Lim Chen Yang	–	10,000	–	–	10,000
Eng Chiaw Koon	–	–	–	–	–
	–	82,500	–	–	82,500

The above options were granted at a 20% discount to the average of the last dealt prices per share on SGX-ST over the 5 consecutive market days immediately preceding the date of grant of options.

The options granted under the Scheme do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors and at the date of this statement are:

Simon de Villiers Rudolph (Chairman)
Cheng Yee Seng
Lim Chen Yang

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- Assistance provided by the Company's officers to the internal and external auditors;
- Quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Tan Ser Ko
Director

Eng Chiaw Koon
Director

30 May 2020

INDEPENDENT AUDITORS' REPORT

Members of the Company
Charisma Energy Services Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the financial statements of Charisma Energy Services Limited (the "Company") and its subsidiaries (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 2019, the consolidated statement of profit or loss, 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 significant accounting policies, as set out on pages 36 to 133.

We do not express an opinion on the accompanying consolidated financial statements of the Group or the statement of financial position of the Company. Because of the significance of the matters described in the '*Basis for Disclaimer of Opinion*' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Recoverability of interests in joint venture and amounts due from joint venture

As at 31 December 2019, the Group's interests in a joint venture ("JV") reported in Note 9 and Note 11 to the financial statements relates to Rising Sun Energy Group ("RSE Group") which, respectively, consists of equity-accounted investment of US$5,234,000 (2018: US$5,625,000) and amount due from RSE Group of US$9,139,000 (2018: US$9,148,000). As part of the Group's plan to improve liquidity stated in Notes 2 , 9 and 34 to the financial statements, there is a plan for RSE Group to divest its solar plant (the "divestment plan") and use the sales proceeds to repay the amounts owed to the Group. The recoverable value of the Group's interests in RSE Group is dependent on the divestment value of the solar plant, which may differ from the carrying values accounted for by the Group. As at the date of this report, the Group is in talks with interested parties on the divestment of RSE Group's solar plants. In the absence of a binding offer for RSE Group's solar plants or other alternative evidence of its fair value, we have been unable to obtain sufficient evidence to determine whether any adjustments to the equity-accounted value of the investment in RSE Group, and/or any additional impairment loss on the amounts due from RSE Group might have been necessary. The financial statements do not include any adjustments to the carrying amount of the Group's interest in RSE Group at 31 December 2019.

(ii) Deficiencies in shareholders' equity and net working capital

The Group incurred net loss of US$26,749,000 (2018: US$41,708,000) for the year ended 31 December 2019. As at that date, the Group and the Company had net current liabilities of US$58,999,000 and US$75,576,000, respectively; and net liabilities of US$19,800,000 and US$7,888,000, respectively. Management expects the Group's and Company's net working capital and shareholders' equity to remain negative for at least the next 12 months as the forecast operating cashflows of the Group and Company for the same period are insufficient to address the deficiencies. As at the date of this report, there is no re-capitalisation plan to improve the working capital and shareholders' equity positions.

(iii) Loans and borrowings with lenders

As at 31 December 2019, the Group has outstanding bank loans of US$44,431,000 (2018: US$43,178,000) that were classified as "current liabilities". Notes 2 and 22 to the financial statements described various re-financing arrangements reached with lenders, and other on-going re-financing plans to be negotiated with lenders. With the Group having defaulted on certain loan obligations and breached loan covenants on certain credit facilities, the financial statements do not include any adjustments that would result from a failure to obtain such support and funding.

(iv) Loan from a shareholder

As at 31 December 2019, loan from a shareholder of US$23,621,000 was classified as "current liabilities" after the Group breached loan covenants. Notes 2 and 20 to the financial statements state the Group's on-going negotiation with the shareholder to restructure the loan. There is however no formal agreement reached with the shareholder to support such debt restructuring plan.

(v) Asset divestment plans

Note 2 to the financial statements states the Group's on-going plan to divest its solar assets and other non-core investments in the near-term to raise the necessary funding to meet its debt obligations. Together with the preceding paragraph raised in (i) above, we are unable to obtain sufficient evidence to support the expected realisation of these asset divestment plans.

(vi) Cash flows from operating activities

Note 2 to the financial statements states the Group's expectation of generating positive cash flows from the Group's continuing businesses to meet its working capital needs, and debt obligations as and when fall due at least in the next 12 months from the reporting date. With COVID-19 pandemic described in Note 35 to the financial statements together with the economic challenges and regulatory matter encountered in the Group's energy and power segment as described in Note 5, the Group's operating cash flow forecasts are subject to risk of estimation uncertainties.

These conditions set out in the preceding paragraphs reflect the presence of multiple material uncertainties that are significant to the financial statements as a whole. The financial statements do not include any adjustments, including re-classifications that may be necessary as a result of these uncertainties.

The comparative financial statements similarly disclaimed were caused by presence of multiple material uncertainties.

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 Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("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.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing (SSAs) and to issue an auditors' report. However, because of the matters described in the *'Basis for Disclaimer of Opinion'* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, in view of the significance of the matters referred to in the '*Basis for Disclaimer of Opinion*' section of our report, we do not express an opinion on whether 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 partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang, Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 May 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group		Company	
		2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Non-current assets					
Property, plant and equipment	5	28,369	70,305	–	4
Right-of-use assets	6	16,202	–	–	–
Intangible assets	7	–	3,611	–	–
Investment in subsidiaries	8	–	–	8,988	13,622
Loan to subsidiaries	8	–	–	45,745	42,460
Joint ventures	9	4,948	5,413	5,965	14,153
Other investments	10	–	292	–	292
Trade and other receivables	11	7,564	7,818	6,990	6,990
		57,083	87,439	67,688	77,521
Current assets					
Inventories		565	448	–	–
Trade and other receivables	11	13,409	9,354	5,894	7,310
Assets held for sale	12	6,429	4,468	–	–
Cash and cash equivalents	13	5,246	5,862	470	2,847
		25,649	20,132	6,364	10,157
Total assets		82,732	107,571	74,052	87,678
Equity					
Share capital	14	274,545	272,670	274,545	272,670
Perpetual securities	15	6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares	16	7,042	7,042	–	–
Warrants	17	2,384	2,384	2,384	2,384
Other reserves	18	(6,480)	(3,271)	(1,276)	(984)
Accumulated losses		(304,807)	(279,270)	(290,352)	(271,881)
(Deficit in equity)/Equity attributable to owners of the Company		(20,505)	6,366	(7,888)	9,000
Non-controlling interests	19	705	2,226	–	–
Net (deficit in equity)/equity		(19,800)	8,592	(7,888)	9,000
Non-current liabilities					
Trade and other payables	20	152	22,491	–	22,400
Amounts due to subsidiaries	21	–	–	–	22,859
Financial liabilities	22	16,444	16,221	–	71
Deferred tax liabilities	23	1,288	1,238	–	–
		17,884	39,950	–	45,330
Current liabilities					
Trade and other payables	20	38,997	14,443	32,606	8,763
Amounts due to subsidiaries	21	–	–	21,716	–
Financial liabilities	22	45,279	44,120	27,618	24,585
Provision for tax		372	466	–	–
		84,648	59,029	81,940	33,348
Total liabilities		102,532	98,979	81,940	78,678
Total equity and liabilities		82,732	107,571	74,052	87,678

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Revenue	25	13,310	17,186
Cost of sales		(6,661)	(9,518)
Gross profit		6,649	7,668
Administrative and marketing expenses		(4,034)	(3,532)
Other expenses, net		(20,176)	(39,094)
Result from operating activities		(17,561)	(34,958)
Finance income		194	108
Finance costs		(7,782)	(7,030)
Net finance cost	26	(7,588)	(6,922)
Share of results of joint ventures, net of tax	9	(167)	1,497
Loss before income tax	27	(25,316)	(40,383)
Income tax expense	28	(1,433)	(1,325)
Loss for the year		(26,749)	(41,708)
Loss attributable to:			
Owners of the Company		(25,250)	(42,024)
Non-controlling interests		(1,499)	316
Loss for the year		(26,749)	(41,708)
Loss per share			
Basic loss per share (US cents)	29	(0.19)	(0.32)
Diluted loss per share (US cents)	29	(0.19)	(0.32)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 US$'000	2018 US$'000
Loss for the year	(26,749)	(41,708)
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net change in fair value	(2,970)	(958)
Net change in fair value of actuarial gain or loss	(33)	–
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on monetary items forming part of net investment in foreign operations	(916)	(430)
Foreign currency translation differences relating to financial statements of foreign operations	723	(2,569)
Effective portion of changes in fair value of cash flow hedges	(35)	11
Other comprehensive income for the year, net of tax	(3,231)	(3,946)
Total comprehensive income for the year	(29,980)	(45,654)
Total comprehensive income attributable to:		
Owners of the Company	(28,459)	(45,867)
Non-controlling interests	(1,521)	213
Total comprehensive income for the year	(29,980)	(45,654)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Attributable to owners of the Company										
	Share capital US$'000	Perpetual securities US$'000	Redeemable exchangeable preference shares US$'000	Warrants US$'000	Foreign currency translation reserves US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Net (deficit in equity)/ equity US$'000
Group											
At 1 January 2018	272,670	6,811	7,042	2,384	567	-	5	(236,530)	52,949	2,013	54,962
Adjustment on initial recognition of SFRS(I) 9 (net of tax)	-	-	-	-	-	-	-	(519)	(519)	-	(519)
Adjusted balance at 1 January 2018	272,670	6,811	7,042	2,384	567	-	5	(237,049)	52,430	2,013	54,443
Total comprehensive income for the year											
Loss for the year	-	-	-	-	-	-	-	(42,024)	(42,024)	316	(41,708)
Other comprehensive income											
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	(958)	-	-	(958)	-	(958)
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	-	(430)	-	-	-	(430)	-	(430)
Foreign currency translation differences relating to financial statements of foreign operations	-	-	-	-	(2,466)	-	-	-	(2,466)	(103)	(2,569)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	11	-	11	-	11
Total comprehensive income for the year	-	-	-	-	(2,896)	(958)	11	(42,024)	(45,867)	213	(45,654)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Net (deficit in equity)/ equity
		Attributable to owners of the Company										
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group (continued)												
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Accrued perpetual securities distributions	15	–	–	–	–	–	–	–	(321)	(321)	–	(321)
Equity-settled share-based payment transaction	24	–	–	–	–	–	–	–	124	124	–	124
Total transactions with owners		–	–	–	–	–	–	–	(197)	(197)	–	(197)
At 31 December 2018		272,670	6,811	7,042	2,384	(2,329)	(958)	16	(279,270)	6,366	2,226	8,592

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Net (deficit in equity)/ equity
		Attributable to owners of the Company										
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group												
At 1 January 2019		272,670	6,811	7,042	2,384	(2,329)	(958)	16	(279,270)	6,366	2,226	8,592
Total comprehensive income for the year												
Loss for the year		–	–	–	–	–	–	–	(25,250)	(25,250)	(1,499)	(26,749)
Other comprehensive income												
Equity investments at FVOCI – net change in fair value		–	–	–	–	–	(2,970)	–	–	(2,970)	–	(2,970)
Net change in fair value of actuarial gain or loss		–	–	–	–	–	(33)	–	–	(33)	–	(33)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(916)	–	–	–	(916)	–	(916)
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	–	745	–	–	–	745	(22)	723
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	–	(35)	–	(35)	–	(35)
Total comprehensive income for the year		–	–	–	–	(171)	(3,003)	(35)	(25,250)	(28,459)	(1,521)	(29,980)

The accompanying notes form an integral part of these financial statements.

		Attributable to owners of the Company										
	Note	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Fair value reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Net (deficit in equity)/ equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group (continued)												
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Issue of ordinary shares	14 / 31	1,875	–	–	–	–	–	–	–	1,875	–	1,875
Accrued perpetual securities distributions	15	–	–	–	–	–	–	–	(332)	(332)	–	(332)
Equity-settled share-based payment transaction	24	–	–	–	–	–	–	–	45	45	–	45
Total transactions with owners		1,875	–	–	–	–	–	–	(287)	1,588	–	1,588
At 31 December 2019		274,545	6,811	7,042	2,384	(2,500)	(3,961)	(19)	(304,807)	(20,505)	705	(19,800)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 US$'000	2018 US$'000
Cash flows from operating activities			
Loss before income tax		(25,316)	(40,383)
Adjustments for:			
Depreciation of property, plant and equipment	5	3,932	7,946
Depreciation of right-of-use assets	6	1,027	–
Amortisation of intangible assets		–	103
Impairment loss/(Write-back of impairment) on:			
- property, plant and equipment	5	10,139	34,254
- right-of use assets	6	6,633	–
- intangible assets	7	1,306	–
- asset held for sale	12	–	4,442
- other receivables	34	288	(484)
Net change in fair value of investments at FVTPL	10	1,816	–
Net gain on derivative asset		–	28
Interest income	26	(194)	(108)
Interest expense	26	7,782	7,030
Equity-settled share-based payment transaction	24	45	124
Share of results of joint ventures, net of tax	9	167	(1,497)
		7,625	11,455
Changes in:			
- inventories		(117)	(446)
- trade and other receivables		(3,722)	(3,607)
- trade and other payables		985	3,160
Income tax paid		(933)	(1,081)
Net cash from operating activities		3,838	9,481
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(209)	(1,001)
Purchase of intangible assets	7	–	(417)
Acquisition of subsidiaries, net of cash acquired	31	–	40
Non-trade amounts due to joint ventures		38	32
Interest income received		194	108
Net cash from/(used in) investing activities		23	(1,238)
Cash flows from financing activities			
Non-trade amounts due to a related party		382	217
Proceeds from borrowings		134	–
Repayment of borrowings		(2,963)	(3,777)
Loans from related party		(450)	–
Decrease/(increase) in restricted cash		362	(3,201)
Payment of lease liability		(40)	–
Interest expense paid		(1,547)	(1,218)
Net cash used in financing activities		(4,122)	(7,979)
Net (decrease)/increase in cash and cash equivalents		(261)	264
Cash and cash equivalents at 1 January		844	1,160
Effect of exchange rate fluctuations on cash held		7	(580)
Cash and cash equivalents at 31 December	13	590	844

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 May 2020.

1. DOMICILE AND ACTIVITIES

Charisma Energy Services Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968.

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in Note 8 to the financial statements.

2. GOING CONCERN

The Group incurred a net loss of US$26,749,000 for the year ended 31 December 2019. As of that date, the Group and Company were in net liabilities positions of US$19,800,000 and US$7,888,000, respectively; and in net current liabilities positions of US$58,999,000 and US$75,576,000, respectively. 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 various re-financing arrangements reached with lenders and other on-going re-financing plans to be negotiated with lenders and a shareholder, together with certain asset divestment plans and cash flows to be generated from the Group's continuing businesses.

(i) Loans and borrowings and re-financing arrangements with lenders

As at 31 December 2019, the Group has outstanding bank loans of US$44,431,000 (2018: US$43,178,000) that were classified as "current liabilities", but settlement of these obligations in the next 12 months is not expected. Of these outstanding obligations,

- US$17,769,000 has been restructured to be repaid progressively over 84 months commencing from November 2019 ("Loan A arrangement");
- US$2,402,000 is scheduled for repayment by April 2022 ("Loan B arrangement");
- US$3,000,000 has been placed under debt moratorium through October 2020 ("Loan C arrangement"), with repayment planned thereafter from funds from asset divestments and cash flows from the Group's continuing businesses; and
- US$20,483,000 has been subject to on-going negotiation with lenders to revise the repayment terms and dates ("Loan D arrangement") after the Group defaulted $5,982,000 when due between 2017 and 2019.

Despite the restructuring of Loan A arrangement, the lender continues to impose the Group with similar financial covenants that have been breached, resulting in the entire loan obligation classified as "current liabilities". The current classification of Loan B is caused by a cross default clause invoked by lender after the Group defaulted its payments on other loan facilities. To-date, lenders for Loan A, Loan B, and Loan D arrangements have not issued any demand for immediate repayment whilst Loan C has been placed under moratorium until October 2020.

2. GOING CONCERN (CONT'D)

(ii) Loan from a shareholder

As at 31 December 2019, the Group has loan from a shareholder of US$23,621,000 that was classified as "current liabilities" after the Group breached loan covenants. Those breaches have not been waived, as the Group continues to negotiate with the shareholder to restructure the loan. To-date the shareholder has not demanded for immediate repayment of this loan.

(iii) Assets divestment

The Group is in various discussions with interested parties to divest its solar assets and other non-core investments in the near-term. The Group believes that the divestment of these assets would bring in the necessary funding to meet its debt obligations at least in the next 12 months from the reporting date; and

(iv) Cash flows from operating activities

The Group expects to generate positive operating cash flows from its energy and power services segment to meet its working capital needs and debt obligations at least in the next 12 months from the reporting date.

Notwithstanding the directors' belief that the use of going concern assumption in the preparation of the financial statements remains appropriate, there are material uncertainties about (a) the lenders' and shareholder's commitment to continue provide funding to the Group and Company, (b) the execution and timing of the Group's asset divestment plans to raise additional funding, and (c) the operating cash flows to be generated from the Group's continuing businesses following the COVID-19 pandemic, so as to meet debts 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.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 3.5.

3.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise disclosed in the accounting policies below.

3.3 Functional and presentation currency

These financial statements are presented in United States dollars ("US$"), which is the Company's functional currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Cash flow forecast

The Group reviews its forecasts of future cash flows in the foreseeable future and the availability of positive cash flows to repay its lenders in the next 12 months. Such an assessment requires the Group to review its operations, including future market demand for its services and its cash deployment in different locations. Significant judgement is required in deriving the Group's forecasts.

Valuation of investments in joint ventures

The Group determines whether there is impairment on the investments in joint ventures where events or changes in circumstances indicate that the carrying amount of the investments may be impaired. If any such indications exist, the recoverable amount is estimated. The level of allowance is evaluated by the Group on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities, and market estimates in order to calculate the present value of the future cash flows. The valuation of the investments in joint ventures are dependent on the outcome of these factors affecting management's forecasts of future cash flows. Actual events that result in deviations from management's estimation may result in higher impairment losses on the investments in future periods.

Valuation of non-financial assets

The Group assesses the impairment of non-financial assets, including property, plant and equipment, right-of-use assets and intangible assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include (but are not limited) to the following:

- Extended periods of idle time;
- Significant decline in market prices;
- Inability to contract the property, plant and equipment; and
- Significant adverse industry or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to the property, plant and equipment affect the amounts reported in the financial statements, especially the estimates of the expected useful economic life and the carrying value of the non-financial assets. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group's financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (cont'd)

Valuation of trade receivables

Trade receivables are recorded at the invoiced amount and do not bear interest.

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates to be applied for the respective category of the trade receivables. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation including evaluation of the Group's past history of credit loss rates, existing market conditions as well as forward looking estimates at the end of each reporting period. In assessing the loss allowance, judgement is involved in determining the credit-worthiness and financial health of its customers. Where their conditions change, this may require changes in the customers' segmentation, which in turn may affect the level of loss allowance in future periods.

If the Group is satisfied that no recovery of the amount owing is possible, at that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset. Actual results could differ from estimates.

Valuation of investments in subsidiaries

The Group determines whether there is impairment on the investments in subsidiaries where events or changes in circumstances indicate that the carrying amount of the investments may be impaired. If any such indications exist, the recoverable amount is estimated. The level of allowance is evaluated by the Group on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities, and market estimates in order to calculate the present value of the future cash flows. The valuation of the investments in subsidiaries are dependent on the outcome of these factors affecting management's forecasts of future cash flows. Actual events that result in deviations from management's estimation may result in higher impairment losses on the investments.

3.5 Changes in significant accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning 1 January 2019:

- SFRS(I) 16 *Leases*;
- SFRS(I) INT 123 *Uncertainty over Income Tax Treatments*;
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28);
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9);
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11);
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12);
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23); and
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.5 Changes in significant accounting policies (cont'd)

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application, if any, is recognised in accumulated losses at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. The disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases assets including power generation equipment and office premises. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to the lease component based on its relative stand-alone price. For leases of property assets, the Group elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified leases of office premises as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. The Group has tested its right-of-use assets for impairment on the date of transition.

The Group used a number of practical expedients as applicable when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

3. BASIS OF PREPARATION (CONT'D)

3.5 Changes in significant accounting policies (cont'd)

Leases classified as finance leases under SFRS(I) 1-17

The Group leases its power generation equipment. These leases were classified as finance leases under SFRS(I) 1-17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

Land use rights

For the impact of the adoption of SFRS(I) 16 on leases previously classified as land use rights under "intangible assets", the Group is not required to make any adjustments at the date of initial application of SFRS(I) 16, other than changing the captions for the balances. Accordingly, instead of "intangible assets – land use rights", these amounts included within the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

As a lessor

The Group leases out its vessels and these leases were entered prior to 1 January 2019. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and lease liabilities. The impact on transition is summarised below.

	31 December 2018	Transition adjustments	1 January 2019
	US$'000	US$'000	US$'000
Property, plant and equipment	70,305	(21,885)	48,420
Intangible assets	3,611	(2,305)	1,306
Right-of-use assets	–	24,363	24,363
Lease prepayments	17	(17)	–
Finance lease liabilities	(16,477)	16,477	–
Lease liabilities	–	(16,633)	(16,633)

* For the impact of SFRS(I) 16 on profit or loss for the period, see Note 32. For the impact of SFRS(I) 16 on segment information, see Note 30. For details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 4.12.

3. BASIS OF PREPARATION (CONT'D)

3.5 Changes in significant accounting policies (cont'd)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rate at 1 January 2019. The weighted average incremental borrowing rate applied is 15.5%.

	1 January 2019 US$'000
Operating lease commitments at 31 December 2018	195
Discounted using the incremental borrowing rate at 1 January 2019	156
Finance lease liabilities recognised as at 31 December 2018	16,477
Lease liabilities recognised at 1 January 2019	16,633

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 3.5 which addresses the changes in accounting policies.

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity instruments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (cont'd)

(iv) Investment in joint ventures (equity-accounted investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries and joint ventures in the separate financial statements

Investments in subsidiaries and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an equity investment designated at FVOCI; and
- qualifying cash flow hedges to the extent that the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US$ at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, capitalised borrowing cost and the Group's obligation to remove the asset or remove the site based on an estimate of the costs of dismantling and removing and restoring the site on which they are located.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land is not depreciated.

Depreciation is recognised from the date that property, plant and equipment are completed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Power generation equipment	5 - 30 years
Vessels	15 years
Accommodation modules	12 - 15 years
Furniture and computer equipment	3 - 5 years
Motor vehicles	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 4.1 (i).

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Land use rights

Intangible assets acquired in a business combination relate to land use rights and are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life of the land use rights is 25 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Upon the adoption of SFRS(I) 16 *Leases*, land use rights were classified from "intangible assets" to "right-of-use assets" (see Note 4.12). The Group is not required to make any adjustments at the date of initial application of SFRS(I) 16, other than changing the captions for the balances.

4.5 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by reference to weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and locations. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4.6 Assets held for sale

Assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL if they qualify for such classification.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (cont'd)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, cash deposits pledged by the Group as securities for banking facilities are excluded from cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(vi) Share capital (cont'd)

Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issued and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders.

(vii) Intra-group financial guarantees contracts (FGC) in the separate financial statements

FGC are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

FGC issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Expected Credit Losses (ECLs) are a probability-weighted estimate of credit losses. ECLs are measured for FGC issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from FGC are included within 'financial liabilities'.

(viii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (cont'd)

(viii) Derivative financial instruments and hedge accounting (cont'd)

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amounts accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

4.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- lease receivables; and
- intra-group financial guarantee contracts.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset remains outstanding beyond management's expected range of past due days taking into consideration past payment trends, macroeconomic and industry conditions.

The Group considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default (as defined above);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plan

The Group's obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is measured annually using the projected unit credit method calculated use the gratuity formula. The present value of the defined benefit obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior periods.

Gains and losses arising from changes in the assumptions, current service cost and interest are recognised in the statement of comprehensive income in the period in which they arise.

The retirement benefit obligation is not externally funded.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

4.11 Revenue recognition

(i) Lease income

Revenue generated from the leasing of the Group's assets is recognised in profit or loss on a straight-line basis over the term of the lease in accordance with SFRS(I) 1-16 *Leases*. Lease income which has been received upfront at the start of the charter period is recognised as deferred revenue in the balance sheet. Such amount is recognised as revenue on a straight-line basis over the entire leasing period of the Group's asset. Please refer to Note 4.12 for further details on the Group's recognition of lease income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Revenue recognition (cont'd)

(ii) Rendering of services and sale of energy and power generation services

Revenue from rendering of services and sale of energy and power generation services is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative standalone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue from rendering of services is recognised over time following the timing of satisfaction of the PO.

Revenue from sale of energy and services is recognised as and when clean energy is generated and delivered to the customer, and all criteria for acceptance have been satisfied (i.e. at a point in time).

4.12 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases (cont'd)

As a lessee (cont'd)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "right-of-use assets" and lease liabilities in "financial liabilities" in the statement of financial position.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases (cont'd)

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 4.8(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases (cont'd)

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from property, plant and equipment is recognised as 'revenue' on a straight-line-basis over the term of the lease.

4.13 Finance income and costs

Finance income comprises interest income on bank deposits. Finance costs comprise interest expenses on borrowings that are recognised in profit or loss. Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants, perpetual securities, redeemable exchangeable preference shares and share options granted to employees.

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the Chief Operating Decision Maker), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

4.17 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

These new standards, interpretations and amendments are:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of Business (Amendments to SFRS(I) 3)*
- *Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)*
- *SFRS(I) 17 Insurance Contracts*

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Power generation equipment	Vessels	Accommodation modules	Furniture and computer equipment	Motor vehicle	Assets under construction	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group								
Cost								
At 1 January 2018	–	81,795	56,023	12,549	87	–	19,688	170,142
Foreign exchange translation	(61)	(3,895)	–	41	(3)	(12)	(220)	(4,150)
Additions	–	888	–	–	61	52	–	1,001
Acquisition of subsidiaries (Note 31)	459	11,752	–	–	20	91	1,659	13,981
Reclassification	–	21,123	–	–	–	–	(21,123)	–
Disposal	–	(2,708)	–	–	(12)	–	–	(2,720)
At 31 December 2018	398	108,955	56,023	12,590	153	131	4	178,254
Foreign exchange translation	7	664	–	(464)	4	8	–	219
Additions	–	130	–	–	23	56	–	209
Reclassification to right-of-use assets (Note 6)	–	(22,997)	–	–	–	–	–	(22,997)
Reclassification to assets held for sale (Note 12)	–	–	–	(12,126)	–	–	–	(12,126)
Disposal	–	(40)	–	–	(73)	(1)	(4)	(118)
At 31 December 2019	405	86,712	56,023	–	107	194	–	143,441
Accumulated depreciation and impairment losses								
At 1 January 2018	–	14,139	47,756	3,213	68	–	–	65,176
Foreign exchange translation	–	(138)	–	732	(3)	(4)	–	587
Depreciation	–	6,319	760	790	39	38	–	7,946
Impairment losses	–	26,871	6,247	1,136	–	–	–	34,254
Disposal	–	(2)	–	–	(12)	–	–	(14)
At 31 December 2018	–	47,189	54,763	5,871	92	34	–	107,949
Foreign exchange translation	–	168	–	(226)	3	7	–	(48)
Depreciation	–	3,657	129	52	37	57	–	3,932
Impairment losses	–	9,833	306	–	–	–	–	10,139
Reclassification to right-of-use assets (Note 6)	–	(1,112)	–	–	–	–	–	(1,112)
Reclassification to assets held for sale (Note 12)	–	–	–	(5,697)	–	–	–	(5,697)
Disposal	–	(18)	–	–	(72)	(1)	–	(91)
At 31 December 2019	–	59,717	55,198	–	60	97	–	115,072
Carrying amounts								
At 1 January 2018	–	67,656	8,267	9,336	19	–	19,688	104,966
At 31 December 2018	398	61,766	1,260	6,719	61	97	4	70,305
At 31 December 2019	405	26,995	825	–	47	97	–	28,369

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer equipment US$'000
Company	
Cost	
At 1 January 2018 and 31 December 2018	86
Additions	–
At 31 December 2019	86
Accumulated depreciation	
At 1 January 2018	67
Depreciation	15
At 31 December 2018	82
Depreciation	4
At 31 December 2019	86
Carrying amounts	
At 1 January 2018	19
At 31 December 2018	4
At 31 December 2019	–

Transfer to assets held for sale

In 2019, the Group entered into an agreement with AusGroup Limited to dispose of the accommodation module to the latter. Upon full receipt of the consideration, all legal title and interests in the accommodation module will be transferred to AusGroup Limited. As at 31 December 2019, the carrying amount of the accommodation module was reclassified to assets held for sale (Note 12).

Security

At 31 December 2019, property, plant and equipment of the Group with carrying amounts of US$27,355,000 (2018: US$69,745,000) are pledged as security to secure bank loans obtained by Group entities (see Note 22).

Impairment loss

The Group continues to face challenging market conditions and uncertain financial performances in the businesses of the respective cash-generating units. In the current year, the Group identified indicators of impairment on the following cash-generating units:

- Mini hydro power plants ("Hydro Plants CGUs")
- Solar photovoltaic power plant ("Solar Plants CGU")
- Vessels on lease arrangements

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment loss (cont'd)

The Hydro Plants CGUs and Solar Plants CGU belong to the Group's entities operating in Sri Lanka and China, respectively. There are 13 mini hydro power plants and 1 solar photovoltaic power plant (collectively "power generation equipment") in the Hydro Plants CGUs and Solar Plant CGU, respectively. For the purpose of impairment assessment, each individual power plant in the Hydro Plants segment is a stand-alone CGU.

For the purpose of impairment testing, the non-financial assets (before impairment loss) allocated to the Hydro Plants CGUs and the Solar Plant CGU are as follows:

	Hydro Plants CGUs US$'000	Solar Plant CGU US$'000
Property, plant and equipment	36,912	465
Rights of use assets – power generation equipment	–	20,559
Rights of use assets – office premises	121	–
Rights of use assets – land use rights	–	2,155
Goodwill	–	1,306
	37,033	24,485

Management has estimated the recoverable amounts of the Hydro Plants CGUs and Solar Plant CGU based on their value-in-use calculations.

The value in use calculation for the respective CGUs was based on cash flow projections with the following key assumptions:

	Hydro Plants CGUs	Solar Plant CGU
Projection period	25 years	20 years
Tariff rates		
- During existing contracted period	2019: Actual FY2019 tariff rates with an average annual upward revision of 6% (2018: Actual FY2018 tariff rates with an average annual upward revision of 6%)	2019: Actual contracted tariff rates (2018: Actual contracted tariff rates)
- Post-contractual renewal period	2019: Recommended renewal tariff rate by authority (2018: Recommended renewal tariff rate by authority)	N.A.
Projected utilisation rate	2019: Average of past 6 years historical plant factor (2018: Average of past 6 years historical plant factor)	N.A.
Projected efficiency rate	N.A.	2019: Average 20 years projected efficiency rate (2018: Average 20 years projected efficiency rate)
Pre-tax discount rate	2019: 24% (2018: 22%)	2019: 18% (2018: 14%)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment loss (cont'd)

The cash flow projections were based on forecasts prepared by the management taking into account past experience. The discount rates applied to the cash flow projections were estimated based on weighted average cost of capital of market comparable. Following the impairment losses, the recoverable amounts of the mini-hydro power plants and solar photovoltaic power plants are equal to the carrying amounts. Any adverse movements in the key assumptions made at the balance sheet date, however, would lead to further impairment losses in future periods.

Collectively, the impairment losses were allocated to the individual assets of the Hydro Plants CGUs and Solar Plant CGU as follows:

	Note	Hydro Plants CGUs		Solar Plant CGU	
		2019	2018	2019	2018
		US$'000	US$'000	US$'000	US$'000
Property, plant and equipment	5	9,833	26,871	–	–
Right-of use assets	6	121	–	6,512	–
Intangible assets	7	–	–	1,306	–
		9,954	26,871	7,818	–

Sensitivity analysis

Management has identified that a reasonably possible change in the below assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the reasonably possible change in the below assumptions that would result in the estimated recoverable amounts for the CGUs to exceed their carrying amount:

	Hydro Plants CGUs	Solar Plant CGU
	US$'000	US$'000
- 1% increase in discount rate	(1,145)	(905)
- 1% decline in tariff rate annual increment	(323)	(414)
- 1% decline in average utilisation rate	(1,323)	N.A.
- 1% increase in degradation rate	N.A.	(1,056)

Vessels leased to customer

The Group leases vessels under operating lease arrangement to a customer. The Group identified that there are indicators of impairment on the carrying amount of the vessels. Management has estimated the recoverable amounts of its vessels based on their fair value less costs to sell with reference to recent market disposal prices and brokers' quotes.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Sources of estimation uncertainty

In estimating the recoverable amounts of the mini-hydro power plants, the Group assumed the concessions will continue beyond the existing contract periods. The assumed tariff rates as well as the plant factor are subject to estimation uncertainties that may result in material adjustments on the mini-hydro power plants' recoverable amounts in future periods.

In estimating the recoverable amounts of the solar photovoltaic power plants, the tariff rates reflect the Group's entitlement to the central government subsidies which account for a major portion of total tariff. The assumed tariff rates as well as the efficiency rate are subject to estimation uncertainties that may result in material adjustments on the solar photovoltaic power plant's recoverable amount in future periods.

6. RIGHT-OF-USE ASSETS

	Land use rights	Leases of premises	Leases of power generation equipment	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Cost				
Initial application of SFRS(I) 16 at 1 January 2019	–	173	–	173
Reclassification from property, plant and equipment (Note 5)	–	–	22,997	22,997
Reclassification from intangible assets (Note 7)	2,582	–	–	2,582
Effects of movements in exchange rate	(55)	3	(496)	(548)
At 31 December 2019	2,527	176	22,501	25,204
Accumulated depreciation and impairment loss				
At 1 January 2019	–	–	–	–
Reclassification from property, plant and equipment (Note 5)	–	–	1,112	1,112
Reclassification from intangible assets (Note 7)	277	–	–	277
Depreciation	101	56	870	1,027
Impairment loss	–	121	6,512	6,633
Effects of movements in exchange rate	(6)	(1)	(40)	(47)
At 31 December 2019	372	176	8,454	9,002
Carrying amounts				
At 31 December 2019	2,155	–	14,047	16,202

6. RIGHT-OF-USE ASSETS (CONT'D)

Impairment loss

The Group's right-of-use assets are deployed in the Hydro Plant CGUs and Solar Plant CGU. As the Group continues to face challenging market conditions and uncertain financial performances in the businesses of the CGUs, the Group tested the carrying amount of the right-of-use assets for impairment. Under this assessment, the Group recognised impairment losses towards the non-financial assets deployed in the Hydro Plant CGUs and Solar Plant CGU. Impairment loss of US$6,633,000 had been allocated to right-of-use assets in the current year. Further information about management's impairment assessment is included in Note 5.

Security

At 31 December 2019, the underlying power generation equipment as represented in the right-of-use assets with carrying amounts of US$14,047,000, acquired under lease arrangements are pledged as security to secure borrowings obtained by Group entities (see Note 22).

7. INTANGIBLE ASSETS

	Goodwill US$'000	Land use rights US$'000	Total US$'000
Group			
Cost			
At 1 January 2018	1,306	2,285	3,591
Additions	–	417	417
Effects of movements in exchange rate	–	(120)	(120)
At 31 December 2018	1,306	2,582	3,888
Reclassification to right-of-use assets (Note 6)	–	(2,582)	(2,582)
At 31 December 2019	1,306	–	1,306
Accumulated amortisation and impairment loss			
At 1 January 2018	–	184	184
Amortisation	–	103	103
Effects of movements in exchange rate	–	(10)	(10)
At 31 December 2018	–	277	277
Reclassification to right-of-use assets (Note 6)	–	(277)	(277)
Impairment loss	1,306	–	1,306
At 31 December 2019	1,306	–	1,306
Carrying amounts			
At 1 January 2018	1,306	2,101	3,407
At 31 December 2018	1,306	2,305	3,611
At 31 December 2019	–	–	–

7. INTANGIBLE ASSETS (CONT'D)

Impairment loss

The Group's intangible assets are part of the Solar Plant CGU. The Group continues to face challenging market conditions and uncertain financial performances in the businesses of the CGU. The Group tested the carrying amount of the intangible assets for impairment. Under this assessment, the Group recognised impairment losses towards the non-financial assets deployed in the Solar Plant CGU and impairment loss of US$1,306,000 (2018: US$Nil) had been allocated in full to goodwill. Further information about management's impairment assessment is included in Note 5.

8. SUBSIDIARIES

	Company	
	2019	**2018**
	US$'000	**US$'000**
Unquoted equity investments, at cost	17,223	15,195
Impairment losses	(8,235)	(1,573)
	8,988	13,622
Loans to subsidiaries	71,623	66,828
Impairment losses	(25,878)	(24,368)
	45,745	42,460
	54,733	56,082

The loans to subsidiaries are interest-free, unsecured and repayable on demand. As the loans are not expected to be repaid by the subsidiaries in the next 12 months, they are classified as non-current.

8. SUBSIDIARIES (CONT'D)

Impairment losses

The change in impairment loss in respect of equity investments in subsidiaries was as follows:

	Company	
	2019	2018
	US$'000	US$'000
At 1 January	1,573	1,573
Impairment losses	6,662	–
At 31 December	8,235	1,573

The change in impairment loss in respect of loans to subsidiaries was as follows:

	Company	
	2019	2018
	US$'000	US$'000
At 1 January	24,368	16,972
Impairment losses	1,510	7,396
At 31 December	25,878	24,368

The impairment losses amounting to US$6,662,000 (2018: US$Nil) and US$1,510,000 (2018: US$7,396,000) in 2019 were recognised in respect of the Company's investments in and loans to subsidiaries as a result of recurring losses incurred by these subsidiaries. Management assessed the recoverable amounts for each of the relevant subsidiaries based on the recoverable amounts of the underlying assets owned by the subsidiaries, which comprise predominantly vessels and power generation equipment whose recoverable amounts were estimated using the fair value less cost to sell and value in use calculations as described in Note 5.

8. SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows:

Name of significant subsidiaries	Principal activities	Place of business/ Country of incorporation	Equity held by the Group	
			2019	2018
			%	%
Held by the Company				
Anchor Marine 2 Inc. [1]	Ship owner and provision of ship chartering services	Mauritius	100	100
Anchor Marine 3 Inc. [1]	Ship owner and provision of ship chartering services	Mauritius	100	100
Anchor Offshore Services Inc. [1]	Shipping agent and provision of ship chartering services	Mauritius	100	100
Aus Am Pte. Ltd. [2]	Owning and leasing of accommodation modules	Singapore	100	100
Yichang Smartpower Green Electricity Co. Ltd [3]	Owning and operating of solar power plant	China	80	80
CES Hydro Power Group Pte Ltd [2]	Investment holding company	Singapore	100	100
CES Green Power S.A. Pte Ltd [2]	Investment holding company	Singapore	100	100

8. SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows:

Name of significant subsidiaries	Principal activities	Place of business/ Country of incorporation	Equity held by the Group 2019 %	Equity held by the Group 2018 %
Held through CES Hydro Power Group Pte Ltd				
CES Hydro Power (SL) Limited [4]	Owning and leasing of hydropower generation equipment	Malaysia	100	100
Held through CES Green Power S.A. Pte Ltd				
WKV Hydro Technics (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Math Hydro Power (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Hynford Water Power (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Upcountry Power Supply International (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Thannewatha Mini Hydro Power Holdings (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100

1 Audited by KPMG Mauritius.
2 Audited by KPMG LLP, Singapore.
3 Audited by Moore Stephens, Da Hua Certified Public Accountants.
4 Audited by PKF, Malaysia.
5 Audited by KPMG Sri Lanka.

A subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more than the Group's consolidated pre-tax profits.

9. JOINT VENTURES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Interests in joint ventures	6,092	6,557	7,311	7,311
Impairment loss	(1,144)	(1,144)	(1,540)	(1,540)
	4,948	5,413	5,771	5,771
Loans to joint ventures	–	–	194	8,382
	4,948	5,413	5,965	14,153

The loans to joint ventures are interest-free, unsecured and repayable on demand. As the amounts are not expected to be repaid by the joint ventures in the next 12 months, they are classified as non-current.

Management evaluates whether there is any objective evidence that the Group's and the Company's investments in joint ventures are impaired, after application of the equity method of accounting, and determines the amount of impairment loss based on the recoverable amounts of the joint ventures. For impairment testing, each joint venture is a separate CGU.

At 31 December 2019, interest in a joint venture of US$5,234,000 (2018: US$5,625,000) is expected to be recovered through proceeds from potential sale of certain assets held by the joint venture.

The Group has one (2018: one) material joint venture. The other joint ventures are individually immaterial to the Group. All joint ventures are equity-accounted. The following is the Group's material joint venture:

	Rising Sun Energy Pvt. Ltd. ("RSE")
Nature of relationship with the Group	Development of 140 megawatt solar photovoltaic power plant in Rajasthan, India
Country of incorporation	India
Direct ownership interest	43% (2018: 43%)

9. JOINT VENTURES (CONT'D)

The following table summarises the financial information of RSE, based on its financial statements prepared to align with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

	RSE US$'000
31 December 2019	
Revenue	18,062
Loss from operations	(215)
Other comprehensive income	–
Total comprehensive income	(215)
Non-current assets	114,990
Current assets	2,817
Non-current liabilities	(89,582)
Current liabilities	(16,053)
Net assets	12,172
Includes:	
Cash and cash equivalents	39
Current financial liabilities (excluding trade and other payables and provisions)	14,710
Non-current financial liabilities (excluding trade and other payables and provisions)	81,089
Depreciation and amortisation	4,703
Interest income	131
Interest expense	10,215
Income tax expense	53

	RSE US$'000	**Immaterial joint ventures US$'000**	**Total US$'000**
31 December 2019			
Group's interest in net assets of investee at beginning of the year	5,625	(212)	5,413
Group's share of:			
- loss from operations	(93)	(74)	(167)
Foreign currency translation differences	(298)	–	(298)
Carrying amount of interest in investee at end of the year	5,234	(286)	4,948

9. JOINT VENTURES (CONT'D)

	RSE US$'000
31 December 2018	
Revenue	23,336
Profit from operations	2,591
Other comprehensive income	–
Total comprehensive income	2,591
Non-current assets	124,191
Current assets	6,295
Non-current liabilities	(106,852)
Current liabilities	(10,553)
Net assets	13,081
Includes:	
Cash and cash equivalents	3,882
Current financial liabilities (excluding trade and other payables and provisions)	8,645
Non-current financial liabilities (excluding trade and other payables and provisions)	106,845
Depreciation and amortisation	4,733
Interest income	214
Interest expense	9,828
Income tax expense	371

	RSE US$'000	Immaterial joint ventures US$'000	Total US$'000
31 December 2018			
Group's interest in net assets of investee at beginning of the year	4,573	405	4,978
Group's share of:			
- profit from operations	1,114	383	1,497
Foreign currency translation differences	(62)	–	(62)
Reclassified to assets held for sale (Note 12)	–	(1,000)	(1,000)
Carrying amount of interest in investee at end of the year	5,625	(212)	5,413

10. OTHER INVESTMENTS

	Group and Company	
	2019	2018
	US$'000	US$'000
Equity investments – at FVOCI		
– quoted equity securities	–	292
Debt investments – at FVTPL	–	–
	–	292

As at 31 December 2019, the Group holds investments in two companies listed on the Singapore Exchange ("SGX"). The Group classifies the quoted equity investments measured at FVOCI and the convertible perpetual securities as debt investments held at FVTPL.

During the year, the Group received quoted ordinary shares and convertible perpetual instruments of a company listed on the SGX. These investments were consideration from the Group's disposal of its interests in a joint venture, Mustang Operations Center 1 LLC ("MOC1"). MOC1 was classified as asset held for sale as at 31 December 2018, with completion in the current year.

During the year, the Group recognised fair value losses of US$1,816,000 (2018: US$Nil) (for debt securities at FVTPL) and US$2,970,000 (2018: US$958,000) (for equity investments at FVOCI) to the income statement and other comprehensive income, respectively, in relation to these investments.

Equity investments designated at FVOCI

The Group designated the equity investments at FVOCI because the Group intends to hold them for longer-term strategic purpose.

Security

At 31 December 2019, other investments of the Group and Company are pledged as security to secure bank loans obtained by Group entities (see Note 22).

Credit and market risks, and fair value measurement

Information about the Group's and the Company's fair value measurement is disclosed in Note 34.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Non-current				
Amounts from joint ventures (non-trade)	6,990	6,990	6,990	6,990
Prepayments	534	740	–	–
Other receivables	40	88	–	–
	7,564	7,818	6,990	6,990
Current				
Trade receivables – third parties	6,715	4,125	–	–
Trade receivables – amounts due from subsidiaries	–	–	3,637	3,201
Allowance for impairment loss	(2,306)	(2,312)	–	–
Net trade receivables	4,409	1,813	3,637	3,201
Accrued trade receivables	4,800	2,671	–	–
Amounts from joint ventures (non-trade)	1,823	1,799	1,479	1,489
Prepayments	296	228	9	215
Tax recoverable	851	987	–	–
Other receivables	1,230	1,856	769	2,405
	13,409	9,354	5,894	7,310
	20,973*	17,172*	12,884	14,300

* Amount is net of loss allowance of US$323,000 (2018: US$29,000) recognised on other receivables, excluding accrued trade receivables, prepayments and tax recoverable.

At 31 December 2019, included in the above receivable balances are loans to RSE Group of US$9,139,000 (2018: US$9,148,000) comprising (i) non-current non-trade amount from joint venture of US$6,990,000 (2018: US$6,990,000), (ii) current non-trade amounts from joint venture of US$1,478,000 (2018: US$1,487,000) and (iii) other receivables of US$671,000 (2018: US$671,000). These balances are expected to be recovered through proceeds from potential sale of certain assets of a joint venture.

The remaining non-trade amounts due from joint ventures of US$345,000 (2018: US$312,000) are unsecured, interest free and repayable on demand.

Credit and currency risks, and impairment losses

The Group's and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables are disclosed in Note 34.

12. ASSETS HELD FOR SALE

(A) Disposal of accommodation module

In February 2019, the Group entered into an agreement with AusGroup Limited to dispose an accommodation module for a cash consideration of approximately US$6,927,000 at the exchange rate of US$1:AUD1.4061. The consideration will be settled in 20 monthly repayments of US$155,000 with a final settlement of US$3,827,000 in October 2020. Upon full receipt of the consideration, all legal title and interests in the accommodation module will be transferred to AusGroup Limited.

Accordingly, at 31 December 2019, the carrying amount of the accommodation module of US$6,429,000 was classified as assets held for sale.

(B) Disposal of Mustang Operations Center 1 LLC

In September 2018, the Group's wholly-owned subsidiary, CES Oil Services Pte. Ltd. entered into a sale and purchase agreement with Alpha Energy Holdings Limited ("Alpha") and its wholly-owned subsidiary, Caracol Petroleum LLC in relation to the proposed disposal of the Group's investment in and non-trade amount due from Mustang Operations Center 1 LLC ("MOC1") amounting to US$1,000,000 and US$7,910,000 respectively.

Accordingly, at 31 December 2018, the Group's interests in the MOC1 was presented as assets held for sale.

	Group US$'000
2018	
Assets held for sale	
Reclassified from investment in joint venture (see Note 9)	1,000
Reclassified from non-trade amounts from joint ventures (see Note 11)	7,910
Impairment losses	(4,442)
At 31 December 2018	4,468
2018	
Sales consideration for the sale of MOC1:	
Ordinary shares of Alpha	2,652
Convertible perpetual securities of Alpha	1,816
Fair value of considerations to be received	4,468

In 2018, impairment losses of US$4,442,000 arising from the write-down of the assets held for sale to its fair value less costs to sell, have been included in 'other expenses' in the Group's consolidated statement of profit or loss.

The disposal of the Group's investments in MOC1 was completed in 2019.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Cash at bank and in hand in the statements of financial position	5,246	5,862	470	2,847
Less: Restricted cash	(4,656)	(5,018)	(449)	(2,388)
Cash at bank and in hand in the statement of cash flows	590	844	21	459

Restricted cash are earmarked by banks for various facilities granted. The Group is obliged to seek approval for disbursement of payments made from the secured lenders of the Group.

As at 31 December 2019, the Group's cash at bank amounting US$429,000 (2018: US$1,367,000), a vessel amounting to US$206,000 (2018: US$315,000) and equity investments at FVOCI amounting to US$Nil (2018: US$292,000) are pledged as security for various bank loans and facilities.

14. SHARE CAPITAL

	Group and Company	
	2019	2018
	No. of shares	No. of shares
	'000	'000
Issued and fully paid, with no par value		
At 1 January	13,166,385	13,166,385
Shares issued during the year	490,313	–
At 31 December	13,656,698	13,166,385

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On 30 December 2019, the Company issued 490,312,500 new ordinary shares for the acquisition of WKV Hydro Technics (Private) Limited and Blue Maven Asia Energy (Private) Limited (see Note 31 for information on the acquisition).

14. SHARE CAPITAL (CONT'D)

Capital management

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back issued shares, obtain new borrowings, reduce its borrowings or disposal of its assets.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as financial liabilities and trade and other payables less cash and cash equivalents and loan from a related party. Total capital includes issued capital, perpetual securities, redeemable exchangeable preference shares, reserves and retained earnings.

	Group	
	2019	2018
	US$'000	US$'000
Financial liabilities	61,723	60,341
Trade and other payables	39,149	36,934
Less: Cash and cash equivalents	(5,246)	(5,862)
Less: Loan from a related party	(23,621)	(22,400)
Net debts	72,005	69,013
(Deficit in equity)/Equity attributable to owners of the Company	(20,505)	6,366
Gearing ratio (times)	N/M	10.84

N/M: Not meaningful.

The Group's management reviews the capital structure on a periodic basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

There were no changes in the Group's approach to capital management during the year. The Company and its subsidiaries are not subject to any externally imposed capital requirements for the financial years ended 31 December 2019 and 31 December 2018.

15. PERPETUAL SECURITIES

On 28 March 2013, the Company completed the placement of S$30,000,000 (equivalent to US$23,710,000) 5% convertible perpetual capital securities at an issue price of 100 per cent (the "Capital Securities").

The securities are perpetual, subordinated and the distribution interest of 5% per annum may be deferred at the sole discretion of the Company. The perpetual securities do not have a maturity date. These perpetual securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position. Transaction costs incurred in connection with the issuance of perpetual securities amounted to US$224,000.

Each Capital Securities will, at the option of the holders of the Capital Securities, be converted into fully paid shares of the Company at a conversion price of S$0.025 per share. For the year ended 31 December 2019 and 31 December 2018, no new ordinary shares in the capital of the Company had been allotted and issued by the Company pursuant to the conversion of convertible perpetual capital securities by Capital Securities holders.

As at 31 December 2019, the Group has accrued perpetual securities distribution of US$332,000 (2018: US$321,000).

16. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

	Group	
	2019	2018
	US$'000	US$'000
At 1 January and 31 December	7,042	7,042

In 2015, 7,299,270 redeemable exchangeable preference shares ("REPS") were issued by a subsidiary of the Company at an issue price of US$1.00 per share. All issued preference shares were fully paid. The main terms and conditions of the agreement are as follows:

(a) The REPS are convertible into certain number of ordinary shares in the share capital of the Company based on the exchange price of US$0.01394 ("Exchange Price"). The conversion ratio will be subject to anti-dilution adjustments.

(b) The holders of REPS shall have the right to convert:

(i) the first 50% of their holdings of the REPS into ordinary shares of the Company ("Exchange Shares") at the Exchange Price at any time beginning from the first anniversary of the date of issuance of REPS and up to one business day before the date falling on the third anniversary of the date of issuance of REPS ("Maturity Date"); and

(ii) the next 50% of their holdings of REPS into Exchange Shares at the Exchange Price at any time beginning from the second anniversary of the date of issuance of REPS and up to one business day before the Maturity Date.

16. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (CONT'D)

(c) The subsidiary of the Company shall redeem all outstanding REPS not exchanged into Exchange Shares ("Redemption Shares") by the holders at US$1.4125 for each Redemption Share upon the occurrence of any of the following events prior to the Maturity Date:

(i) where Ezion Holdings Limited ceases to hold at least 25% of the Company's shares; or

(ii) where the subsidiary of the Company is insolvent, or is unable to pay its debts as they fall due, or is involved in any legal proceedings as a defendant; or

(iii) where there is a material breach to any term, condition or provision of the agreement.

Such number of Exchange Shares is to be determined in accordance with the exchange formula.

Within five business days immediately after the Maturity Date, the subsidiary of the Company has the option to redeem any number of Redemption Shares at Maturity Date at US$1.2625 for each Redemption Share ("Redemption Price"). In the event that the subsidiary of the Company does not exercise its option to redeem in part or in whole the Redemption Shares, such Redemption Shares shall be automatically exchanged ten business days after the Maturity Date into Exchange Shares at the Exchange Price. The holders of REPS do not have the right to redeem the REPS for cash.

In 2019 and 2018, no REPS in the subsidiary was exchanged by the holders for shares in the Company. There is no distribution on redeemable exchangeable preference shares for the financial years ended 31 December 2019 and 31 December 2018.

The REPS had matured on 13 August 2018 and the Company had entered into a standstill agreement and eight variation agreements in relation to the maturity of these REPS to extend the standstill period up to and including 30 June 2020 (2018: 28 June 2019). As at date of authorisation of these financial statements, the Group continues to negotiate with the REPS holders to extend the standstill agreement.

17. WARRANTS

On 29 November 2016, the Company completed the allotment and issuance of 2,196,411,885 new listed warrants at an issue price of S$0.002 per warrant, with each warrant entitling the holder to subscribe for one new ordinary share in the capital of the Company at the exercise price of S$0.002 per warrant (the "2016 Warrants"). The 2016 warrants amounted to US$2,514,000 are classified as equity instruments. Transaction costs incurred in connection with the issuance of the 2016 Warrants amounted to S$710,000 (equivalent to US$541,000). In 2017, a total of 115,421,000 amounted to US$130,000 of warrants had been exercised and converted into share capital of the Company.

No warrants were issued for the years ended 31 December 2019 and 31 December 2018.

18. OTHER RESERVES

The reserves of the Group comprise the following balances:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Fair value reserve	(3,961)	(958)	(1,276)	(984)
Foreign currency translation reserve	(2,500)	(2,329)	–	–
Hedging reserve	(19)	16	–	–
	(6,480)	(3,271)	(1,276)	(984)

Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of equity investments designated at FVOCI.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from the functional currency of the Company; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

19. NON-CONTROLLING INTERESTS

The following subsidiary has non-controlling interest (NCI) that is material to the Group.

Name	Principal places of business/ Country of incorporation	Ownership interests held by NCI	
		2019	**2018**
		%	**%**
Yichang Smartpower Green Electricity Co. Ltd	China	20	20

The following summarised financial information for the above subsidiary is prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2019	**2018**
	US$'000	**US$'000**
Revenue	3,547	4,191
(Loss)/Profit for the year	(7,496)	1,579
Total comprehensive income for the year	(7,496)	1,579
Total comprehensive income for the year attributable to NCI	(1,499)	316
Non-current assets	17,200	26,276
Current assets	6,619	5,295
Non-current liabilities	(18,910)	(19,117)
Current liabilities	(1,382)	(1,327)
Net assets	3,527	11,127
Net assets attributable to NCI	705	2,226
Cash flows from operating activities	1,410	418
Cash flows from investing activities	2	–
Cash flows used in financing activities	(1,660)	(660)
Net decrease in cash and cash equivalents	(248)	(242)

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Non-current				
Derivative financial liabilities - Interest rate swaps used for hedging	20	18	–	–
Loan from a related party [1]	–	22,400	–	22,400
Staff retirement liabilities	132	73	–	–
	152	22,491	–	22,400
Current				
Trade payables	16	660	–	–
Loans from related parties [1][2]	24,021	850	24,021	850
Non-trade amounts due to:				
- a related party [3]	1,461	1,079	1,424	1,043
- joint ventures [3]	114	76	114	76
Accrued operating expenses	1,174	1,249	55	466
Accrued interests payable	7,600	6,457	5,795	3,568
Other payables	4,611	4,072	1,197	2,760
	38,997	14,443	32,606	8,763
	39,149	36,934	32,606	31,163

(1) Loan from a related party, which is a shareholder of the Group, amounted to US$23,621,000 (2018: US$22,400,000) is unsecured, bears principal interest at a fixed rate of 5.0% (2018: 5.0%) per annum. As at 31 December 2019, the Group classified the entire loan obligation as "current liabilities" having breached covenants imposed by the shareholder. In 2018, the loan had a repayment term beyond 12 months as the covenant imposed was waived.

(2) Loan from a related party, which is also a shareholder of the Group, amounted to US$400,000 (2018: US$850,000), bears interest at 2.5% (2018: 2.5%) per month during the loan tenure and 20% (2018: 20%) per month on overdue balances. The loan is to be secured against the Group's investment in a subsidiary.

The Group continues to negotiate with the shareholders to refinance these loans. The shareholders had not issued any notice of statutory demand for repayments at the date of issue of these financial statements.

(3) Non-trade amounts due to a related party and joint ventures are unsecured, interest-free and repayable on demand.

Market and liquidity risks

The Group's and the Company's exposures to currency risks and liquidity risk related to trade and other payables are disclosed in Note 34.

21. AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2019	2018
	US$'000	US$'000
Non-current		
Non-trade amounts due to subsidiaries	–	22,859
Current		
Non-trade amounts due to subsidiaries	21,716	–

As at 31 December 2019, the non-trade amounts due to subsidiaries are re-designated as current liabilities and are repayable on demand. In the prior year, these amounts were not repayable within the next 12 months from 31 December 2018. These amounts are unsecured and interest-free.

22. FINANCIAL LIABILITIES

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Non-current				
Secured bank loans	554	686	–	–
Lease liabilities (2018: finance lease liabilities)	15,890	15,535	–	–
Intra-group financial guarantees	–	–	–	71
	16,444	16,221	–	71
Current				
Secured bank loans	44,431	43,178	3,000	–
Lease liabilities (2018: finance lease liabilities)	848	942	–	–
Intra-group financial guarantees	–	–	24,618	24,585
	45,279	44,120	27,618	24,585
	61,723	60,341	27,618	24,656

Secured bank loans

All the bank loans are secured by corporate guarantees from the Company, first legal charge on the Group's assets with carrying amounts of US$27,355,000 (2018: US$69,745,000), legal assignment of the rental proceeds from the Group's assets, assignment of insurances in respect of the Group's assets in bank's favour and all monies standing to the credit of the Group's receiving operating accounts in respect of the assets maintained by the Group with the banks.

Lease liabilities

The lease liabilities are secured by the Group's assets with carrying amounts of US$14,047,000.

22. FINANCIAL LIABILITIES (CONT'D)

Default of secured bank loans and financial guarantees

In the years 2018 and 2019, the Group had not met its loan obligations for the secured term loans. Accordingly, term loans of US$22,498,000 were classified to current liabilities as at 31 December 2019 (2018: US$18,247,000). The affected loans can be called for repayment upon notification by the banks. As at the date of this report, there has not been an issue of demand from the banks for the affected loans to be repaid immediately. The Group is under negotiations with the banks to refinance the loans.

In January 2019, a lender called on financial guarantee issued by another financial institution amounting to US$3,000,000. The Group had entered into a standstill agreement in relation to the obligations for the financial guarantee up to and including 31 October 2020.

In November 2019, the Group had entered into a variation agreement with another bank to restructure its loan of US$19,169,000 to be repaid over 84 months. As the financial covenants imposed by its banks had been breached, this loan is classified under current liabilities.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Carrying amount	
			2019	2018
	%		US$'000	US$'000
Group				
USD secured floating rate loans	4.61 – 6.01	2020 - 2026	41,253	38,588
AUD secured floating rate loans	4.59 – 5.76	2022	2,402	3,865
RMB secured floating rate loans	5.17 –5.77	2029	16,620	16,475
LKR secured floating rate loans	14	2023	1,448	1,413
			61,723	60,341

22. FINANCIAL LIABILITIES (CONT'D)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount	Contractual cash flows	Within 1 year	Within 2 to 5 years	After 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
Group					
31 December 2019					
Non-derivative financial liabilities					
Secured bank loans	44,985	(51,004)	(23,139)	(20,198)	(7,667)
Lease liabilities	16,738	(21,345)	(1,733)	(12,333)	(7,279)
Trade and other payables [(1)]	39,129	(41,270)	(41,138)	(132)	–
	100,852	(113,619)	(66,010)	(32,663)	(14,946)
Derivative financial liabilities					
Interest rate swaps used for hedging	20	(17)	(11)	(6)	–
	100,872	(113,636)	(66,021)	(32,669)	(14,946)
31 December 2018					
Non-derivative financial liabilities					
Secured bank loans	43,864	(48,741)	(48,741)	–	–
Finance lease liabilities	16,477	(22,916)	(1,985)	(10,934)	(9,997)
Trade and other payables [(1)]	36,916	(40,076)	(17,676)	(22,400)	–
	97,257	(111,733)	(68,402)	(33,334)	(9,997)
Derivative financial liabilities					
Interest rate swaps used for hedging	18	(18)	(23)	5	–
	97,275	(111,751)	(68,425)	(33,329)	(9,997)

(1) Excludes interest rate swaps used for hedging.

22. FINANCIAL LIABILITIES (CONT'D)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements: (cont'd)

	Carrying amount	Cash flows: Contractual cash flows	Cash flows: Within 1 year	Cash flows: Within 2 to 5 years	Cash flows: After 5 years
	US$'000	US$'000	US$'000	US$'000	US$'000
Company					
31 December 2019					
Non-derivative financial liabilities					
Other payables	32,606	(33,787)	(33,787)	–	–
Amounts due to subsidiaries	21,716	(21,716)	(21,716)	–	–
Secured bank loans	3,000	(3,170)	(3,170)	–	–
Financial guarantees	24,618	(42,544)	(42,544)	–	–
	81,940	(101,217)	(101,217)	–	–
31 December 2018					
Non-derivative financial liabilities					
Other payables	31,163	(33,133)	(10,733)	(22,400)	–
Amounts due to subsidiaries	22,859	(22,859)	–	(22,859)	–
Financial guarantees	24,656	(46,941)	(46,941)	–	–
	78,678	(102,933)	(57,674)	(45,259)	–

22. FINANCIAL LIABILITIES (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities					
	Non-trade amounts due to a related party US$'000	Loan from related parties US$'000	Accrued interests payable US$'000	Finance lease liabilities US$'000	Secured bank loans US$'000	Total US$'000
Balance at 1 January 2018	862	22,396	1,855	18,250	45,398	88,761
Changes from financing cash flows						
Non-trade amounts due to a related party	217	–	–	–	–	217
Repayment of borrowings	–	–	–	–	(3,777)	(3,777)
Interest expense paid	–	–	(82)	(1,136)	–	(1,218)
Total changes from financing cash flows	217	–	(82)	(1,136)	(3,777)	(4,778)
Effect of changes in foreign exchange rates	–	–	(42)	(917)	(39)	(998)
Other liabilities related changes						
Acquisition of subsidiaries	–	–	–	–	2,282	2,282
Net off with receivables	–	(356)	–	(945)	–	(1,301)
Interest expense	–	1,210	4,726	1,094	–	7,030
New finance lease	–	–	–	131	–	131
	–	854	4,726	280	2,282	8,142
Balance at 31 December 2018	1,079	23,250	6,457	16,477	43,864	91,127

22. FINANCIAL LIABILITIES (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities					
	Non-trade amounts due to a related party US$'000	Loan from related parties US$'000	Accrued interests payable US$'000	Lease liabilities US$'000 Restated*	Secured bank loans US$'000	Total US$'000
Balance at 1 January 2019	1,079	23,250	6,457	16,633	43,864	91,283
Changes from financing cash flows						
Non-trade amounts due to a related party	382	(450)	–	–	–	(68)
Proceeds from borrowings	–	–	–	–	134	134
Repayment of borrowings	–	–	–	–	(2,963)	(2,963)
Payment of lease liability	–	–	–	(40)	–	(40)
Interest expense paid	–	–	(398)	(1,149)	–	(1,547)
Total changes from financing cash flows	382	(450)	(398)	(1,189)	(2,829)	(4,484)
Effect of changes in foreign exchange rates	–	–	44	(362)	6	224
Other liabilities related changes						
Capitalisation of interest	–	–	(3,944)	–	3,944	–
Net off with receivables	–	536	–	–	–	536
Interest expense	–	685	5,441	1,656	–	7,782
	–	1,221	1,497	1,656	3,944	8,318
Balance at 31 December 2019	1,461	24,021	7,600	16,738	44,985	94,805

* See Note 3.5.

23. DEFERRED TAX LIABILITIES

Deferred tax liabilities of the Group comprise temporary differences arising from property, plant and equipment of subsidiaries acquired in 2018 (see Note 31).

Movements in deferred tax liabilities

Movements in deferred tax liabilities during the year are as follows:

	Balance as at 1 Jan 2018	Acquired in business combinations	Balance as at 31 Dec 2018	Recognised in profit or loss	Exchange differences	Balance as at 31 Dec 2019
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
Property, plant and equipment	–	1,248	1,248	38	20	1,306
Retirement benefits liabilities	–	(10)	(10)	(8)	–	(18)
	–	1,238	1,238	30	20	1,288

24. SHARE-BASED PAYMENTS

At 31 December 2019, the Company has the Charisma Energy Employee Share Option Scheme (the "Scheme").

The Scheme was approved and adopted by its members at an Extraordinary General Meeting held on 24 April 2013. The Scheme is administered by the Company's Remuneration Committee. All Directors and Employees of the Group shall be eligible to participate in the Scheme.

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at market price or at a discounted price not exceeding 20% of the market price (or such other percentage or amount prescribed or permitted by the SGX-ST) and approved by the shareholders at a general meeting in a separate resolution in respect of that option.
- The options shall be exercised in whole or in part 1 year (if exercise price of option is set at market price) or 2 years (if exercise price of option is set at a discount to market price) after the grant date.
- All options are settled by physical delivery of shares.
- The options granted expire after 10 years from date of grant or upon cessation of the employment of employees.

24. SHARE-BASED PAYMENTS (CONT'D)

At the end of the financial year, details of the options granted under the Scheme on unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1 January 2018	Options granted/ exercised	Options cancelled	Options outstanding at 31 December 2018/ 31 December 2019	Number of option holders at 31 December 2018/ 31 December 2019	Exercise period
	S$	'000	'000	'000	'000		
10/5/2016	0.009	58,200	–	100	58,100	7	10/5/2018 to 10/5/2026
9/5/2017	0.006	56,900	–	900	56,000	7	9/5/2019 to 9/5/2027

The outstanding options include 52,500,000 (2018: 52,500,000) share options granted to the Company's executive director, Tan Ser Ko; and 10,000,000 (2018: 10,000,000) share options granted to each of the non-executive directors, Simon de Villiers Rudolph, Cheng Yee Seng and Lim Chen Yang.

Fair value of share options and assumptions

The grant-date fair value of share options granted was measured based on the Black-Scholes option-pricing model formula as the fair value of services performed by employees and directors cannot be measured reliably. Expected volatility is estimated by considering historic average share price volatility. Option lives are based on the assumption that the share options will be exercised once the vesting period is over.

Option granted on 10 May 2016

	At 10 May 2016
Fair value (S$)	0.007
Share price (S$)	0.011
Exercise price (S$)	0.009
Expected volatility	64%
Expected dividends (Singapore cents)	–
Risk-free interest rate	1.34%

24. SHARE-BASED PAYMENTS (CONT'D)

Fair value of share options and assumptions (cont'd)

Option granted on 9 May 2017

	At 9 May 2017
Fair value (S$)	0.008
Share price (S$)	0.008
Exercise price (S$)	0.006
Expected volatility	78%
Expected dividends (Singapore cents)	–
Risk-free interest rate	1.57%

There is no market condition associated with the share option grants.

Disclosure of share-based payments arrangements

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price per share	Number of options	Weighted average exercise price per share	Number of options
	2019	2019	2018	2018
	S$	'000	S$	'000
Outstanding at 1 January	0.008	114,100	0.008	115,100
Cancelled during the year	–	–	0.006	(1,000)
Outstanding at 31 December	0.008	114,100	0.008	114,100

Employee expenses recognised as share-based payments

	Group	
	2019	2018
	US$'000	US$'000
Charisma Energy Employee Share Option Scheme	45	124

25. REVENUE

	Group	
	2019	2018
	US$'000	US$'000
Revenue from contracts with customers		
- Sale of energy and power generation services	13,229	13,389
- Rendering of services	81	108
	13,310	13,497
Lease income	–	3,689
	13,310	17,186

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of energy and power generation services

Nature of goods or services	Revenue generated from sale of energy and power generation services to state-owned electricity authorities.
When revenue is recognised	Revenue from sale of services is recognised when the clean energy is generated and delivered to the customer, and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices to customers are issued on a monthly basis and are payable within 30 days. For sales of energy and power generation services in China, the settlement of accounts receivables are partly paid via subsidies.

Rendering of services

Nature of goods or services	Revenue generated from the provision of management services.
When revenue is recognised	Revenue from rendering of services is recognised when the related services have been rendered.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 days.

25. REVENUE (CONT'D)

Lease income

Lease income is recognised on a straight-line basis over the term of the lease arrangements based on SFRS(I) 1-16 *Leases*. Invoices are issued on a monthly basis and payable within 30 days.

Judgement exercised over revenue recognition

In the current year, the Group continues to be in negotiation with a customer in relation to the terms of its existing charter contracts. In 2018 and 2019, no revenue was recognised from these charter contracts as there were uncertainties over the recovery of revenues from the customer. As at 31 December 2019, the cumulative contractual revenue owed by the customer but not recognised by the Group is US$16,352,000 (2018: US$8,176,000).

During the year, the power generation contracts for certain power plants in Sri Lanka expired and is in the process of being renewed. Under SFRS (I) 15, revenue is recognised when the Group has a contract with its customer which creates enforceable rights and obligations, including the rights to enforce payments. Following the expiration of these contracts during the year, the Group ceased recognising revenue for these power plants. The Group estimates that the revenue (based on the expected renewal tariff rates) attributable to power generated by the power plants during this period to be US$1,478,000.

The sale of energy and power services are made to state-owned electricity enterprises. For sales to the state-owned customer in China, the customers' purchases of the power generated is partly subsidised by government subsidies which are paid directly to the Group entity. The timing of such payments may not always be within the credit terms accorded by the Group entity. Management exercised judgement over the credit risks related to these revenues. As at 31 December 2019, management assessed that the receipts of these revenues remain highly probable.

25. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Energy and power services		Others		Total	
	2019	2018	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Primary geographical markets						
Singapore	–	–	81	108	81	108
Sri Lanka	9,681	12,384	–	–	9,681	12,384
China	3,548	1,005	–	–	3,548	1,005
	13,229	13,389	81	108	13,310	13,497
Major products/service line						
Sale of energy and power generation services	13,229	13,389	–	–	13,229	13,389
Rendering of services	–	–	81	108	81	108
	13,229	13,389	81	108	13,310	13,497
Timing of revenue recognition						
At a point in time	13,229	13,389	–	–	13,229	13,389
Over time	–	–	81	108	81	108
	13,229	13,389	81	108	13,310	13,497

The Group applies the practical expedient in paragraph 121 of SFRS(I)15 and does not disclose information about remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

26. NET FINANCE COST

	Group	
	2019	2018
	US$'000	US$'000
Finance income		
Interest income from bank deposits	194	108
Finance cost		
Interest expense on:		
- Loans from related parties	(2,947)	(3,092)
- Lease liabilities (2018: finance lease liabilities)	(1,656)	(1,094)
- Secured bank loans	(3,179)	(2,844)
	(7,782)	(7,030)
Net finance cost	(7,588)	(6,922)

27. LOSS BEFORE INCOME TAX

The following items have been included in arriving at loss before income tax:

		Group	
	Note	2019	2018
		US$'000	US$'000
Depreciation of property, plant and equipment	5	3,932	7,946
Depreciation of right-of-use assets	6	1,027	–
Impairment/(Write-back of impairment) loss, net on:			
- property, plant and equipment	5	10,139	34,254
- right-of-use assets	6	6,633	–
- intangible assets	7	1,306	–
- assets held for sale	12	–	4,442
- trade and other receivables	11	288	(484)
Net change in fair value of investments at FVTPL	10	1,816	–
Reversal of accrued revenue		–	(909)
Audit fees paid/payable to:			
- auditors of the Company		138	110
- other auditors		52	42
Non-audit fees paid/payable to:			
- auditors of the Company		11	24
- other auditors		18	9
Staff costs		1,912	1,752
Contributions to defined contribution plans, included in staff costs		47	54
Staff retirement liabilities		141	87
Share-based payment expenses		45	124
Foreign exchange loss (net)		30	60

Staff costs include key management personnel compensation as disclosed in Note 33.

28. INCOME TAX EXPENSE

	Group 2019 US$'000	Group 2018 US$'000
Current income tax expense		
Current year	1,403	1,325
Deferred tax expense		
Movements in temporary differences	30	–
	1,433	1,325
Reconciliation of effective tax rate		
Loss before income tax	(25,316)	(40,383)
Share of results of joint ventures (net of tax)	167	(1,497)
Loss before income tax excluding share of results of joint ventures	(25,149)	(41,880)
Tax calculated using Singapore tax rate of 17% (2018: 17%)	(4,275)	(7,120)
Effect of tax rates in other countries	(52)	(124)
Non-deductible expenses	4,243	7,509
Income not subjected to tax	(112)	(9)
Tax losses for which no deferred tax asset is recognised	1,629	1,069
	1,433	1,325

The Group has unrecognised tax losses of US$24,217,000 (2018: US$14,635,000) and unutilised capital allowances of US$1,352,000 (2018: US$1,352,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to agreement by the tax authorities and compliance with tax regulations prevailing in the respective countries. These tax benefits have not been recognised because certain subsidiaries of the Group do not consider the future taxable profits in the foreseeable future to be probable.

29. LOSS PER SHARE

Basic loss per share

	Group 2019 US$'000	Group 2018 US$'000
Loss attributable to owners of the Company	(25,250)	(42,024)
Distributions on perpetual securities	(332)	(321)
Loss attributable to owners of the Company	(25,582)	(42,345)

29. LOSS PER SHARE (CONT'D)

Weighted average number of ordinary shares

	No. of shares 2019 '000	No. of shares 2018 '000
Issued ordinary shares at 1 January	13,166,385	13,166,385
Effect of issue of new ordinary shares	2,687	–
Weighted average number of ordinary shares at 31 December	13,169,072	13,166,385
Basic loss per share (US cents)	(0.19)	(0.32)

Diluted loss per share

	Group	
	2019 US$'000	2018 US$'000
Loss attributable to equity holders (diluted)	(25,250)	(42,024)
Distributions on perpetual securities	(332)	(321)
Loss attributable to equity holders (diluted)	(25,582)	(42,345)

Weighted average number of ordinary shares (diluted)

	No. of shares 2019 '000	No. of shares 2018 '000
Weighted average number of ordinary shares (basic) *	13,169,072	13,166,385
Weighted average number of ordinary shares (diluted) *	13,169,072	13,166,385
Diluted loss per share (US cents)	(0.19)	(0.32)

* The average market value of the Company's shares for purposes of calculating dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding. As the Group was in a loss position in 2019 and 2018, the potential ordinary shares arising from the potential conversion of perpetual securities, redeemable exchangeable preference shares and warrants were not included in the computation of diluted loss per share because these potential ordinary shares would have been anti-dilutive.

30. OPERATING SEGMENTS

Industry segments

For the financial years ended 31 December 2019 and 31 December 2018, the Group's revenue, capital expenditure, assets and liabilities were mainly derived from one single business segment in the business of generating and sale of energy and power generation services.

Other operations include provision of offshore logistics chartering services and management services, which are not individually material reportable segments.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

31 December 2019

	Energy and power services	Others	Total
	2019	2019	2019
	US$'000	US$'000	US$'000
REVENUE			
External revenue	13,229	81	13,310
RESULT			
Reportable segment results from operating activities	6,809	(160)	6,649
Finance costs	(1,636)	(1,543)	(3,179)
Share of results of joint ventures	(167)	–	(167)
Write back of impairment loss on trade and other receivables	6	–	6
Impairment of property, plant and equipment	(9,833)	(306)	(10,139)
Impairment of right-of-use assets	(6,633)	–	(6,633)
Impairment of intangible assets	(1,306)	–	(1,306)
Interest on lease liabilities	(1,656)	–	(1,656)
Reportable segment loss before income tax	(14,416)	(2,009)	(16,425)
Tax expenses	(1,427)	(6)	(1,433)
Reportable segment loss before for the year	(15,843)	(2,015)	(17,858)
Unallocated finance costs			(2,947)
Unallocated finance income			194
Unallocated expenses			(6,138)
Loss for the year			(26,749)

30. OPERATING SEGMENTS (CONT'D)

Industry segments (cont'd)

	Energy and power services	Others	Total
	2019	2019	2019
	US$'000	US$'000	US$'000
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	59,905	6,877	66,782
Unallocated assets			15,950
Total assets			82,732
Reportable segment liabilities	39,519	27,010	66,528
Unallocated liabilities			36,004
Total liabilities			82,732
Capital expenditure	209	–	209
Depreciation expenses	4,774	181	4,955
Unallocated depreciation expenses			4
Total depreciation expenses			4,959

30. OPERATING SEGMENTS (CONT'D)

Industry segments (cont'd)

31 December 2018

	Energy and power services 2018 US$'000	Others 2018 US$'000	Total 2018 US$'000
REVENUE			
External revenue	16,575	611	17,186
RESULT			
Reportable segment results from operating activities	8,680	(1,012)	7,668
Finance costs	(1,899)	(1,399)	(3,298)
Share of results of joint ventures	1,497	–	1,497
Write-back of impairment of trade and other receivables	–	484	484
Amortisation of intangible assets	(103)	–	(103)
Impairment of property, plant and equipment	(26,871)	(7,383)	(34,254)
Reversal of accrued revenue	–	(909)	(909)
Interest on lease liabilities	(1,094)	–	(1,094)
Reportable segment loss before income tax	(19,790)	(10,219)	(30,009)
Tax expenses	(1,322)	(3)	(1,325)
Reportable segment loss for the year	(21,112)	(10,222)	(31,334)
Unallocated finance costs			(2,638)
Unallocated finance income			108
Unallocated expenses			(7,844)
Loss for the year			(41,708)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	76,110	8,362	84,472
Unallocated assets			23,099
Total assets			107,571
Reportable segment liabilities	38,155	28,178	66,333
Unallocated liabilities			32,646
Total liabilities			98,979
Capital expenditure	1,418	–	1,418
Depreciation expenses	6,381	1,550	7,931
Unallocated depreciation expenses			15
Total depreciation expenses			7,946

30. OPERATING SEGMENTS (CONT'D)

Geographical segments

The businesses of the Group are operated in Singapore, Sri Lanka, China, Middle East, India and Australia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location where non-current assets are located.

	2019		2018	
	Revenue	Non-current assets[1]	Revenue	Non-current assets[1]
	US$'000	US$'000	US$'000	US$'000
Singapore	81	(286)	108	(208)
Sri Lanka	9,681	27,079	12,384	40,203
China	3,548	16,666	4,191	25,730
Middle East	–	826	–	1,260
Australia	–	–	503	6,719
India	–	5,234	–	5,625
Total operations	13,310	49,519	17,186	79,329

[1] Non-current assets exclude financial instruments (other than joint ventures).

Major customers

During the financial year, the Group had 2 (2018: 3) customers in the power and energy services segment that individually contributed 10% or more of the Group's total revenue. Revenue from these customers amounted to US$13,229,000 (2018: US$16,575,000) of the Group's total revenue.

31. ACQUISITION OF SUBSIDIARIES

In April 2018, the Group acquired the shares in WKV Hydro Technics (Private) Limited and Blue Maven Asia Energy (Private) Limited (collectively, the "acquired subsidiaries"), which are the operators of the hydro power plants, for the generation and supply of hydroelectric power, for a total consideration of US$9,961,000.

Revenue and profit contribution

In the nine months to 31 December 2018, the acquired subsidiaries contributed revenue and profit for the period of US$9,198,000 and US$4,060,000 to the Group's results respectively. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, arising on the date of acquisition would have been the same if the acquisition had occurred on 31 March 2018.

31. ACQUISITION OF SUBSIDIARIES (CONT'D)

Consideration transferred

The settlement of the consideration is as follows:

	US$'000
Issue and allotment of ordinary shares in the Company	1,875
Settlement of trade receivables previously owed by vendor to the Company	8,086
	9,961

Equity instruments issued

The fair value of the ordinary shares issued was based on the last traded share price of the Company at 31 March 2019 of $0.005 per share.

Identifiable assets acquired and liabilities assumed

The final allocation of the purchase price to the identifiable assets acquired and liabilities assumed in the business combination was completed during the year. The following table summarises the estimated fair value of the assets acquired and liabilities assumed as at the date of acquisition:

	As reported 2018 US$'000	Adjustments US$'000	Final purchase price allocation US$'000
Property, plant and equipment	13,981	216	14,197
Intangible assets	8	–	8
Trade and other receivables	2,697	(181)	2,516
Cash and cash equivalents	40	–	40
Inventories	474	13	487
Trade and other payables	(3,709)	54	(3,655)
Financial liabilities	(2,282)	(70)	(2,352)
Deferred tax liabilities	(1,248)	(32)	(1,280)
Total identifiable net assets	9,961	–	9,961
Total consideration	(9,961)	–	(9,961)
	–	–	–
Cash consideration	–	–	–
Add: cash acquired	40	–	40
Net cash inflow from acquisition	40	–	40

31. ACQUISITION OF SUBSIDIARIES (CONT'D)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation technique
Property, plant and equipment	Discounted cash flows: The valuation model considers the present value of the expected future cash flows discounted using a risk-adjusted discount rate.
Inventories	Market comparison technique and cost technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

32. LEASES

Leases as lessee (SFRS(I) 16)

The Group leases land, office premises and power generation equipment. The lease tenor range between 4 to 25 years.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

The Group's movement of right-of-use assets is disclosed in Note 6.

Lease liabilities

The Group's lease liabilities and contractual cash flows are disclosed in Note 22.

Amounts recognised in profit or loss

	US$'000
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	1,656
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	42

Amounts recognised in statement of cash flows

	2019 US$'000
Total cash outflow for leases	1,189

32. LEASES (CONT'D)

Leases as lessor

During 2018 and 2019, the Group leased out its property, plant and equipment consisting of its vessels (see Note 5). All leases are classified as operating leases from a lessor perspective.

Operating lease

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	US$'000
2019 – Operating lease income under SFRS(I) 16	
Less than one year	8,199
Between one and five years	7,599
Total	15,798
2018 – Operating lease income under SFRS(I) 1-17	
Less than one year	8,176
Between one and five years	15,798
Total	23,974

33. RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2019	2018
	US$'000	US$'000
Short-term employee benefits	583	443
Share-based payments	45	124

33. RELATED PARTIES (CONT'D)

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

Other related party transactions

	Group	
	2019	**2018**
	US$'000	**US$'000**
Transactions with shareholders		
Management fees paid/payable	344	218
Interest paid/payable	2,524	3,092
Transactions with joint ventures		
Management fees income/receivable	81	109

34. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing those risks.

Risk management framework

Risk management is integral to the whole business of the Group. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2019	2018
	US$'000	US$'000
(Write-back)/Impairment loss on:		
- trade receivables	(6)	(38)
- other receivables	294	(446)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. However, management also considers the demographics of the debtors, including the default risk associated with the industry and country in which debtors operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 30.

The Group has established credit limits for customers and monitors their balances. It is the Group's policy to conduct credit reviews on new customers and credit terms are only extended to creditworthy customers. These debts are continually monitored and therefore the Group does not expect to incur material credit losses.

At 31 December 2019, the Group has concentration of credit risk with 2 customers (2018: 2 customers) engaged in the energy and power services segment accounting for 100% (2018: 99%) of net trade receivables.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Exposure to credit risk

The exposure to credit risk for trade receivables at the reporting date by type of customer was as follows:

	Group	
	2019	2018
	US$'000	US$'000
Government related entities	9,209	4,399
Non-government related entities	–	85
	9,209	4,484

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables (cont'd)

Expected credit loss ("ECL") assessment

The Group assesses on a forward-looking basis the expected credit loss associated with trade and other receivables.

The Group identified trade and other receivables that are credit-impaired and for which default event(s) has occurred. For such receivables, the Group assessed specifically the probability of recovery to the trade and other receivables balances and recognised the difference as impairment loss.

The Group uses an allowance matrix to measure the ECLs for the remaining of trade and other receivables which are not credit-impaired. ECL rates are calculated using industry default rate from Bloomberg L.P. The Group monitors changes in credit risk through on-going review of customer credit worthiness and by tracking published external credit ratings.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables:

	Weighted average loss rate	Gross carrying amount US$'000	ECL allowance US$'000	Net carrying amount US$'000
2019				
Group				
Trade receivables				
- Credit-impaired receivables measured at lifetime ECL	100%	2,306	(2,306)	–
- Remaining receivables				
- Not past due or less than 60 days overdue	–	7,407	–	7,407
- Past due 61 – 120 days	–	1,802	–	1,802
- Past due more than 120 days	–	–	–	–
		11,515	(2,306)	9,209
*Other receivables**	3.10%	10,406	(323)	10,083

* Excludes prepayments and tax recoverable.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables (cont'd)

Expected credit loss ("ECL") assessment (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables: (cont'd)

	Weighted average loss rate	Gross carrying amount	ECL allowance	Net carrying amount
		US$'000	US$'000	US$'000
2018				
Group				
Trade receivables				
- Credit-impaired receivables measured at lifetime ECL	100%	2,306	(2,306)	–
- Remaining receivables				
- Not past due or less than 60 days overdue	0.35%	4,405	(6)	4,399
- Past due 61 – 120 days	–	–	–	–
- Past due more than 120 days	–	85	–	85
		6,796	(2,312)	4,484
*Other receivables**	0.27%	10,762	(29)	10,733
2019				
Company				
Trade receivables				
Not past due or less than 60 days overdue	–	3,637	–	3,637
*Other receivables**	–	9,238	–	9,238
2018				
Company				
Trade receivables				
Not past due or less than 60 days overdue	–	3,201	–	3,201
*Other receivables**	–	10,884	–	10,884

* Excludes prepayments and tax recoverable.

There were no trade receivables for which credit risk has increased significantly since initial recognition that are not credit-impaired financial assets.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables (cont'd)

Movements in allowance for impairment in respect of trade and other receivables

Movements in the allowance for impairment of trade receivables and other receivables are as follows:

	Trade receivables 2019 US$'000	Other receivables 2019 US$'000	Trade receivables 2018 US$'000	Other receivables 2018 US$'000
Group				
Balance at 1 January	2,312	29	2,350	475
Impairment loss recognised	–	323	–	–
Amount written off	–	–	–	–
Loss allowance written back	(6)	(29)	(38)	(446)
Balance at 31 December	2,306	323	2,312	29

The net loss allowance recognised of US$288,000 (2018: write-back of US$484,000) has been recognised in 'other expenses' in the Group's consolidated statement of profit or loss.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and approved financial institutions.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Non-trade amounts due from joint ventures

The Group and the Company held non-trade amounts due from its joint ventures of US$8,813,000 (2018: US$8,789,000) and US$8,469,000 (2018: US$8,479,000), respectively. These balances are amounts extended to the joint ventures to satisfy its funding requirements. Impairment on these balances has been measured on the lifetime expected loss basis. As at 31 December 2019, these amounts are expected to be recovered through the proceeds from the potential sale of certain assets of the joint venture, which management assessed to be higher than the assets carrying amounts.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries.

Financial guarantees provided by the Company to its subsidiaries are eliminated in preparing the consolidated financial statements. Financial guarantees were computed based on the expected payment to reimburse the holder less any amount that the company expected to recover. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities drawn by subsidiaries amounting to US$44,985,000 (2018: US$43,864,000).

Certain guarantees granted by the Company to banks in relation to banking facilities granted to a joint venture amounted to US$94,496,000 (equivalent to INR6,777,000,000) (2018: US$96,829,000 (equivalent to INR6,777,000,000)). These were regarded as insurance contracts.

	Contractual cash flows	
	2019	**2018**
	US$'000	**US$'000**
Expiry Date		
More than 5 years	94,496	96,829

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of.

Estimates of the Company's obligation arising from the financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions made may well vary from actual experience so that the actual liability may vary considerably from the best estimates. There was no provision made in respect of the above obligation.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient level of cash and cash equivalents and bank facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between its financial assets and financial liabilities.

As at 31 December 2019, the Group's current liabilities exceed current assets by US$58,999,000 (2018: US$38,897,000).

The Group's operations are financed mainly through equity and bank borrowings. The Group has not met its loan obligations since 2017. The Group has been in negotiations with the banks and shareholders to refinance its outstanding loans to ensure necessary liquidity is available when required so that the Group and Company will be able to pay their debts as and when they fall due.

The Group believes upon the successful refinancing of the outstanding loans, the repayment of its present and future obligations will occur as required and is confident that the cash flows to be generated from the Group's operating activities and planned divestment of assets will be sufficient to meet the repayment requirements.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risks

The Group incurs foreign currency risk on equity investments – FVOCI, cash and cash equivalents, borrowings and expenditures that are denominated in currencies other than the United States dollars ("USD"). The currency giving rise to this risk is primarily the Singapore dollars ("SGD"), Australian dollars ("AUD"), Chinese Renminbi ("RMB") and Sri Lankan Rupee ("LKR").

There is no formal hedging policy with respect to foreign currency exposures. Exposures to foreign currency risk are monitored on an on-going basis and the Group endeavours to keep the net exposures at acceptable levels by buying currencies at spot rates, where necessary, to address short term imbalances.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risks (cont'd)

The Group's and Company's net exposure to foreign currencies are as follows:

	AUD US$'000	LKR US$'000	SGD US$'000	RMB US$'000
Group				
31 December 2019				
Trade and other receivables	–	4,503	82	–
Cash and bank balances	322	2,264	473	564
Trade and other payables	(5)	(237)	(6,825)	(595)
Net exposure	317	6,530	(6,270)	(31)
31 December 2018				
Equity investments – FVOCI	–	–	292	–
Trade and other receivables	85	–	30	–
Cash and bank balances	177	1,893	1,379	831
Trade and other payables	(17)	(198)	(4,081)	(1,434)
Net exposure	245	1,695	(2,380)	(603)

	SGD US$'000	RMB US$'000
Company		
31 December 2019		
Trade and other receivables	82	–
Cash and bank balances	470	–
Trade and other payables	(7,125)	–
Net exposure	(6,573)	–
31 December 2018		
Equity investments – FVOCI	292	–
Trade and other receivables	30	–
Cash and bank balances	1,377	–
Trade and other payables	(4,865)	(5)
Net exposure	(3,166)	(5)

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Foreign currency risks (cont'd)

Sensitivity analysis

A 10% strengthening of the USD against the following currencies at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2019	2018	
	Profit before tax US$'000	Equity US$'000	Profit before tax US$'000
Group			
AUD	(32)	–	(25)
LKR	(653)	–	(170)
SGD	627	(29)	267
RMB	3	–	60
Company			
SGD	657	(29)	346
RMB	–	–	–

A 10% weakening of the USD against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate exposure relates primarily to its secured bank loan that is subject to fluctuating interest rates that reset according to market rates change. The Group enters into and designates interest rate swap as hedge of the variability in cash flows attributable to interest rate risk.

At 31 December 2019, the Company has interest rate swaps with notional contract amounts of US$3,131,000 (2018: US$4,455,000) whereby the Company has agreed with a counterparty to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured term loans. Fair value of the above swaps at 31 December 2019 is a loss of US$20,000 (2018: US$18,000).

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments, as reported to the management, was as follows:

	2019 US$'000	2018 US$'000
Group		
Fixed rate instruments		
Loans from related parties	24,021	23,250
Lease liabilities	16,738	16,477
Variable rate instruments		
Interest rate swaps used for hedging – notional amount	(3,131)	(4,455)
Secured bank loans	44,985	43,864
Company		
Fixed rate instruments		
Loans from related parties	24,021	23,250
Variable rate instruments		
Secured bank loans	3,000	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (cont'd)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis point in interest rate at the reporting date would have increase/(decrease) equity and profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Equity		Profit before tax	
	50 bp increase US$'000	50 bp decrease US$'000	50 bp increase US$'000	50 bp decrease US$'000
Group				
31 December 2019				
Interest rate swaps used for hedging	*	*	–	–
Secured bank loans	–	–	(225)	225
31 December 2018				
Interest rate swaps used for hedging	*	*	–	–
Secured bank loans	–	–	(219)	219
Company				
31 December 2019				
Secured bank loans	–	–	(15)	15

* Amount is less than US$1,000.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Equity investments – FVOCI	Fair value – hedging instruments	Amortised cost	Other financial liabilities	Total carrying amount	Fair value
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group						
31 December 2019						
Financial assets measured at fair value						
Equity investments – FVOCI	–	–	–	–	–	–
Debt investments – FVTPL	–	–	–	–	–	–
Financial assets not measured at fair value						
Trade and other receivables[1]	–	–	19,292	–	19,292	
Cash and cash equivalents	–	–	5,246	–	5,246	
Financial liabilities measured at fair value						
Interest rate swaps used for hedging	–	(20)	–	–	(20)	(20)
Financial liabilities not measured at fair value						
Trade and other payables	–	–	–	(39,129)	(39,129)	
Financial liabilities[2]	–	–	–	(61,723)	(61,723)	

(1) Excludes tax recoverable and prepayments.
(2) The fair value of financial liabilities is based on the amount repayable on demand.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

The carrying amounts and fair values of financial assets and liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. (cont'd)

	Equity investments – FVOCI US$'000	Fair value – hedging instruments US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group						
31 December 2018						
Financial assets measured at fair value						
Equity investments – FVOCI	292	–	–	–	292	292
Financial assets not measured at fair value						
Trade and other receivables[1]	–	–	15,217	–	15,217	
Cash and cash equivalents	–	–	5,862	–	5,862	
Financial liabilities measured at fair value						
Interest rate swaps used for hedging	–	(18)	–	–	(18)	(18)
Financial liabilities not measured at fair value						
Trade and other payables	–	–	–	(36,916)	(36,916)	
Financial liabilities[2]	–	–	–	(60,341)	(60,341)	

(1) Excludes tax recoverable and prepayments.
(2) The fair value of financial liabilities is based on the amount repayable on demand.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

The carrying amounts and fair values of financial assets and liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. (cont'd)

	Equity investments – FVOCI US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company					
31 December 2019					
Financial assets measured at fair value					
Equity investments – FVOCI	–	–	–	–	–
Debt investments – FVTPL	–	–	–	–	–
Financial assets not measured at fair value					
Trade and other receivables[1]	–	12,875	–	12,875	
Cash and cash equivalents	–	470	–	470	
Financial liabilities not measured at fair value					
Trade and other payables	–	–	(32,606)	(32,606)	
Amounts due to subsidiaries	–	–	(21,716)	(21,716)	
Financial liabilities	–	–	(27,618)	(27,618)	
31 December 2018					
Financial assets measured at fair value					
Equity investments – FVOCI	292	–	–	292	292
Financial assets not measured at fair value					
Trade and other receivables[1]	–	14,085	–	14,085	
Cash and cash equivalents	–	2,847	–	2,847	
Financial liabilities not measured at fair value					
Trade and other payables	–	–	(31,163)	(31,163)	
Amounts due to subsidiaries	–	–	(22,859)	(22,859)	
Financial liabilities	–	–	(24,656)	(24,656)	

(1) Excludes prepayments.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- *Level 2*: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- *Level 3*: unobservable inputs for the asset or liability.

Financial assets and financial liabilities carried at fair value

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
31 December 2019				
Assets				
Equity investments – FVOCI	–	–	–	–
Debt investments - FVTPL	–	–	–	–
Liabilities				
Interest rate swaps used for hedging	–	(20)	–	(20)
31 December 2018				
Assets				
Equity investments – FVOCI	292	–	–	292
Liabilities				
Interest rate swaps used for hedging	–	(18)	–	(18)
Company				
31 December 2019				
Assets				
Equity investments – FVOCI	–	–	–	–
Debt investments - FVTPL	–	–	–	–
31 December 2018				
Assets				
Equity investments – FVOCI	292	–	–	292

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values

(i) Valuation technique and significant unobservable input

The following table shows the valuation technique used in measuring Level 1 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable input	Inter-relationship between key unobserved input and fair value measurement
Group			
Interest rate swaps used for hedging	*Market comparison technique:* The fair values are based on bank quotes.	Not applicable	Not applicable
Group and Company			
Equity investments at FVOCI / Debt investment at FVTPL	*Discounted cash flows:* The valuation model considers the present value of the expected future cash flows discounted using a risk-adjusted discount rate.	Expected cash flows	The estimated fair value would increase/(decrease) if: • the expected future dividends were higher (lower); or • the risk adjusted discount rate was lower (higher).

(ii) Transfers between Levels 1 and 3

At 31 December 2019, the Group and the Company's investments measured at FVOCI with a carrying amount of US$Nil were transferred from Level 1 to Level 3 because quoted prices in the market for such investments were no longer available.

34. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values (cont'd)

(iii) Level 3 recurring fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Equity investments at FVOCI US$'000	Debt investments at FVTPL US$'000
Group and Company		
At 1 January 2019	–	–
Transfer from Level 1 to Level 3	292	–
Purchases (see Note 10)	2,652	1,816
Total unrealised gains and losses recognised in profit or loss		
- net change in fair value of FVTPL financial assets	–	(1,816)
Total unrealised gains and losses for the period included in other comprehensive income		
- net change in fair value of FVOCI financial assets	(2,944)	–
At 31 December 2019	–	–

35. SUBSEQUENT EVENTS

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the world, with over 150 countries now affected. Many governments have taken stringent steps to contain the spread of the virus. There is a high level of economic uncertainty as evidenced by volatile asset prices, and economic disruptions to businesses.

For the Group's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Due to the uncertainty of the outcome of COVID-19, the Group cannot reasonably estimate the impact these events may have on the Group's financial position, results of operations or their forecasts of future cash flows. Due to the evolving nature of the outbreak, the Group's going concern assessment, including its forecast of future cash flows, includes significant judgement and estimates of which actual events may defer from the forecasts approved by the Board of Directors.

STATISTICS OF SHAREHOLDINGS

As at 18 May 2020

GENERAL INFORMATION ON SHARE CAPITAL

Issued and paid up capital	:	S$350,912,401.59
Total no. of issued shares	:	13,656,697,535
Number of treasury shares	:	Nil
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size Of Shareholdings	No. Of Shareholders	%	No. Of Shares	%
1 - 99	214	2.29	10,129	0.00
100 - 1,000	1,573	16.84	839,861	0.01
1,001 - 10,000	3,050	32.64	11,377,796	0.08
10,001 - 1,000,000	3,840	41.10	905,791,259	6.63
1,000,001 and above	666	7.13	12,738,678,490	93.28
TOTAL	**9,343**	**100.00**	**13,656,697,535**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	EZION HOLDINGS LIMITED	5,461,932,000	39.99
2	PATRICK TAN CHOON HOCK	1,003,083,100	7.34
3	HISTORY MAKER LIMITED	490,312,500	3.59
4	OCBC SECURITIES PRIVATE LTD	421,987,102	3.09
5	SERENE LEE SIEW KIN	339,000,000	2.48
6	DBS NOMINEES PTE LTD	295,533,937	2.16
7	RAFFLES NOMINEES (PTE) LIMITED	272,176,310	1.99
8	SUNSHINE CAPITAL GROUP PTE LTD	250,222,667	1.83
9	SIM HEE CHEW	230,468,000	1.69
10	ER CHOON HUAT	201,000,000	1.47
11	SEAH SOI CHENA	147,800,000	1.08
12	CHOW JOO MING	109,000,000	0.80
13	MAYBANK KIM ENG SECURITIES PTE. LTD	105,685,551	0.77
14	SIM ENG KIANG	95,000,000	0.70
15	PHILLIP SECURITIES PTE LTD	91,475,651	0.67
16	CITIBANK NOMINEES SINGAPORE PTE LTD	75,129,673	0.55
17	OCBC NOMINEES SINGAPORE PTE LTD	71,191,317	0.52
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	70,817,124	0.52
19	WEE PEI TIING	60,110,000	0.44
20	YIAP MOI HIANG	59,980,000	0.44
	Total:	**9,851,904,932**	**72.12**

STATISTICS OF SHAREHOLDINGS

As at 18 May 2020

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders:

	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%[1]
Ezion Holdings Limited	5,461,932,000	39.99	–	–
Patrick Tan Choon Hock	1,003,083,100	7.34	493,186,000[1]	3.61[1]

[1] Mr. Patrick Tan Choon Hock is able to exercise control over the voting rights of 339,000,000 shares owned by his spouse, Mdm Serene Lee Siew Kin and 154,186,000 shares owned by Mr. Patrick Tan Choon Hock are held through nominees.

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC'S HANDS

Based on the Register of Substantial Shareholders and the information made available to the Company as at 18 May 2020, approximately 48.97% of the Company's shares were held in the hands of the public, and accordingly, Catalist Rule 723 is complied with.

STATISTICS OF WARRANT HOLDINGS

As at 18 May 2020

Charisma W211128

No. of Warrants Outstanding : 2,040,335,705

DISTRIBUTION OF WARRANT HOLDINGS

Size Of Warrant Holdings	No. Of Warrant Holders	%	No. Of Warrant Holdings	%
1 - 99	12	1.02	610	0.00
100 - 1,000	36	3.07	24,413	0.00
1,001 - 10,000	89	7.58	620,732	0.03
10,001 - 1,000,000	909	77.43	195,653,782	9.59
1,000,001 and above	128	10.90	1,844,036,168	90.38
TOTAL	**1,174**	**100.00**	**2,040,335,705**	**100.00**

TOP 20 WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1	OCBC SECURITIES PRIVATE LTD	764,144,500	37.45
2	PATRICK TAN CHOON HOCK	160,908,400	7.89
3	EZION HOLDINGS LIMITED	115,193,200	5.65
4	RAFFLES NOMINEES (PTE) LIMITED	101,499,600	4.97
5	UOB KAY HIAN PTE LTD	80,272,700	3.93
6	MAYBANK KIM ENG SECURITIES PTE. LTD	74,870,812	3.67
7	MA ONG KEE	54,000,000	2.65
8	SERENE LEE SIEW KIN	33,900,000	1.66
9	PHILLIP SECURITIES PTE LTD	30,689,433	1.50
10	DBS NOMINEES PTE LTD	20,255,060	0.99
11	ANG YEW JIN EUGENE	19,000,000	0.93
12	YEO TIN MIN OR SOO YIN PENG	17,607,500	0.86
13	CHEN CHIN EE	17,497,400	0.86
14	YAP CHEE LAM	15,397,800	0.75
15	SEAH SOI CHENA	14,780,000	0.72
16	TEGUH ANDY	13,418,400	0.66
17	CHOW JOO MING	10,800,000	0.53
18	ONG KIM TAN	10,037,600	0.49
19	PEH KAY KOON	10,000,000	0.49
20	TEOH HAI THOW	10,000,000	0.49
	Total:	**1,574,272,405**	**77.14**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Charisma Energy Services Limited (the "Company") will be held by way of electronic means on Monday, 22 June 2020 at 9.00 a.m. to transact the following businesses.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2019 together with the Auditors' Report thereon.
   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Article 95 of the Constitution of the Company, and who have, being eligible, offered themselves for re-election as Directors:

   Mr. Cheng Yee Seng (See Explanatory Note (i)) **(Resolution 2)**
   Mr. Simon de Villiers Rudolph (See Explanatory Note (ii)) **(Resolution 3)**

3. To re-elect Mr. Eng Chiaw Koon, the Director retiring pursuant Article 77 of the Constitution of the Company, and who has, being eligible, offered himself for re-election as Director.
   (See Explanatory Note (iii)) **(Resolution 4)**

4. To approve the payment of Directors' fees of S$193,000 for the financial year ending 31 December 2020 to be paid quarterly in arrears (2019: S$168,000).
   (Resolution 5)

5. To re-appoint Messrs KPMG LLP as the Auditor of the Company and to authorise the Directors to fix their remuneration.
   (Resolution 6)

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"), authority be and hereby given to the Directors to:-

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the convertible securities;

(b) new shares arising from exercising share options or vesting of share awards provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with (a) and (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note (iv)) **(Resolution 7)**

8. **Authority to issue shares under the Charisma Energy Employee Share Option Scheme**

That the Directors be hereby authorised and empowered to offer and grant options in accordance with the rules of the Charisma Energy Employee Share Option Scheme (the "Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note (v)) **(Resolution 8)**

9. **Grant options under the Charisma Energy Employee Share Option Scheme at a discount**

That the Directors be and are hereby authorised to offer and grant Options in accordance with the provisions of the Scheme to participants with exercise prices set at a discount to the Market Price provided that such discount does not exceed 20% (or such other relevant limits as may be set by the SGX-ST from time to time) of the Market Price and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. All capitalised terms used in this Resolution which are not defined herein shall have the meanings ascribed to them in the circular dated 6 April 2015 to shareholders of the Company.
(See Explanatory Note (vi)) **(Resolution 9)**

By Order of the Board

Tan Wee Sin
Secretary
Singapore, 31 May 2020

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL https://charismaenergy.com. A printed copy of this Notice, proxy form and the Company's Annual Report 2019 will NOT be despatched to shareholders.

Explanatory Notes:

(i) **Ordinary Resolution 2** is to re-elect Mr. Cheng Yee Seng ("Mr. Cheng") who will be retiring by rotation under Article 95 of the Constitution. Mr. Cheng will, upon re-election, remain as an Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees of the Company. The Board considers Mr. Cheng to be independent for the purpose of Rule 704(7) of the Catalist Rules. Further information on Mr. Cheng can be found under "Board of Directors" and "Corporate Governance" sections in the Company's Annual Report 2019.

(ii) **Ordinary Resolution 3** is to re-elect Mr. Simon de Villiers Rudolph ("Mr. Rudolph") who will be retiring by rotation under Article 95 of the Constitution. Mr. Rudolph will, upon re-election, remain as an Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees of the Company. The Board considers Mr. Rudolph to be independent for the purpose of Rule 704(7) of the Catalist Rules. Further information on Mr. Rudolph can be found under "Board of Directors" and "Corporate Governance" sections in the Company's Annual Report 2019.

(iii) **Ordinary Resolution 4** is to re-elect Mr. Eng Chiaw Koon ("Mr. Eng") who will be retiring by rotation under Article 77 of the Constitution. Mr. Eng, upon re-election, remain as a Non-Executive Director of the Company.

(iv) **Ordinary Resolution 7**, if passed, will empower the Directors from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from (i) the conversion or exercise of the convertible securities, (ii) the exercise of share options or the vesting of share awards, and (iii) any subsequent bonus issue, consolidation or subdivision of shares. Adjustments with regards to (i) and (ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(v) **Ordinary Resolution 8**, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes or share plans of the Company, fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(vi) **Ordinary Resolution 9**, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant Options in accordance with the provisions of the Scheme to participants with exercise prices set at a discount to the Market Price provided that such discount does not exceed 20% (or such other relevant limits as may be set by the SGX-ST from time to time) of the Market Price. All capitalised terms used in this Resolution which are not defined herein shall have the meanings ascribed to them in the circular dated 6 April 2015 to shareholders of the Company.

Notes:

Participation in the AGM via live webcast or live audio feed

1. As the AGM will be held by way of electronic means, shareholders will NOT be able to attend the AGM in person. All shareholders or their representative (in the case of shareholders which are legal entities) will be able to participate in the AGM proceeding by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM ("Pre-registration") at this link: https://charismaenergy.com/AGM_Pre-registration by 9.00 a.m. on Thursday, 18 June 2020 ("Registration Deadline") for verification of their status as shareholders (or representatives of such shareholders which are legal entities). Registration will be open from 9.00 a.m. on Monday, 1 June 2020 onwards.

2. Upon successful verification, each such shareholder or its representative (in the case of shareholders which are legal entities) will receive an email by 9.00 a.m. on Friday, 19 June 2020. The email will contain instructions to access the live webcast or live audio feed of the AGM proceedings. Shareholders or their representatives (in the case of shareholders which are legal entities) must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM.

   Shareholders or their representatives (in the case of shareholders which are legal entities) who have pre-registered by the Registration Deadline but do not receive an email by 12.00 p.m. on Friday, 19 June 2020 may contact the Company for assistance at (65) 6571 0200.

Voting by Proxy

1. Shareholders may only exercise their voting rights at the AGM via proxy voting.

   Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In the Proxy Form, a shareholder should specifically direct the Chairman on how he is to vote for or vote against or abstain from voting on each resolution to be tabled at the AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

2. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at **438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968** or sent by email to enquiries@charismaenergy.com not less than forty-eight (48) hours (i.e. by 9.00 a.m. on Saturday, 20 June 2020), before the time appointed for holding the AGM. The Proxy Form can be downloaded from SGXNet or the Company's website at https://charismaenergy.com.

   In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email to enquiries@charismaenergy.com.

   A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM by appointing the Chairman of the AGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventy-two (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his/her proxy form forty-eight (48) hours before the AGM, the Chairman of the AGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

   CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 9.00 a.m. on Thursday, 11 June 2020), to ensure that their votes are submitted.

Access to documents or information relating to the AGM

All documents and information relating to the business of the AGM (including the Annual Report and the Proxy Form) have been published on SGXNet and the Company's website at https://charismaenergy.com. Printed copies will not be sent to shareholders.

Submission of questions prior to the AGM

1. Shareholders may submit questions related to the resolutions to be tabled at the AGM by post to the Company at **438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968** or sent by email to enquiries@charismaenergy.com. Questions must be submitted by 9.00 a.m. on Monday, 15 June 2020 so that they may be addressed during the AGM proceedings.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit questions by post, shareholders are strongly encouraged to submit questions electronically via the pre-registration website or by email.

2. Shareholders or their representatives (in the case of shareholders which are legal entities) must state his/her full name and whether he/she is a shareholder or a representative of a shareholder which is a legal entity. Any question without the identification details will not be addressed.

3. The Company shall address relevant and substantial questions (as may be determined by the Company in its sole discretion) received by 9.00 a.m. on Monday, 15 June 2020, before or during the AGM proceedings. The Company will publish the minutes of the AGM, including substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Company, on SGXNet and the Company's website within one month after the date of AGM.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);

(ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from shareholders received before the AGM and if necessary, following up with the relevant shareholders in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION
on Directors seeking re-election

Mr. Cheng Yee Seng, Mr. Simon de Villiers Rudolph and Mr. Eng Chiaw Koon are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 22 June 2020 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the information relating to the Retiring Directors as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	Mr. Cheng Yee Seng	**Mr. Simon de Villiers Rudolph**	**Mr. Eng Chiaw Koon**
Date of Appointment	16 May 2011	1 July 2013	1 February 2020
Date of last re-appointment	25 April 2017	25 April 2017	Not Applicable
Age	72	59	57
Country of principal residence	Singapore	Thailand	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the qualification, work experience and suitability of Mr. Cheng Yee Seng ("**Mr. Cheng**") for re-appointment as Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees of the Company. The Board have reviewed and concluded that Mr. Cheng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Simon de Villiers Rudolph ("**Mr. Rudolph**") for re-appointment as Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees of the Company. The Board have reviewed and concluded that Mr. Rudolph possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Eng Chiaw Koon ("**Mr. Eng**") for re-appointment as Non-Executive Director of the Company. The Board have reviewed and concluded that Mr. Eng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive

ADDITIONAL INFORMATION
on Directors seeking re-election

	Mr. Cheng Yee Seng	Mr. Simon de Villiers Rudolph	Mr. Eng Chiaw Koon
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees	Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees	Non-Executive Director
Working experience and occupation(s) during the past 10 years	2011 to present – Independent Non-Executive Director of Charisma Energy Services Limited 2011 to 2013 – Independent Non-Executive Chairman of the Board of Charisma Energy Services Limited Mr. Cheng holds a Bachelor of Laws (Honours) degree from the University of London, a Bachelor of Accountancy degree from the Singapore University, and a Master degree in Business Administration from the University of Hull.	2013 to present – Independent Non-Executive Director of Charisma Energy Services Limited Mr. Rudolph holds a degree in Economic History from the University of Durham in the United Kingdom and is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales (ICAEW).	2019 to present – (i) Non-Executive Director of Charisma Energy Services Limited; (ii) Deputy Chief Executive Officer of Ezion Holdings Limited; (iii) Non-Independent and Non-Executive Director of Ausgroup Limited; and (iv) Acting Group General Manager of Charisma Energy Services Limited (stepped down on 31 January 2020). 2018 to 2019 – Consultant of Ezion Holdings Limited 2015 to 2019 – Executive Director and Managing Director of Ausgroup Limited 2014 to 2015 – Director, Special Projects of Ezion Holdings Limited 2004 to 2013 – Chief Executive Office / Chief Operating Officer of Aqua-Terra Supply Co. Limited / KS Distribution Pte Ltd Mr. Eng holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries)	No	No	Mr. Eng is currently the Deputy Chief Executive Officer of Ezion Holdings Limited ("**Ezion**"), the controlling shareholder of the Company. He acts as a representative of Ezion for the Company.

ADDITIONAL INFORMATION
on Directors seeking re-election

	Mr. Cheng Yee Seng	**Mr. Simon de Villiers Rudolph**	**Mr. Eng Chiaw Koon**
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 10,000,000 options of the Company	Direct interest: 10,000,000 ordinary shares of the Company 1,000,000 warrants of the Company to subscribe for ordinary shares of the Company 10,000,000 options of the Company	Direct interest: 1,000,000 ordinary shares of the Company 850,000 warrants of the Company to subscribe for ordinary shares of the Company
Conflict of Interest (including any competing business)	No	No	Mr. Eng is currently the Non-Independent and Non-Executive Director of AusGroup Limited ("**AusGroup**"), an engineering contractor servicing mainly clients from resources and oil and gas industries and operates primarily in Australia. He is also the Deputy Chief Executive Officer of Ezion. Ezion and its subsidiaries ("**Ezion Group**") specialises in the development, ownership and chartering of strategic offshore assets to support energy markets. The Group's business focus is in renewable energy and is in the process of disposing the assets in marine and offshore oil and gas services ("**O&G**"). The Group currently has minimal operation in O&G business. Although the 3 groups serve similar industries, they are with completely different business focus. Ausgroup is engineering service provider, Ezion Group is the owner and operator of strategic offshore assets while the Group is in renewable energy business. In addition, there are no material transactions between Ausgroup and the Group which was completed on 19 June 2019. Based on the above, the Company is of the view that there will be no impact to Mr. Eng's ability to pursue the interest of one business over another. Mr. Eng will also take appropriate steps to ensure conflict of interest is minimised and ensure adequate resources will be allocated to the Company.

ADDITIONAL INFORMATION
on Directors seeking re-election

	Mr. Cheng Yee Seng	Mr. Simon de Villiers Rudolph	Mr. Eng Chiaw Koon
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments	Other Principal Commitments Nil	Other Principal Commitments Nil	Other Principal Commitments Deputy Chief Executive Officer of Ezion Holding Limited
Past Directorships (for the last 5 years)	Past Directorships (for the last 5 years) 1. Enzer Corporation Ltd. (n.k.a. Vallianz Holdings Limited) 2. Penguin International Ltd	Past Directorships (for the last 5 years) 1. Novel Diamond Fund 2. Giordano International Limited	Past Directorships (for the last 5 years) 1. Rotating Offshore Solutions Pte Ltd 2. Henosis Investments Pte Ltd 3. Teras Oranda Pte Ltd 4 Terasea Pte Ltd
Present Directorships	Present Directorships Modz Pte. Ltd.	Present Directorships Nil	Present Directorships 1. Ezion Holdings Limited 2. Ausgroup Limited 3. Ausgroup Singapore Pte. Ltd. 4. Modern Access Services Singapore Pte. Ltd. 5. Ezion Offshore Logistics Pte. Ltd. 6. Teras Global Pte. Ltd. 7. Teras Australia Pty Ltd 8. NT Port and Marine Pty Ltd 9. IML Australia Pty Ltd 10. Ezion Offshore Logistics Hub (Exmouth) Pty Ltd 11. Aero-Green Technology (S) Pte Ltd 12. Atlantic Amsterdam Pte Ltd 13. Atlantic Esbjerg Pte Ltd 14. Atlantic Labrador Pte Ltd 15. Atlantic London Pte Ltd 16. ES Indonesia Pte Ltd 17. Ezion Investments Pte Ltd 18. Ezion Maritime Pte Ltd 19. Meridian Maritime Pte Ltd 20. Teras 281 Pte Ltd 21. Teras 333 Pte Ltd 22. Teras 336 Pte Ltd 23. Teras 375 Pte Ltd 24. Teras Atlantic Pte Ltd 25. Teras Conquest 1 Pte Ltd 26. Teras Conquest 2 Pte Ltd 27. Teras Conquest 3 Pte Ltd 28. Teras Conquest 4 Pte Ltd 29. Teras Conquest 5 Pte Ltd 30. Teras Conquest 6 Pte Ltd 31. Teras Conquest 7 Pte Ltd

	Mr. Cheng Yee Seng	Mr. Simon de Villiers Rudolph	Mr. Eng Chiaw Koon
			Present Directorships (cont'd) 32. Teras Conquest 9 Pte Ltd 33. Teras Fortress 2 Pte Ltd 34. Teras Genesis Pte Ltd 35. Teras Investments Pte Ltd 36. Teras Offshore Maritime (Malaysia) Sdn Bhd 37. Teras Offshore Pte Ltd 38. Teras Pacific Pte Ltd 39. Teras Pegasus Pte Ltd 40. Teras Pneuma Pte Ltd 41. Teras Progress Pte Ltd 42. Teras Singapore 1 Pte Ltd 43. Teras Singapore 2 Pte Ltd 44. Teras Singapore 3 Pte Ltd 45. Teras Singapore 8 Pte Ltd 46. Teras Singapore Pte Ltd 47. Teras Sunrise Pte Ltd 48. Teras Transporter Pte Ltd 49. Teras Wallaby Pte Ltd
Disclose the following matters concerning an appointment of Director, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, General Manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

		Mr. Cheng Yee Seng	Mr. Simon de Villiers Rudolph	Mr. Eng Chiaw Koon
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

		Mr. Cheng Yee Seng	Mr. Simon de Villiers Rudolph	Mr. Eng Chiaw Koon
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

	Mr. Cheng Yee Seng	Mr. Simon de Villiers Rudolph	Mr. Eng Chiaw Koon
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

ADDITIONAL INFORMATION
on Directors seeking re-election

	Mr. Cheng Yee Seng	Mr. Simon de Villiers Rudolph	Mr. Eng Chiaw Koon
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a Director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a Director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the Director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A	N/A

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

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. Shareholder who wish to vote on any or all of the resolutions at the Annual General Meeting ("AGM") must appoint the Chairman of the AGM as their proxy to do so on their behalf.
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF or SRS investors who wish to appoint Chairman of the AGM as their proxy should contact their respective Agent Banks or SRS Operators at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.

I/We, ______________________________ (Name) ______________________________ (NRIC/Passport/Co Reg No.*)

of ____ (Address)

being a shareholder/shareholders* of Charisma Energy Services Limited (the "Company"), hereby appoint the Chairman of the Annual General Meeting ("AGM") as my/our* proxy to vote for me/us* on my/our* behalf at the AGM of the Company to be held by way of electronic means on Monday, 22 June 2020 at 9.00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please tick (√) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.

If you wish the Chairman of the AGM as your proxy to abstain from voting a resolution, please tick (√) within the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.)

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of the Directors' Statement, Audited Financial Statements and Independent Auditors' Report for the financial year ended 31 December 2019			
2	Re-election of Mr. Cheng Yee Seng as a Director of the Company			
3	Re-election of Mr. Simon de Villiers Rudolph as a Director of the Company			
4	Re-election of Mr. Eng Chiaw Koon as a Director of the Company			
5	Approval of payment of Directors' fees amounting to S$193,000 for financial year ending 31 December 2020 to be paid quarterly in arrears			
6	Re-appointment of Messrs KPMG LLP as Auditor of the Company and to authorise the Directors to fix their remuneration			
7	Authority to issue shares in the capital of the Company			
8	Authority to issue shares under the Charisma Energy Employee Share Option Scheme			
9	Authority to grant options under the Charisma Energy Employee Share Option Scheme at a discount			

Dated this_________day of____________2020

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM. This proxy form has been made available on SGXNET and may be accessed at this link: https://charismaenergy.com. A printed copy of this proxy form will NOT be sent to shareholders.

   CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 9.00 a.m. on Thursday, 11 June 2020), to ensure that their votes are submitted.

   Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at 438B Alexandra Road, #05-08/10 Alexandra Technopark, Singapore 119968 or sent by email to enquiries@charismaenergy.com not less than forty-eight (48) hours before the time appointed for holding the AGM (i.e. by 9.00 a.m. on Saturday, 20 June 2020). **In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

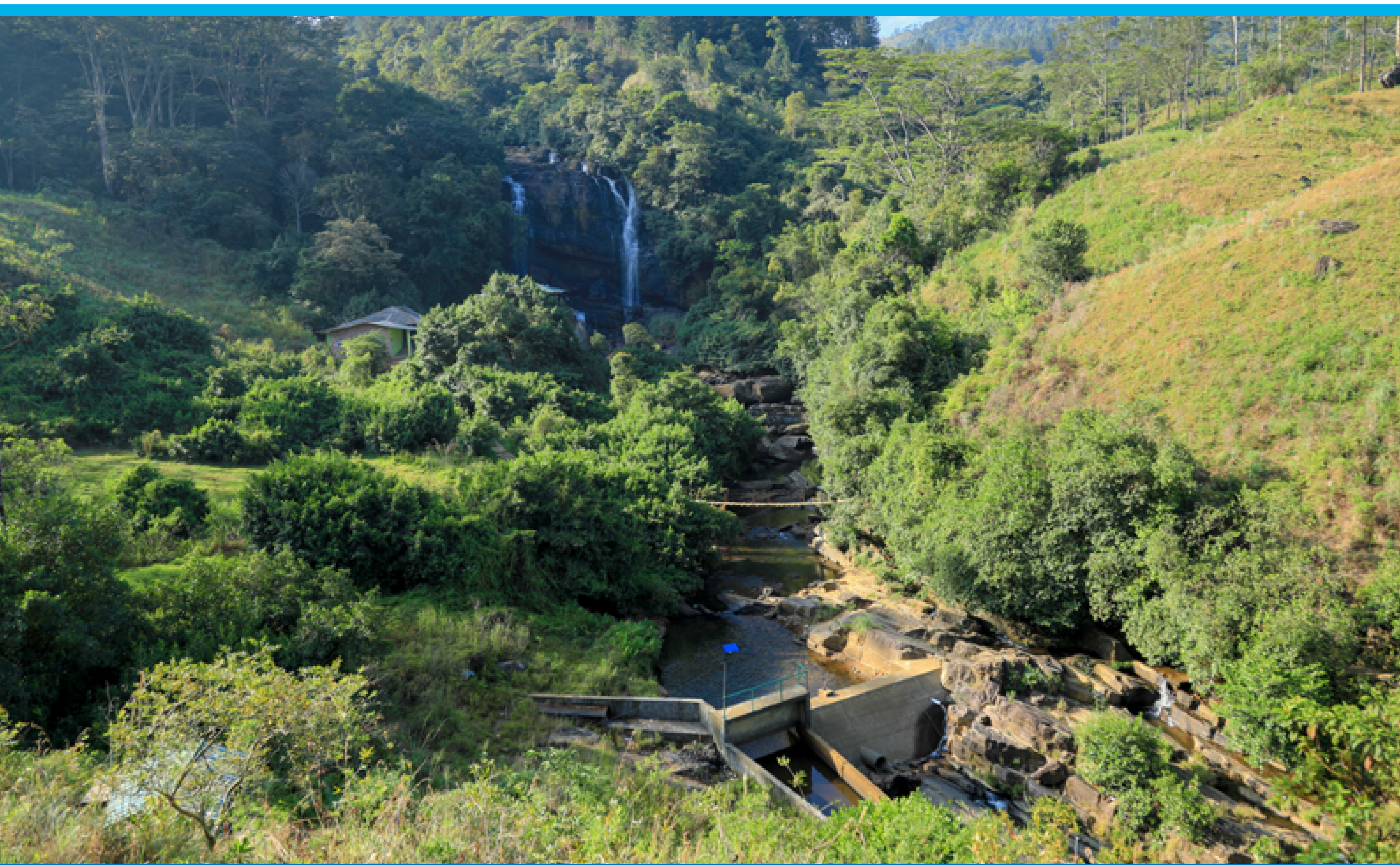
5. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.

6. In the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such shareholders are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 31 May 2020.

CHARISMA
ENERGY



CHARISMA ENERGY SERVICES LIMITED
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