

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

**ENTRY INTO ADDENDUMS TO THE SETTLEMENT AGREEMENT WITH
WHITESEA SHIPPING & SUPPLY (LLC) FZC**

1. INTRODUCTION

The board of directors (the “**Directors**” or the “**Board**”) of Charisma Energy Services Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement dated 17 May 2021 in relation to the entry of settlement agreement with Whitesea Shipping & Supply (LLC) FZC through the disposal of Vessels (the “**Previous Announcement**”).

Unless otherwise defined in this announcement, capitalised terms herein shall have meanings ascribed to them in the Previous Announcement, as the case may be. Any inconsistencies in the figures in this announcement are due to rounding.

2. ENTRY INTO ADDENDUMS TO THE SETTLEMENT AGREEMENT

The Board would like to announce that the parties to the Settlement Agreement (the “**Parties**”) has entered into addendum agreements in relation to the sale of the Vessels on 5 August 2022 and 21 September 2022 (“**Addendum 1**” and “**Addendum 2**” respectively, collectively, the “**Addendums**”).

3. RATIONALE AND BOARD OPINION

The entry into the Addendums with the revised terms provides a higher degree of certainty on the completion of the sale of Vessels, which the Company has been working on over the past year. This will also enable the Group to receive cash receipts upon the completion of the sale of the Vessels to support the Group’s refinancing exercise with its financial institutions, which is in the interests of the Group.

4. SALIENT TERMS OF THE ADDENDUMS

- 4.1 **Sale of SAREM:** The Vessel SAREM had been sold and delivered on 18 August 2022 for the price of US\$700,000.00 (reduced from the original price of US\$1,000,000.00) after arm’s length negotiations with the buyer. The balance of the purchase price, net of the instalments of US\$330,000 previously paid to the Company as of 5 August 2022, had been received on the date of delivery of SAREM, pursuant to the terms of Addendum 1.

- 4.2 **Reduced purchase price:** The purchase price of each of the remaining three (3) Vessels, being SAEB, SALEH and SAMED (the “**Three Vessels**”), after arm’s length negotiations with the buyer, shall be reduced to US\$700,000.00 for each of the Vessels (US\$2,100,000.00 in total for the Vessels) (the “**Reduced Purchase Price**”), from the original price of US\$1,000,000.00 each (US\$3,000,000.00 in total for the Three Vessels)
- 4.3 WSS (acting through its nominee) shall pay deposits amounting to US\$70,000.00 in respect of each of the Three Vessels within ten (10) days from the date of Addendum 2. These deposits paid shall be set-off against the payment of the Reduced Purchase Price by WSS;
- 4.4 the original dates for transfer of title of the Vessels as set out in clauses 3.2 to 3.5 of the Settlement Agreement shall be disregarded, and WSS (acting through its nominee) shall make full payment of the Reduced Purchase Price in respect of the Vessels (net of deposits) and accept legal title to the Three Vessels within sixty (60) days from the date of the Addendum 2 in exchange for the legal title to the Three Vessels free from any and all encumbrances;
- 4.5 upon the receipt of the Reduced Purchase Price,
- 4.4.1 the payment obligations of WSS as set out in clauses 2.2.2 and 2.2.3 of the Settlement Agreement shall cease to have any effect;
- 4.4.2 WSS's notification obligations under clause 4 of the Settlement Agreement shall cease to have any effect;
- 4.4.3 clauses 6 to 8 of the Settlement Agreement shall cease to have any effect; and
- 4.4.4 AOS shall within three (3) banking days withdraw and/or discontinue the Enforcement Proceedings.
- 4.6 In the event that the Reduced Purchased Price for all Three Vessels is not received by AM2 and AM3 within sixty (60) days from the date of Addendum 2, Addendum 2 shall automatically be deemed to be void ab initio and shall have no legal effect whatsoever. Similar term was included in Addendum 1, of which the buyer had complied with the payment of the balance purchase price of SAREM within sixty (60) days of the Addendum 1.

5. REVISED FINANCIAL EFFECTS

5.1 NTL

Assuming that the Addendums and Disposals of the Vessels had been completed on 31 December 2021, being the end of the most recently completed financial year of the Company, the financial effects on the NTL per Share would be as follows:

	Before the completion of the Addendums and Disposals of the Vessels	After the completion of the Addendums and Disposals of the Vessels
NTL (US\$ '000)	(26,058)	(23,982)
No. of issued ordinary shares, excluding treasury shares (in million)	13,659	13,659
NTL per Share, excluding treasury shares (US\$ cents)	(0.19)	(0.18)

5.2 LPS

Assuming that the Addendums and Disposals of the Vessels had been completed 1 January 2021, being the beginning of the most recently completed financial year of the Company, the loss attributable to Shareholders and the financial effects on the LPS of the Company for financial year ended 31 December 2021 ("FY2021") would be as follows:

	Before the completion of the Addendums and Disposals of the Vessels	After the completion of the Addendums and Disposals of the Vessels
Loss attributable to Shareholders (US\$ '000)	(3,092)	(1,052)
Weighted average no. of ordinary shares, excluding treasury shares (in million)	13,657	13,657
LPS (US\$ cents) (excluding treasury shares)	(0.03)	(0.01)

5.3 SHARE CAPITAL

The Disposals of the Vessels will not have any impact on the issued and paid-up share capital of the Company.

5.4 CATALIST RULE 1006 RELATIVE FIGURES

5.4.1 The relative figures in relation to the Disposals of the Vessels computed on the applicable basis set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") and based on the figures reported in the unaudited financial statements of the Group for FY2021, are as follows:

Rule 1006	Bases of Calculation	Relative figure (%)
(a)	Net asset value of the assets to be disposed of compared with the Group's net liability value.	(2.46) ⁽¹⁾
(b)	Net losses attributable to the assets disposed of, compared with the Group's net loss.	5.38 ⁽²⁾
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation ⁽³⁾ based on the total number of issued shares excluding treasury shares.	14.45 ⁽⁴⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N.A. ⁽⁶⁾

Notes:

- (1) Computed based on the net book value of the Vessels of US\$640,000 and net liabilities value of the Group of US\$26,058,000, as at 31 December 2021.
- (2) Computed based on the net losses generated by the Vessels of US\$150,000 collectively and net losses before income tax and non-controlling interests of the Group of US\$2,789,000, for the financial year ended 31 December 2021.
- (3) Computed based on the market capitalisation of the Company of S\$27,318,657 (approximately US\$19,374,934 based on the exchange rate of US\$1.41:S\$1.00). The Company's market capitalisation of S\$27,318,657 was determined by multiplying the number of shares in issue of 13,659,328,535 by the VWAP of S\$0.002 per share, based on the trades done on the Catalist of the SGX-ST on 31 January 2019, being the last market day which the Shares were traded immediately preceding the date and up to the signing of the Settlement Agreement.
- (4) Computed based on the Reduced Purchase Price to be received of US\$2,800,000 and the Company's market capitalisation of approximately US\$19.4 million.
- (5) No equity securities will be issued by the Company as consideration.
- (6) The Disposals of the Vessels are not of mineral, oil or gas assets by a mineral, oil and gas company.

- 5.4.2 As the relative figures computed based on Catalist Rule 1006 involve negative figures, Rule 1007 provides that Chapter 10 of the Catalist Rules may still be applicable to the Disposals in accordance with the applicable circumstances of Practice Note 10A of the Catalist Rules ("Practice Note 10A").
- 5.4.3 As the relative figures set out under Catalist Rules 1006(a), 1006(b) and 1006(c) in relation to the Disposals of the Vessels exceed 5% but do not exceed 50% and the Disposals of the Vessels result in a gain in disposals for the Company, the Disposals fall within the exemptions set out under Paragraphs 4.4(c) and 4.4(e) of Practice Note 10A. As such, the Disposals constitute a "disclosable transaction" pursuant to Catalist Rules 1007 and 1010 and is therefore not subject to shareholders' approval in an extraordinary general meeting.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective interests arising by way of their shareholdings and/or directorships in the Company, none of the Directors, controlling shareholders or their associates have any interest, direct or indirect, in the Addendums.

7. SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Addendums and the Disposals. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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 on the Settlement Agreement and the Addendums, 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. DOCUMENTS AVAILABLE FOR INSPECTION

The Addendums are available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 8 Wilkie Rd, #03-01 Wilkie Edge, Singapore 228095.

10. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and the other announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD
CHARISMA ENERGY SERVICES LIMITED

Tan Ser Ko
Director
21 September 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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