

CHARISMA ENERGY SERVICES LIMITED

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



ENTRY INTO A DEED OF SETTLEMENT WITH HOLDERS OF REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

1. INTRODUCTION

- 1.1. The board of directors (the “**Board**”) of Charisma Energy Services Limited (the “**Company**” and together with its subsidiaries, the “**Group**”, and each a “**Group Company**”) refers to its financial statements announcements dated 14 June 2021 (annual report for financial year ended 31 December 2020), 29 June 2021 (first quarter results for the financial period ended 31 March 2021), 14 August 2021 (second quarter results for the financial period ended 30 June 2021), 13 November 2021 (third quarter results for the financial period ended 30 September 2021), 7 April 2023 (first quarter results for the financial period ended 31 March 2022), 7 April 2023 (second quarter results for the financial period ended 30 June 2022), 7 April 2023 (third quarter results for the financial period ended 30 September 2022), 19 April 2023 (annual report for financial year ended 31 December 2021), the monthly update announcements on the going concern assessment dated 2 October 2020, 4 November 2020, 3 December 2020, 5 January 2021, 3 March 2021, 16 April 2021, 27 May 2021, 15 June 2021, 9 July 2021, 16 September 2021, 22 October 2021, 30 December 2021, 28 January 2022, 21 February 2022, 25 March 2022, 3 June 2022, 17 April 2023 and 2 June 2023, the announcements in relation to the Scheme (as defined below) dated 18 February 2023 and 12 April 2023 (collectively the “**Previous Announcements**”) and the announcement dated 18 January 2023 in relation to the entry into the new conditional subscription agreement (the “**Subscription Announcement**”).

Unless otherwise defined, capitalised terms used herein shall have the meanings as ascribed in the Previous Announcements and the Subscription Announcement.

- 1.2. As previously announced in the Subscription Announcement, following the lapse of the long stop date under the Previous CSA (as defined in the Subscription Announcement), the Company has entered into the New CSA (as defined in the Subscription Announcement) with the Subscriber (as defined in the Subscription Announcement) on 18 January 2023.
- 1.3. With reference to paragraph 1.2(d) of the Subscription Announcement, the Board is pleased to announce that the Company, together with its wholly-owned subsidiary, CES Hydro Power Group Pte. Ltd. (“**CES Hydro**”), has entered into a deed of settlement on 6 June 2023 with holders of the non-voting, redeemable and exchangeable preference shares issued by CES Hydro (the “**Preference Shares**”), Venstar Investments III Ltd (In Members’ Voluntary Liquidation) (“**Venstar**”) and Evia Growth Opportunities III Ltd (In Members’ Voluntary Liquidation) (“**Evia**”, together with Venstar, the “**REPS Holders**”) in relation to the settlement of outstanding arrangements under the REPS Subscription Agreement (as defined below) and terminate the Deed of Charge (as defined below) (the “**REPS Settlement Deed**”).

Please refer to paragraph 3 (*Principal Terms of the Proposed Settlement*) for details.

2. BACKGROUND AND RATIONALE

2.1. Background

Pursuant to a subscription agreement dated 3 August 2015 (the “**REPS Subscription Agreement**”), CES Hydro had issued 7,299,270 Preference Shares to the REPS Holders in August 2015. Under the terms of the Preference Shares, the REPS Holders are entitled to exchange their Preference Shares into new Shares of the Company and are also entitled to certain distribution preference and the Preference Shares are secured by a second fixed charge (the “**Security**”) over the assets of CES Hydro, being certain of the Hydro-Power Plants (as defined in the Subscription Announcement) (the “**Assets**”). The Preference Shares had matured

on 13 August 2018, being the third anniversary of the date on which the Preference Shares were issued and subsequently, the Company, CES Hydro and the REPS Holders had entered into multiple standstill agreements¹ in relation to the Preference Shares. Upon the expiry of the standstill agreements, the Company has continuously engaged the REPS Holders in discussions as part of the Group's Proposed Debt Restructuring.

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

The Company has also assessed various options and investment proposals, resulting in the decision to proceed with the Proposed Transactions (as defined in the Subscription Announcement) and the Proposed Debt Restructuring (as defined in the Subscription Announcement), which includes proposing a Scheme of Arrangement with the Company's Scheme Creditors (the "**Scheme**"), and the settlement of the outstanding amounts owed to the REPS Holders, as agreed under the REPS Settlement Agreement (the "**Proposed Settlement**").

As previously announced by the Company on 12 April 2023, the Court has granted leave for the Company to convene the Scheme Meeting of the Scheme Creditors for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme pursuant to Section 210 of the Companies Act 1967. The Scheme Meeting will be held at the registered office of the Company on 7 June 2023 at 10.00 a.m.

2.2. **Rationale**

Without the Proposed Transactions, the Proposed Divestments (as defined in the Subscription Announcement) and the Proposed Debt Restructuring (which includes the Proposed Settlement), the Group will not be able to have sufficient working capital to operate as a going concern or have a viable proposal for the resumption of trading of its Shares based on its present bank facilities.

Therefore, the Board is of the view that the Proposed Settlement, as part of the Proposed Debt Restructuring is beneficial to the Company and the Group, as the Proposed Transactions are inter-conditional on the Proposed Debt Restructuring. Only upon the completion of all of the transactions, the Company will be able to have access to funds to improve its cashflows, reduce its outstanding debt obligations and continue as a going concern.

3. **PRINCIPAL TERMS OF THE PROPOSED SETTLEMENT**

3.1. **Terms of the Proposed Settlement**

Under the terms of the REPS Settlement Deed, it is agreed amongst the parties that:

- (a) the REPS Holders hold a total of 7,299,270 Preference Shares which matured on 13 August 2018 (the "**Outstanding Preference Shares**"), with 4,379,562 Outstanding Preference Shares and 2,919,708 Outstanding Preference Shares to Venstar and Evia, respectively;

¹ Reference is made to the Company's announcements dated 28 July 2015, 5 August 2015, 13 August 2018, 28 January 2019, 8 April 2019, 3 July 2019, 30 August 2019, 31 October 2019, 17 January 2020, 22 May 2020, 7 September 2020 and 27 November 2020 and 5 October 2021 in relation to the maturity of 7,299,270 Preference Shares issued by CES Hydro to Venstar and Evia.

- (b) a settlement sum of S\$203,640 shall be paid in cash to the REPS Holders (the “**Cash Settlement Amount**”), with S\$122,184 to Venstar and S\$81,456 to Evia;
- (c) the Company shall allot and issue 10,654,276,257 Settlement Shares (as defined in the Subscription Announcement) (prior to the Share Consolidation), which is equivalent to a total value of S\$815,815, based on an issue price equivalent to the Subscription Price (as defined in the Subscription Announcement), to Venstar and Evia (pro rata to their holdings of the Outstanding Preference Shares) (the “**REPS Settlement Shares**”);
- (d) subject to the completion of the divestment of its 80% equity interest in Yichang Smartpower Green Electricity Co. Ltd (“**Yichang**”) by the Company (the “**Yichang Divestment**”), 15% of the sales proceeds from the Yichang Divestment (net of expenses) and/or the recovery of the Company’s loan to Yichang (the “**Net Proceeds**”) shall be distributed to the REPS Holders within 14 business days of the receipt of the Net Proceeds (pro rata to their holdings of the Outstanding Preference Shares);
- (e) as of the cut-off date of the Scheme of Arrangement (as defined in the Subscription Agreement) (the “**Cut-off Date**”), each of the REPS Holders will forfeit and/or relinquish its rights under the Outstanding Preference Shares (including any interests, distributions or dividends after the Cut-off Date) to the Company at no further cost; and
- (f) as of the Cut-Off Date, each of the REPS Holders will forfeit and/or relinquish its rights over the Assets and the Security shall be discharged.

3.2. Conditions

The Proposed Settlement is subject to:

- (a) the in-principle approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) being obtained by the Company in relation to the listing and quotation of the Settlement Shares;
- (b) the in-principle approval of SGX-ST being obtained by the Company in relation to the resumption of trading of the Shares on the SGX-ST;
- (c) shareholders’ approval being obtained at an EGM (as defined in the Subscription Announcement) to be duly convened for, *inter alia*, the Proposed Transactions, the Proposed Divestments (if necessary) and the Proposed Debt Restructuring (including the allotment and issue of the Settlement Shares); and
- (d) such consents, approval or waiver as may be required (or deemed necessary by the parties to the REPS Settlement Deed) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the transactions contemplated in the REPS Settlement Deed and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties,

and shall be inter-conditional with the completion of, *inter alia*, (i) the Proposed Transactions; (ii) the Proposed Share Consolidation (as defined in the Subscription Announcement); and (iii) the Proposed Debt Restructuring.

3.3. Issue size and Issue price

It is expected that the REPS Settlement Shares to be issued to the REPS Holders will represent approximately 3.9% of the enlarged share capital of the Company, assuming the Share Consolidation, the maximum issuance of the Subscription Shares and Settlement Shares before the exercising of Options by the Subscriber (as defined in the Subscription Announcement) and not taking into consideration any other Shares that may otherwise be issued. Shareholders are to note that issue price of the REPS Settlement Shares is the same as the final Subscription Price (as defined in the Subscription Announcement), which will be determined at a later date.

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

3.4. Catalyst Rule 812

Neither of the REPS Holders are persons who fall within the categories set out in Catalyst Rule 812(1). Accordingly, none of the REPS Settlement Shares will be placed by the Company to any person who is a Director or substantial shareholder of the Company, or any other person in the categories set out in Catalyst Rule 812(1).

3.5. Authority to Issue the REPS Settlement Shares

The Company will be seeking specific Shareholders' approval for the allotment and issue of the REPS Settlement Shares at an EGM to be convened pursuant to Catalyst Rules 805(1) and 811(3).

3.6. Use of Proceeds

No proceeds will be raised from the allotment and issue of the REPS Settlement Shares as they are issued for the purposes of the Proposed Settlement.

3.7. No Placement Agent

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

4. FURTHER ANNOUNCEMENTS

As the terms of the Proposed Share Consolidation have not been finalised and the terms of the Proposed Debt Restructuring (excluding the Proposed Settlement) (of which the Proposed Settlement is inter-conditional on) have not been approved at the upcoming Scheme Meeting, the Company will provide more details to its Shareholders in due course.

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

5. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

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

6. REGULATORY AND SHAREHOLDER APPROVALS REQUIRED

- 6.1. The Proposed Settlement is subject to the conditions precedent as set out in the REPS Settlement, and including the approvals required from the SGX-ST. Approvals will also be sought where necessary for the Proposed Divestments, the Proposed Share Consolidation and the other aspects of the Proposed Debt Restructuring.

- 6.2. Upon the finalisation of the terms of the Proposed Share Consolidation, the Proposed Debt Restructuring (excluding the Proposed Settlement) and any other transactions contemplated by the Company), the Company will make the requisite announcements in compliance with the requirements of the Catalist Rules and will also issue and despatch a circular to Shareholders containing the necessary information to seek for the approvals required.

7. DOCUMENTS AVAILABLE FOR INSPECTION

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

8. DIRECTORS' RESPONSIBILITY STATEMENT

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

9. CAUTIONARY STATEMENT

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

By Order of the Board

Tan Ser Ko
Director
9 June 2023

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

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