

CHARISMA ENERGY SERVICES LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199706776D)

MONTHLY UPDATE

*Unless otherwise defined, all capitalised terms used in this announcement which are not defined herein shall have the same meanings ascribed to them in the announcements by Charisma Energy Services Limited (the “**Company**”) dated 15 June 2021 in relation to the updates on the going concern assessment, announcement dated 14 June 2021 on the release of the Company’s annual report for financial year ended 31 December 2020, announcement dated 29 June 2021 on the release of the Company’s first quarter results for the financial period ending 31 March 2021, announcement dated 14 August 2021 on the release of the Company’s second quarter results for the financial period ending 30 June 2021, announcement dated 13 November 2021 on the release of the Company’s third quarter results for the financial period ending 30 September 2021, announcement dated 29 April 2022 on the release of the Company’s full year results announcement for the financial period ending 31 December 2021 and the monthly update announcements dated 2 October 2020, 4 November 2020, 3 December 2020, 5 January 2021, 3 March 2021, 16 April 2021, 27 May 2021, 9 July 2021, 16 September 2021, 22 October 2021, 30 December 2021, 28 January 2022, 21 February 2022, and 25 March 2022 and the announcement dated 7 April 2022 (collectively the “**Previous Announcements**”).*

The Board of Directors (the “**Directors**” or the “**Board**”) of the Company and together with its subsidiaries (the “**Group**”), refers to its Previous Announcements and would like to update the following:

- 1) The economic environment in Sri Lanka remains very challenging and the impact on the Company’s business operations in Sri Lanka continue as set out in further detail in the Company’s announcement dated 7 April 2022.

As announced on 14 October 2021, the Group’s facility agreement (“**Facility Agreement**”) for the outstanding loan secured by the mini-hydro electric power plants in Sri Lanka (“**Hydro Loan**”) remains recalled and cancelled, with the lending bank reserving its rights to take such steps under the Facility Agreement which it deems fit and at the appropriate time. Save for the Notice as described in the announcement dated 14 October 2021, the Group has not received any other formal notices from the lending bank.

The Group continues to face issues with the repatriation of US Dollars out of Sri Lanka to service the Hydro Loan repayment obligation and has yet to make payments for monthly instalments from January 2022 onwards. For the avoidance of doubt, the Sri Lanka bank account has sufficient funds to service the instalments required under the Hydro Loan.

The Group continues to maintain communications and discussions with the bank, *inter alia*, to seek forbearance in the meantime as the continued delay in payment of the overdue instalments is due to the foreign currency crisis in Sri Lanka. The Group remains committed to the exploration of several avenues to remit the US Dollar amount.

- 2) In relation to the China photovoltaic power plant (“**PRC Solar**”), the Company remains in preliminary talks with potential buyers for PRC Solar as part of the Company’s divestment strategy. The Group has received full National Subsidy in relation to electricity sold in 2017 progressively between June 2021 to December 2021. The Group is closely following up on the National Subsidy payment for electricity sold subsequent to 2017.

The Group has received approval from the lender to extend the principal instalment payment for the loan for PRC Solar by six (6) months from 25 March 2022 to 25 September 2022. This will provide the Company with additional time to divest PRC Solar and the Group to collect outstanding subsidies.

- 3) In relation to the settlement agreement with Whitesea Shipping & Supply (LLC) FZC ("**WSS**"), the Group had agreed to dispose four vessels ("**Vessels**") to WSS for a total consideration of US\$4,000,000 over twenty instalments. To-date, the Group has received US\$300,000 in total, and has yet to receive the overdue instalments amounting to US\$1,300,000. Delays in receiving proceeds from the unencumbered vessel has resulted in depletion of the Group's unencumbered cash balances. The current unencumbered cash balance is sufficient to sustain the Group's operations only till end of June 2022. The Group is following up closely with WSS on the overdue instalments.

Debt Restructuring and Recapitalisation of the Group

As announced on 10 January 2022, the Company has entered into a conditional subscription agreement (the "**New Investment**") with Yin Khing Investments Limited (the "**Investor**") for subscription of new ordinary shares amounting to S\$16,080,000 and share options amounting to S\$16,080,000.

It was contemplated that the Company would also undertake the following:

- (a) propose a scheme of arrangement which will be a compromise or arrangement between the Company and class(es) of certain of its creditors, in accordance with Section 210 of the Companies Act 1967 of Singapore or the Insolvency, Restructuring and Dissolution Act 2018 of Singapore or under any applicable law(s) of Singapore, to compromise certain of the Company's debt (the "**Past Liabilities**") with such settlement being a combination of cash and issue of new Shares (the "**Scheme of Arrangement**");
- (b) restructure certain of the Company's secured debts with certain existing lenders (the "**Continuing Lenders**") which shall remain in the Company (the "**Loan Restructuring**");
- (c) agree on a settlement with holders of the redeemable exchangeable preference shares (the "**Bilateral Settlement**")

(the Scheme of Arrangement, Loan Restructuring together with the Bilateral Settlement, collectively the "**Proposed Debt Restructuring**").

Till date, the Company, the Investor and one of the Continuing Lenders are yet to agree on the terms of the loan. The terms which were previously agreed with the other lenders / creditors may also need to be reviewed / revised in light of the overall financial situation of the Group.

This delay, coupled with (i) the long stop date of the Subscription Agreement falling due on 9 July 2022, (ii) the need to submit a trading resumption proposal by 30 June 2022; and (iii) the Company running low on its cash balances have forced the Company to consider and assess other options which may include but is not limited to the eventual liquidation of the Company.

Going Concern

Failing to complete the Proposed Debt Restructuring will have a major impact on the Company's ability to negotiate with the Investor to extend the long stop date of 9 July 2022 for the New Investment. Coupled with the depletion of the unencumbered cash to sustain the Group's operation, the Company may have no means to continue as a going concern beyond June 2022.

Further Announcements

In accordance with Catalist Rule 704(22), the Company will continue to update its shareholders via SGXNet regarding the, *inter alia*, financial situation of the Group. The Company will make further announcements as and when there are material developments.

Cautionary Statement

Notwithstanding that the trading of the Company's shares is suspended, shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. Shareholders and potential investors who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Tan Wee Sin
Company Secretary
3 June 2022

*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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