

## CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199706776D)

### RESPONSE TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION DATED 3 MAY 2021

The Board of Directors (the "Board") of Charisma Energy Services Limited (the "Company" and together with its subsidiaries, the "Group") wishes to announce that it has received queries from the Singapore Exchange Regulation (the "SGX RegCo") on 3 May 2021 (the "3 May Queries") in relation to the Company's announcement on 28 April 2021 on the Company's 4Q and FY2020 Unaudited Financial Statements for the financial year ended 31 December 2020 and wishes to respond to the 3 May Queries in this announcement as follows:

SGX Queries	Company's Responses
<p>1. The Company disclosed non-current Other Receivables of US\$603k and current Trade and Other Receivables of US\$18.851m. However, we note that the cost of sales for the full year of FY2020 amounted to only US\$619k.</p> <p>Please disclose the nature and breakdown of, including the underlying transactions and the terms of the transactions (including the contract sum) and payment terms of:</p> <p>(i) the Group's non-current Other Receivables of US\$603k;</p> <p>(ii) the Group's current 'Other Receivables' within balance of US\$18.851m.</p>	<p>(i) Of the total non-current other receivables of US\$603k, US\$574k pertains to prepayment made by the Group for the lease of asset based in China.</p> <p>(ii) The Group's current other receivables amounts to approximately US\$5.5 million as at 31 December 2020, and the breakdown is as follows:</p> <p>(a) Remaining receivables from the sale of joint venture amounting to US\$2.2 million. Please refer to announcement dated 24 December 2020 for "Entry into Amendment Agreement and Completion of Proposed Disposal of Shares in Rising Sun Energy Private Limited". Further, as disclosed in the Company's monthly update announcement on 16 April 2021, the Company has completed the First Retention Obligation and the Company received an amount of approximately US\$1.3 million;</p> <p>(b) Management fee receivables from joint venture entity (disposed on 24 Dec 2020) amounting to US\$1.3 million. Please refer to announcement dated 24 December 2020 for "Entry into Amendment Agreement and Completion of Proposed Disposal of Shares in Rising Sun Energy Private Limited";</p> <p>(c) Tax recoverable amounting to US\$0.7 million;</p> <p>(d) Prepayments of expenses such as insurance, repair and maintenance purchases, and other prepayments, amounting to US\$0.7 million; and</p>

SGX Queries	Company's Responses
	(e) Other receivables comprising non-trade receivables from third party amounting to US\$0.6 million.
2. Please disclose the nature and aging of Amounts due to Related Parties which amounts to US\$27.394m in the current liabilities category.	<p>The breakdown of amounts due to related parties disclosed under the current liabilities category are as follows:</p> <p>(a) Approximately US\$27 million is amount owing to Ezion Holdings Limited ("Ezion"), a controlling shareholder of the Company. The nature of the amounts owing are mainly loan and interest, and management fees due to Ezion. The amounts owing are accumulated since 2014.</p> <p>(b) US\$400k pertains to loan principal owing to a non-controlling shareholder of the Company. This amount is owed since 2017.</p>
3. Please disclose the nature and aging of the Financial Liabilities which amounts to US\$31.164m in the current liabilities category.	<p>The breakdown of Financial Liabilities under the current liabilities category mainly as follows:</p> <p>(a) <u>Accommodation Module Loan</u> As at 31 December 2020, the outstanding loan that financed the accommodation module amounts to approximately US\$1.0 million. The loan has been fully repaid as at end of March 2021.</p> <p>(b) <u>Hydro Electric Power Plants Loan ("MHPP Loan")</u> At at 31 December 2020, the outstanding MHPP Loan amounts to approximately US\$14.8 million. In 2019, the MHPP Loan was restructured and to be repaid over 84 months, as disclosed in Note 22 of the Company's FY2019 Annual Report. The Group has fulfilled the instalment obligations to date.</p> <p>(c) <u>Offshore Support Vessel Loans ("OSV Loans")</u> As at 31 December 2020, the outstanding OSV Loans amounts to approximately US\$13.8 million. The Group has not met its loan obligations for the OSV Loans and can be called for repayment upon notification by the banks. As at date of this announcement, there has not been an issue of demand from the banks for the OSV Loans to be repaid immediately. The Group is continuously in discussion with the banks to refinance the loans. Certain proceeds from asset divestment were utilised to pay down the outstanding OSV loans.</p> <p>(d) Remaining other loans and lease obligations amounting to approximately US\$1.6 million are current and due within 1 year from 31 December 2020.</p>

SGX Queries	Company's Responses
<p>4. Given the Group's significant liabilities of US\$75.7m and cash and bank balance of only US\$3.315m and noting that the Company incurred losses of US\$1.113m in FY2020, please disclose the Board's assessment on whether the Company's current assets are adequate to meet the Company's short term liabilities of US\$75.7m, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.</p>	<p>(1) The Group had net liabilities of US\$22,916,000 as at 31 December 2020. Higher net liabilities as compared to 31 December 2019 is mainly due to the losses incurred for the 12M 2020 period. In addition, the Group had net current liabilities of US\$45,770,000 as at 31 December 2020. The net current liabilities is a result of certain liabilities amounting to approximately US\$29.6 million being classified as current liabilities as the Group did not meet the repayment schedule, financial covenants and the general undertaking imposed by the lenders. In addition, the Group has amount owing to related parties of approximately US\$27.4 million which further contribute to the net current liabilities. As such, the Group's current assets are inadequate to repay the current liabilities.</p> <p>However, the Group continues to engage in on-going discussions with the lenders to restructure the borrowings as part of the whole Group's restructuring process, while looking for new potential investors.</p> <p>In view of the above uncertainties faced by the Group, the Board and the Audit Committee is of the view that the Company's shares should remain suspended under Rule 1303(3)(c) of the Catalist Rules.</p> <p>(2) As per the monthly update announcement by the Company on 16 April 2021, the Company has identified 3 stages of restructuring to turnaround the Group which are:</p> <ul style="list-style-type: none"> <li>(a) Stabilisation of the Company via debt restructuring</li> <li>(b) Asset Divestment</li> <li>(c) Restructuring and Recapitalisation of the Group.</li> </ul> <p>The Company, through its corporate consultant, is still in discussion with an interested investor ("Potential Investor") to secure new cash funding for the Group. The Company will be looking into restructuring the Group's remaining debt based on terms that can be mutually agreed with the Potential Investor. Once the discussion with the Potential Investor materialises, the Company will seek shareholders' approval for these contemplated transactions in due course and also submit the Resumption Proposals to SGX.</p>

By Order of the Board

Tan Wee Sin  
Company Secretary  
7 May 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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