CHARISMA ENERGY

BUILDING MOMENTUM THROUGH RENEWABLE ENERGY

Annual Report 2016

REVIEW

FINANCIALS

This annual report has been prepared by the Company and reviewed by PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report.

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

The contact person for the Sponsor is Mr. Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

SUSTAINING MOMENTUM THROUGH RENEWABLE ENERGY

In May 2016, the Group through its 80% owned subsidiary, in Yichang Green Electricity Co. Ltd, an entity incorporated in the People's Republic of China ("China") has obtained the approval to develop a 20MW solar photovoltaic power plant in Central China. This marks the Group's first venture into China, a potentially high growth renewable energy market and will also provide the Group with the impetus for further collaboration and development in China's renewable energy market.

LETTER TO SHAREHOLDERS

“BUILDING ON THE LAST ONE YEAR OF SUCCESS, THE COMPANY HAS ALSO ADOPTED A NEW CORPORATE LOGO THAT WILL BETTER REFLECT ITS NEW FOCUS IN RENEWABLE ENERGY.”

Dear Valued Shareholders,

On behalf of the Board of Directors, we are pleased to present to you the annual report for Charisma Energy Services Limited (the “Company” or together with its subsidiaries, the “Group”) for the financial year ended 31 December 2016 (“FY2016”).

There has not been an improvement in the operating environment of the onshore and offshore oil and gas services even though fuel prices have stabilised over the last few months. The stability of the fuel prices has not translated into significant adjustments in the operating budgets of Exploration & Production companies. Against this backdrop, the management had undertaken a review of the performance of our oil and gas related assets and accordingly, have made provisions amounting to approximately US$8.0 million.

Whilst the oil and gas sector remains tough, the Group’s shift in focus to the renewable sector has enabled the Group to sustain profitability through the existing 42 megawatt (“MW”) hydropower assets in South Asia which are operating smoothly and contributed over 50% of the Group’s revenue in FY2016.

Overall, the revenue of the Group for FY2016 increased by 1% to US$24.5 million and net profit for FY2016 decreased by 86% to US$1.2 million due to the provisions made in relation to our oil and gas related assets. The Group also generated US$12.5 million of operating cash flows during the year. Equity attributable to shareholders of the Company stood at US$83.2 million as at the end of FY2016.

In December 2015, the Company announced that it had entered into an agreement to acquire 50% of the issued and paid up capital of Grenzone Pte. Ltd. We are pleased to update that the acquisition, which allows the Group to gain competency and capability to execute and monitor engineering, procurement and construction projects in the solar photovoltaic power industry, had successfully been completed in February 2016.

In addition, the Group’s joint venture had successfully executed the power purchase agreements and obtained financial sanctions for the 140MW solar photovoltaic power plants in Rajasthan, India which was announced in January 2016. The construction for the power plants is currently underway and remains on track to generate revenue in the second half of 2017.

In May 2016, the Group through its 80% owned subsidiary, in Yichang Green Electricity Co. Ltd, an entity incorporated in the People's Republic of China ("China") has obtained the approval to develop a 20MW solar photovoltaic power plant in Central China. This marks the Group's first venture into China, a potentially high growth renewable energy market and will also provide the Group with the impetus for further collaboration and development in China's renewable energy market.

Furthermore, Charis Electric Pte Ltd, a joint venture, on 15 July 2016 secured an electricity retail license in Singapore which allows the Group to capture yet another segment of the power generation value chain.

Building on the last one year of success, the Company has also adopted a new corporate logo that will better reflect its new focus in renewable energy. Looking forward, the Group will not incur new capital expenditure on onshore and offshore oil and gas services and will continue to focus on developing, owning and operating renewable energy assets across Asia's emerging economies.

We thank God for His providence and would like to express our sincere gratitude to our fellow directors for their advice and guidance. We sincerely thank all our colleagues for their commitment and hard work throughout this difficult time. To our bankers, business associates and partners, we are very thankful for your unwavering support and trust in us. To our dear shareholders, we thank you for your faith in us and will continue to endeavor to add value to your investment.

Mr. Chew Thiam Keng
Non-Executive Chairman

Mr. Tan Ser Ko
Chief Executive Officer & Executive Director

BOARD OF DIRECTORS

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 21 April 2015. 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 and 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. Mr. Chew is currently a non-executive independent director of Pharmesis International Limited, a company listed on the SGX-ST. He previously served as independent director of Multi-Chem Limited.

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 26 April 2016. 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 18 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.

WONG BHEET HUAN

Executive Director

Mr. Wong Bheet Huan was appointed as Executive Director of the Company on 1 October 2014 and was re-appointed on 26 April 2016. He is responsible for the Group's strategic planning and project evaluation and implementation. He has more than 47 years of experience in marine engineering, power generation and ship and rig construction. He served 32 years at Lloyds Register and was the Country Manager for Singapore. He was also the Technical Director of Ezra Holdings Limited and Chief Executive Officer of Triyards Holdings Limited from 2004 to 2012. Mr. Wong is a registered Professional Engineer, Singapore, and a Fellow of the Institute of Marine Engineers, London. He received tertiary education at the Liverpool College of Technology and is a certified Chief Engineer by the British Board of Trade. He has an honours degree in law from the University of London.

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 21 April 2014. He currently serves as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. He is an independent non-executive director of Giordano International Limited, a company listed on the Hong Kong Stock Exchange, since 28 June 2013. Mr. Rudolph recently retired from the asset manager, Franklin Templeton, having worked as a portfolio manager for nearly 18 years. He has nearly 30 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).

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 21 April 2015. 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.

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 2016. 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. Wong Bheet Huan

Mr. Simon de Villiers Rudolph

Mr. Cheng Yee Seng

Mr. Lim Chen Yang

AUDIT COMMITTEE

Mr. Simon de Villiers Rudolph
(Chairman)

Mr. Cheng Yee Seng

Mr. Lim Chen Yang

REMUNERATION COMMITTEE

Mr. Cheng Yee Seng
(Chairman)

Mr. Simon de Villiers Rudolph

Mr. Lim Chen Yang

NOMINATING COMMITTEE

Mr. Lim Chen Yang
(Chairman)

Mr. Cheng Yee Seng

Mr. Simon de Villiers Rudolph

COMPANY SECRETARIES

Mr. Lee Tiong Hock
Mr. Goon Fook Wye Paul

REGISTERED OFFICE

15 Hoe Chiang Road
#12-05 Tower Fifteen
Singapore 089316
Tel : (65) 6535 4248
Fax : (65) 6535 0553

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

AUDITORS

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581

Partner-in-charge: Mr. Koh Wei Peng
(Appointed since financial year ended 31 December 2013)

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

Registered Professional:
Mr. Lance Tan
Tel: (65) 6229 8088

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited

Malayan Banking Berhad

DBS Bank Limited

CIMB Bank Berhad

FINANCIALS

CORPORATE GOVERNANCE REPORT

Charisma Energy Services Limited (the "Company") and its subsidiaries (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 main corporate governance practices that were in place during the financial year ended 31 December 2016 ("FY2016") with references to the principles of the Code of Corporate Governance 2012 (the "Code") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "SGX-ST") in January 2015 (the "Guide"). The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control 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 and consider 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.

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. Wong Bheet Huan	Executive Director
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

The main responsibilities of the Board are to:

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

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

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

CORPORATE GOVERNANCE REPORT

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

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

(vi) set the Company's values and standards.

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 Board approval as specified under 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 is supported by three board committees, namely the Audit Committee ("AC"), the Remuneration Committee ("RC") and the Nominating Committee ("NC"), (collectively, the "Board Committees"). These committees function within clearly defined terms of reference and operating procedures, which were approved by the Board.

The Board held four scheduled meetings in FY2016. Ad-hoc meetings are convened as and when warranted by circumstances. Dates of Board meetings, Board Committee meetings and annual general meetings 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; and also for matters requiring decisions of the Board to be approved by way of written resolutions of the Board.

The attendance of the Directors at scheduled meetings of the Board and Board Committees during FY2016 is disclosed below:

Type of Meetings	**Board**	**AC**	**NC**	**RC**
Total No. Of Meetings Held	4	4	1	1
Name of Director	**No. Of Meetings Attended**			
Mr. Chew Thiam Keng	4	N.A.	N.A.	N.A.
Mr. Tan Ser Ko	4	N.A.	N.A.	N.A.
Mr. Wong Bheet Huan	4	N.A.	N.A.	N.A.
Mr. Simon de Villiers Rudolph	4	4	1	1
Mr. Cheng Yee Seng	4	4	1	1
Mr. Lim Chen Yang	4	4	1	1

N.A. – Not applicable

CORPORATE GOVERNANCE REPORT

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.

Directors are 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 FY2016, 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.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

The Board comprise of six members, four of whom are Non-Executive Directors, of which three are independent. 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 the size and composition of the Board and the Board Committees annually. The NC considers the present board size and composition appropriate taking into account the business and scale of operations. It is of the view that the Board and Board Committees, comprise Directors who have the relevant skills and knowledge, expertise and experiences as a group for discharging the Board's duties.

The NC had reviewed the declaration of independence provided by each of the Independent Director in accordance with the Code. The NC and Board consider a Director as independent if he has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere or reasonably perceived to interfere with the exercise of the Director's independent business judgement with a view to the best interests 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 noted that at least half of the Board comprises Independent Directors. The Independent Directors have also confirmed their independence in accordance with the Code.

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

CORPORATE GOVERNANCE REPORT

In view that the Chairman of the Board (the "Chairman") is not an independent director and the Independent Directors make up half of the Board, Guideline 2.1 and 2.2 of the Code are met.

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 are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. The Non-Executive Directors meet at least once annually without the presence of Management.

None of the Independent Directors have served on the Board for a period exceeding nine years since the date of his first appointment.

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 NC is of the view that the current Board comprises persons who as a group provide an appropriate balance and diversity of skills, experience and knowledge for the Board to be effective. Key information about the Directors, including their qualifications and experience, are presented in pages 6 to 7 of this Annual Report under the heading "Board of Directors".

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: Clear division of responsibilities and balance of power and authority

The offices of the Chairman and CEO are separate. The Chairman, 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;

CORPORATE GOVERNANCE REPORT

(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.

As the Independent Directors make up half of the Board and all the Board Committees are chaired by Independent Directors, the Board is satisfied that there is a strong independent element to contribute to effective decision making and is of the view that it is not necessary to appoint a lead independent director at this juncture.

The Independent Directors will meet in the absence of the other Directors as and when circumstances warrant. The Independent Directors had met at least once annually in the absence of other Directors.

Board Membership

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors to 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 status of the 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 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.

CORPORATE GOVERNANCE REPORT

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. Newly appointed Directors during the year shall hold office only until the next annual general meeting of the Company ("AGM") 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, one third of the Board are to retire from office by rotation and be subject to re-election at the AGM. The NC would assess the performance of 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.

Mr. Simon de Villiers Rudolph and Mr. Cheng Yee Seng, both Independent Directors will be retiring at the forthcoming AGM pursuant to Article 95. Mr. Rudolph and Mr. Cheng, both being eligible, had consented to re-election as Directors at the forthcoming AGM.

The NC, with Mr. Rudolph and Mr. Cheng having abstained from deliberations on their re-election as Directors, has recommended that the above mentioned Directors be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered the Directors' overall contributions and performance.

Mr. Simon de Villiers Rudolph will, upon re-election as Director, remain as the Chairman of AC, and as a member of NC and RC. The Board considers Mr. Rudolph to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Mr. Cheng Yee Seng will, upon re-election as Director, remain as the Chairman of RC, and as a member of AC and NC. The Board considers Mr. Cheng to be independent for the purpose of Rule 704(7) of the Catalist Rules.

The dates of initial appointment and last re-election of each director 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	21 April 2015
Mr. Tan Ser Ko	Executive Director and CEO	29 July 2011	26 April 2016
Mr. Wong Bheet Huan	Executive Director	1 October 2014	26 April 2016
Mr. Simon de Villiers Rudolph	Independent Non-Executive Director	1 July 2013	21 April 2014
Mr. Cheng Yee Seng	Independent Non-Executive Director	16 May 2011	21 April 2015
Mr. Lim Chen Yang	Independent Non-Executive Director	26 July 2011	26 April 2016

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 able to discharge their duties adequately. 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. The NC does not wish to omit from consideration 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 together with serving on the Board effectively.

CORPORATE GOVERNANCE REPORT

In assessing the capacity of Directors, the NC will consider, 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 evaluation 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/her other commitments.

Currently, the Company does not have any alternate Director.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board.

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 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 adopted a formal process of evaluating the performance of the Board as a whole, its Board Committees, and the contribution by each Director to the effectiveness of the Board. The evaluations are designed to assess the Board's effectiveness to enable the NC to identify the areas of improvement or enhancement which can be made to the Board. The performance criteria for the Board and Board Committee evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, board performance in relation to discharging its principal functions and Board Committee's performance in relation to discharging their responsibilities as set out in their respective terms of reference, and financial targets. 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. This process 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 Board.

CORPORATE GOVERNANCE REPORT

No external facilitator was used in the evaluation process.

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

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 has met its performance objectives in FY2016.

Access to Information

Principle 6: Board members should be provided with adequate and timely information

Proposals to the Board for decision or mandate sought by the Management are in the form of memos that give Board members complete, adequate and timely information, and are distributed prior to Board meetings. Staff who can provide additional insight into matters to be discussed will be present at the relevant time during the Board and Board Committee meetings. Notices of Board and Board Committees meetings are circulated to the Directors in advance of the meetings, in order for the Directors to be adequately prepared for the meetings. However, for issues that are highly sensitive in nature, information may not be circulated in advance. Such information will be tabled for discussion directly at the meeting.

Board members have separate and independent access to the Company's senior Management and the Company Secretaries. At least one of the Company Secretaries attends the meetings of the Board and Board Committees and assists in ensuring that board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretaries is subject to approval by the Board as a whole.

Should Directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company, subject to the approval of the Board, will appoint a professional advisor to render advice at the expense of the Company.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors

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, 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);

CORPORATE GOVERNANCE REPORT

(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.

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 FY2016.

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.

Level and Mix of Remuneration

Principle 8: Level of remuneration should be appropriate and not excessive

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 policy articulates to staff the link that total compensation has to the achievement of organisational and individual performance objectives, and is benchmarked against relevant and comparative compensation in the market.

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 annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors and key management personnel is reviewed periodically by the RC and the Board. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The RC has reviewed and are satisfied that the above performance conditions were met for FY2016.

The Non-Executive Directors receive Directors' fees. The Directors' fee policy is based on a scale of fees divided into basic retainer fees as Director and additional fees for serving on Board Committees, taking into account factors such as effort, time spent, responsibilities of the Directors, the performance of the Company and the need to pay competitive fees to attract, retain and motivate the Directors. Directors' fees are recommended by the Board for approval by the shareholders at the AGM.

CORPORATE GOVERNANCE REPORT

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. Information on the Scheme is set out on page 28 of this Annual Report.

Disclosure in Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting remuneration

Taking note of the competitive pressures in the industry and the talent market, the Board had, on review, decided to only disclose the remuneration of the Directors in bands with a breakdown of the components in percentage. The name, 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 the competitors. Information on the remuneration of Directors in FY2016 is as follows:-

Remuneration Bands and Name of Directors	Salary %	Bonus %	Other benefits %	Fees %	Total %
S$250,000 to S$500,000					
Mr. Tan Ser Ko	69	30	1	–	100
Below S$250,000					
Mr. Wong Bheet Huan	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

In addition, a total of 47,500,000 share options under the Scheme were granted to Directors, namely, Mr. Tan Ser Ko, Mr. Wong Bheet Huan, Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang, on 10 May 2016. Such share-based incentives were granted to better align the interests of the Directors with those of shareholders and the details of such share-based incentive schemes can be found in page 28 of this Annual Report.

In FY2016, there was only one key management personnel in the Company. The key management personnel 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 FY2016.

There were no employees within the Group who were immediate family members of a Director or the CEO whose remuneration exceeded S$50,000 in FY2016.

CORPORATE GOVERNANCE REPORT

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: Presentation of a balanced and understandable assessment of the Company's performance, position and prospects

The Board, through its announcements of the Group's financial results to shareholders, aims to present a balanced and understandable assessment of the Group's position and prospects.

In preparing the financial statements, the Directors have:

(i) selected suitable accounting policies and applied them consistently;

(ii) made judgements and estimates that are reasonable and prudent;

(iii) ensured that all applicable accounting standards have been followed; and

(iv) prepared financial statements on the basis that the Directors have reasonable expectations, having made enquires, that the Group and Company have adequate resources to continue operations for the foreseeable future.

The Management provides the Board with management accounts and such explanation and information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

The Board delegates to the Management with the responsibility of ensuring compliance with legislative and regulatory requirements, including requirements under the Catalist Rules. Management may seek for professional advice from the Company Secretaries or legal advisors when necessary.

Risk Management and Internal Controls

Principle 11: Maintains a sound system of risk management and internal controls

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;

CORPORATE GOVERNANCE REPORT

(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, external audits and external certifications conducted by various external professional service firms.

In respect of FY2016, the Board has received assurance from the CEO and Chief Financial Officer:

(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, 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 risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 31 December 2016.

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 12: Establishment of Audit Committee with written terms of reference, which clearly set out its authority and duties.

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.

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;

CORPORATE GOVERNANCE REPORT

(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 risk management and internal controls systems including financial, operational, compliance and information technology controls;

(v) reviewing and making recommendations to the Board on the appointment and re-appointment 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 interested person transactions, if any; and

(ix) overseeing risk governance (refer to detailed disclosure under Principle 11).

The AC has full access 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 FY2016 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 FY2016 were not substantial. Details of the aggregate amount of fees paid to the external auditors in FY2016 and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 83 of this Annual Report. The AC has recommended the re-appointment of KPMG LLP as the external auditors at the forthcoming AGM.

The Company has put in place a whistle blowing policy, details of which have been made available to all employees. 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 either any of the Executive Directors or the AC Chairman, as appropriate.

During FY2016, 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 FY2016, the AC and the Board were briefed by the external auditors on the developments in financial reporting and governance standards.

CORPORATE GOVERNANCE REPORT

None of the AC members are former partners or directors of the Company's external audit firm within the last twelve months and none of the AC members hold any financial interest in the external audit firm.

Internal Audit

Principle 13: Establish an effective internal audit function that is adequately resourced and independent of the activities it audits

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 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 FY2016 in accordance with the internal audit plan approved by the AC.

(D) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably
Principle 15: Communication with shareholders
Principle 16: Conduct of shareholder meetings

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 notice is also advertised in a newspaper and available on the SGX-ST'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 still remain a concern.

CORPORATE GOVERNANCE REPORT

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.

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. 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. 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.

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.

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.

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. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

The Company does not have a fixed 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. The Board has not declared or recommended dividend for FY2016, as it is of the view that it can better use the cash to invest in new business opportunities to grow the Group at this juncture.

DEALINGS IN SECURITIES

The Company has adopted an internal code with regard 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 and 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.

CORPORATE GOVERNANCE REPORT

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 FY2016 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 26 April 2016.

Details of IPTs transacted during FY2016 are as follows:

Name of interested person	**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$100,000)** **US$**
Management fee paid/payable to		
Ezion Holdings Limited	NIL	260,540
Interest paid/payable to		
Ezion Holdings Limited	160,618	NIL

NON-SPONSOR FEES

The sponsor of the Company is PrimePartners Corporate Finance Pte. Ltd. ("PPCF").

For FY2016, the Company paid to PPCF non-sponsor fees of S$115,000.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS

	Proceeds from the exercise of share options pursuant to the options agreements (announced on 25 October 2012)	Proceeds from the placement of 200,000,000 ordinary shares (announced on 8 December 2015)	Proceeds from the issuance of warrants (announced on 30 September 2016)	Proceeds from exercise of warrants issued on 29 November 2016
	S$'000	S$'000	S$'000	S$'000
Balance of proceeds as at 1 January 2016	3,649	2,284	–	–
Net proceeds raised in FY2016	–	–	3,624	81
Use of proceeds:				
Capital expenditure on renewable energy assets	(3,649)	(2,284)[1]	(3,624)[1]	–
Administrative expenses	–	–	–	(81)
Balance of proceeds as at 17 March 2017	–	–	–	–

Note:

[1] Consists of proceeds originally intended to be used for general working capital purposes. After assessing the funding needs of the Group, the Company had reallocated the entire proceeds for the use in capital expenditure on renewable energy assets instead.

No new proceeds were raised in FY2016 from the exercise of warrants issued in 2013. The warrants issued in 2013 had expired on 3 November 2016.

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 2016.

In our opinion:

(a) the financial statements set out on pages 38 to 99 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 2016 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 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, 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
Wong Bheet Huan
Simon de Villiers Rudolph
Cheng Yee Seng
Lim Chen Yang

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (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**	**Holdings at end of the year**
Charisma Energy Services Limited		
– ordinary shares		
Wong Bheet Huan	30,800	33,880
Simon de Villiers Rudolph	–	10,000,000
– warrants to subscribe for ordinary shares		
Simon de Villiers Rudolph	–	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 of the financial year, 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 2017.

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 2016	Options granted	Options cancelled	Options outstanding at 31 December 2016	Number of option holders at 31 December 2016	Exercise period
	S$	'000	'000	'000	'000		
13/05/2015	0.020	26,700	–	(26,700)	–	–	Cancelled on 10/05/2016
10/05/2016	0.009	–	65,700	(2,000)	63,700	10	10/05/2018 to 10/05/2026

DIRECTORS' STATEMENT

Except for the above, there are no other share options forfeited, expired, cancelled or exercised since commencement of Scheme to 31 December 2016.

No options were granted to the following:

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

(ii) participants, other than 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 2016	Aggregate options granted since commencement of Scheme to 31 December 2016	Aggregate options cancelled since commencement of Scheme to 31 December 2016	Aggregate options outstanding as at 31 December 2016
	'000	'000	'000	'000
Tan Ser Ko	27,500	40,000	(12,500)	27,500
Wong Bheet Huan	5,000	7,500	(2,500)	5,000
Simon de Villiers Rudolph	5,000	7,500	(2,500)	5,000
Cheng Yee Seng	5,000	7,500	(2,500)	5,000
Lim Chen Yang	5,000	7,500	(2,500)	5,000
	47,500	70,000	(22,500)	47,500

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.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The Audit Committee of the Company comprises three 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 has 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.

DIRECTORS' STATEMENT

AUDITORS

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

On behalf of the Board of Directors

Tan Ser Ko
Director

Wong Bheet Huan
Director

31 March 2017

INDEPENDENT AUDITORS' REPORT

Members of the Company
Charisma Energy Services Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited 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 2016, the 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 38 to 99.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

Valuation of the Group's vessels and accommodation module
(Refer to Note 4 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group's vessels and accommodation module of US$52 million represented 34% of its total assets as at 31 December 2016. In the current year, there is a risk that the recoverable amount of the Group's vessels and accommodation module may be adversely impacted by expected decline in chartering rates of vessels and accommodation module. Management has assessed the recoverable amounts of the Group's vessels and accommodation module based on the estimated value in use of each vessel and accommodation module. Each individual vessel and accommodation module is a cash-generating unit. The assessment of impairment depends heavily on management's judgement and estimates of charter rates, deployment rates and discount rates of the Group's vessels and accommodation module.	We obtained management's value in use calculations and assessed the key assumptions including forecast charter rates, forecast utilisation, inflation and discount rates. We assessed these assumptions by reference to market data and past experience of the Group. These included: – comparing the forecast charter rates and utilisation to those achieved in prior periods; – comparing forecast charter rates to signed contracts for contracted periods and challenging basis of charter rates post-contracted periods; – re-computing the discount rates using market inputs, and incorporating market, country and asset-specific risk premiums; and – testing the mathematical accuracy of the calculations. We also evaluated the adequacy of disclosures in respect of the impairment test assessment. *Findings* We found management's estimate of value in use has been appropriately applied to each individual cash-generating unit. We have considered the relevance of management's assumptions by reference to the historical forecasts and actual performance, and industry benchmarks. The disclosures on the key assumptions and their sensitivity on the recoverable amounts are balanced and reflective of the risk of inherent estimation uncertainties.

INDEPENDENT AUDITORS' REPORT

Recoverability of trade receivables
(Refer to Note 9 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group has outstanding trade receivables of US$6.1 million. Owing to the oil crisis, the Group has experienced significant delays in the recovery of debts owing from various counterparties in the oil and gas sector. Determining the creditworthiness of counterparties and the recoverability of receivables requires significant management judgement.	We challenged the Group's assessment of the recoverability of trade receivables, focusing on those that were long outstanding and/or of significant amounts. Our procedures include: – analysing the payment history of the debtors for these receivables and the receipts subsequent to the year end; – considering revised repayment schedules reached with these debtors; and – assessing the historical reliability of the Group's estimates in previous periods by comparing the past impairment losses recognised against the actual amounts written-off. We also considered the adequacy of disclosures about the degree or risk of estimation involved in arriving at the provision for impairment losses recognised. *Findings* We found the approach taken by the Group to ascertain the recoverability of its trade receivables to be balanced. We found the disclosures to be proportionate to the judgement exercised by the Group.

INDEPENDENT AUDITORS' REPORT

Valuation of investment in joint venture and loan to joint venture
(Refer to Notes 7 and 9 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
The Group has an equity investment of US$1.0 million and advances of US$7.5 million to Mustang Operations Centre 1 LLC ("MOC1") as at 31 December 2016. MOC1 is a joint venture set up in 2014 to construct and lease a processing facility to an Alaskan based oil company to process oil from the Mustang field located on the North Slope of Alaska. The development of the Mustang field has been put on hold due to current market conditions. The Group determines the existence of any objective evidence through which the Group's investment in joint venture and loan to joint venture may be impaired. The assessment of indicators of impairment and where such indicators exist, the determination of the recoverable amount of the investment requires judgement.	We assessed the determination of the recoverable amounts of the investment and loan amount based on our understanding of the nature of the Group's business and the economic environment in which its joint venture operates. We evaluated management's key assumptions and estimates to determine the recoverable amounts of its investment and loan to joint venture. *Findings* We found the approach taken by the Group to determine the recoverable amounts of its investment in MOC1 and loan to MOC1 to be balanced.

Acquisition accounting
(Refer to Note 26 to the financial statements)

The key audit matter	*How the matter was addressed in our audit*
During the year, the Group acquired 50% equity interest in Grenzone Pte Ltd and 80% equity interest in Yichang Smartpower Green Electricity Co. Ltd for US$1.5 million and US$1.0 million respectively. The Group engaged an external expert to appraise the identifiable assets acquired and liabilities assumed. Judgement is involved in estimating the fair value of assets acquired and liabilities assumed.	We examined the terms and conditions of the sales and purchase agreements. We reviewed management's process of determining acquisition accounting and the purchase price allocation. We engaged our specialists to review the valuation methodology and assumptions used by the external expert in determining the fair values of the identifiable net assets acquired. We considered the adequacy of disclosures about the acquisitions. *Findings* We found the valuation methodology and assumptions used in determining fair values of assets acquired and liabilities assumed to be balanced. We found the disclosures to be adequate.

INDEPENDENT AUDITORS' REPORT

Other information

Management is responsible for the other information. The other information comprises information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Act and FRSs, 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITORS' REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, 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 Koh Wei Peng.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2017

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2016

	Note	Group		Company	
		2016	2015	2016	2015
		US$'000	US$'000	US$'000	US$'000
Non-current assets					
Plant and equipment	4	123,192	131,961	38	55
Intangible assets	5	1,306	–	–	–
Subsidiaries	6	–	–	75,895	59,684
Joint ventures	7	5,757	1,249	13,287	281
Available-for-sale financial assets	8	2,305	2,874	2,305	2,874
Other receivables	9	8,668	85	–	–
		141,228	136,169	91,525	62,894
Current assets					
Trade and other receivables	9	7,733	14,139	1,887	14,348
Cash and cash equivalents	10	4,112	8,110	1,776	5,312
		11,845	22,249	3,663	19,660
Total assets		153,073	158,418	95,188	82,554
Equity					
Share capital	11	272,373	270,718	272,373	270,718
Perpetual securities	12	6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares	13	7,042	7,042	–	–
Warrants	14	2,514	19,394	2,514	19,394
Other reserves	15	(845)	(553)	–	–
Accumulated losses		(204,703)	(224,802)	(216,532)	(235,256)
Equity attributable to owners of the Company		83,192	78,610	65,166	61,667
Non-controlling interests		1,950	–	–	–
Total equity		85,142	78,610	65,166	61,667
Non-current liabilities					
Deferred revenue		1,264	8,362	–	–
Other payables	16	7,837	71	7,797	–
Amounts due to subsidiaries	17	–	–	18,165	9,610
Financial liabilities	18	39,755	53,138	1,325	2,575
		48,856	61,571	27,287	12,185
Current liabilities					
Deferred revenue		1,059	2,286	–	–
Trade and other payables	16	4,355	2,632	2,060	880
Amounts due to subsidiaries	17	–	–	–	6,945
Financial liabilities	18	13,661	13,309	675	877
Provision for tax		–	10	–	–
		19,075	18,237	2,735	8,702
Total liabilities		67,931	79,808	30,022	20,887
Total equity and liabilities		153,073	158,418	95,188	82,554

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Revenue	20	24,537	24,290
Cost of sales		(9,219)	(8,909)
Gross profit		15,318	15,381
Administrative and marketing expenses		(2,697)	(1,804)
Other expenses, net		(7,918)	(1,673)
Result from operating activities		4,703	11,904
Finance income		9	9
Finance costs		(3,031)	(2,846)
Net finance costs	21	(3,022)	(2,837)
Share of results of jointly controlled entities, net of tax		(443)	(30)
Profit before income tax	22	1,238	9,037
Income tax (expense)/credit	23	(4)	4
Profit for the year		1,234	9,041
Profit/(Loss) attributable to:			
Owners of the Company		1,255	9,041
Non-controlling interests		(21)	–
Profit for the year		1,234	9,041
Earnings per share			
Basic earnings per share (US cents)	24	0.01	0.09
Diluted earnings per share (US cents)	24	0.01	0.09

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	2016 US$'000	2015 US$'000
Profit for the year	1,234	9,041
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of available-for-sale financial assets	–	(1,093)
Exchange differences on monetary items forming part of net investment in foreign operations	(84)	(515)
Foreign currency translation differences relating to financial statements of foreign operations	(237)	43
Effective portion of changes in fair value of cash flow hedges	29	(71)
Other comprehensive income for the year, net of tax	(292)	(1,636)
Total comprehensive income for the year	942	7,405
Total comprehensive income attributable to:		
Owners of the Company	963	7,405
Non-controlling interests	(21)	–
Total comprehensive income for the year	942	7,405

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	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 equity US$'000
Group									
At 1 January 2015	266,103	6,811	–	19,394	(10)	1,093	–	(233,572)	59,819
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	–	–	9,041	9,041
Other comprehensive income									
Net change in fair value of available-for-sale financial assets	–	–	–	–	–	(1,093)	–	–	(1,093)
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	–	(515)	–	–	–	(515)
Foreign currency translation differences relating to financial statements of foreign operations	–	–	–	–	43	–	–	–	43
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	–	(71)	–	(71)
Total comprehensive income for the year	–	–	–	–	(472)	(1,093)	(71)	9,041	7,405

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2016

		Attributable to owners of the Company								
	Note	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 equity US$'000
Group (continued)										
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners										
Issuance of ordinary shares	11	4,615	–	–	–	–	–	–	–	4,615
Accrued perpetual securities distributions	12	–	–	–	–	–	–	–	(321)	(321)
Issuance of redeemable exchangeable preference shares, net of issuance expenses	13	–	–	7,042	–	–	–	–	–	7,042
Equity-settled share-based payment transaction	19	–	–	–	–	–	–	–	50	50
Total transactions with owners		4,615	–	7,042	–	–	–	–	(271)	11,386
At 31 December 2015		270,718	6,811	7,042	19,394	(482)	–	(71)	(224,802)	78,610

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2016

	Attributable to owners of the Company									
	Share capital	Perpetual securities	Redeemable exchangeable preference shares	Warrants	Foreign currency translation reserves	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group										
At 1 January 2016	270,718	6,811	7,042	19,394	(482)	(71)	(224,802)	78,610	–	78,610
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	1,255	1,255	(21)	1,234
Other comprehensive income										
Exchange differences on monetary items forming part of net investment in foreign operations	–	–	–	–	(84)	–	–	(84)	–	(84)
Foreign currency translation differences relating to financial statements of foreign operations	–	–	–	–	(237)	–	–	(237)	–	(237)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	29	–	29	–	29
Total comprehensive income for the year	–	–	–	–	(321)	29	1,255	963	(21)	942

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2016

		Attributable to owners of the Company									
	Note	Share capital US$'000	Perpetual securities US$'000	Redeemable exchangeable preference shares US$'000	Warrants US$'000	Foreign currency translation reserves US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Group (continued)											
Transactions with owners of the Company, recognised directly in equity											
Contributions by and distributions to owners											
Issuance of ordinary shares	11	1,598	–	–	–	–	–	–	1,598	–	1,598
Accrued perpetual securities distributions	12	–	–	–	–	–	–	(325)	(325)	–	(325)
Capital contribution by non-controlling interest		–	–	–	–	–	–	–	–	1,710	1,710
Distribution on redeemable exchangeable preference shares	13	–	–	–	–	–	–	(368)	(368)	–	(368)
Issuance of warrants	14	–	–	–	2,571	–	–	–	2,571	–	2,571
Conversion of warrants to ordinary shares	14	57	–	–	(57)	–	–	–	–	–	–
Expiry of warrants	14	–	–	–	(19,394)	–	–	19,394	–	–	–
Equity-settled share-based payment transaction	19	–	–	–	–	–	–	143	143	–	143
Total transactions with owners		1,655	–	–	(16,880)	–	–	18,844	3,619	1,710	5,329
Acquisition of subsidiary with non-controlling interests	26	–	–	–	–	–	–	–	–	261	261
At 31 December 2016		272,373	6,811	7,042	2,514	(803)	(42)	(204,703)	83,192	1,950	85,142

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 US$'000	2015 US$'000
Cash flows from operating activities			
Profit before income tax		1,238	9,037
Adjustments for:			
Amortisation of deferred revenue		(1,489)	(2,262)
Depreciation of plant and equipment	4	9,147	8,916
Impairment loss of available-for-sale financial assets		998	1,678
Interest income	21	(9)	(9)
Interest expense	21	3,031	2,846
Equity-settled share-based payment transaction	19	143	50
Share of results of jointly controlled entities, net of tax		443	30
Impairment loss for plant and equipment	4	7,000	–
Operating profit before changes in working capital		20,502	20,286
Changes in working capital:			
Trade and other receivables		(8,320)	7,864
Trade and other payables		333	(2,442)
Deferred revenue		–	9,100
Income tax paid		(10)	(6)
Net cash from operating activities		12,505	34,802
Cash flows from investing activities			
Purchase of plant and equipment	4	(7,461)	(43,617)
Prepayment for land use rights		(748)	–
Acquisition of subsidiary, net of cash acquired	26	(732)	(11,714)
Advances to joint ventures		(81)	(7,853)
Investment in quoted shares		(429)	–
Investment in joint ventures		(3,713)	–
Interest income received		9	9
Net cash used in investing activities		(13,155)	(63,175)
Cash flows from financing activities			
Capital contribution by non-controlling interests of subsidiary		1,710	–
Loan from a related party		7,797	–
Proceeds from borrowings		–	40,690
Repayment of borrowings		(13,030)	(26,965)
Proceeds from issuance of shares		57	4,615
Proceeds from issuance of warrants, net of transaction cost		2,571	–
Distribution on redeemable exchangeable preference shares		(124)	–
Proceeds from issuance of redeemable exchangeable preference shares, net of transaction cost	13	–	7,042
Interest expense paid		(2,320)	(2,819)
Net cash (used in)/from financing activities		(3,339)	22,563
Net decrease in cash and cash equivalents		(3,989)	(5,810)
Cash and cash equivalents at 1 January		8,110	13,920
Effect of exchange rate fluctuations on cash held		(9)	–
Cash and cash equivalents at 31 December	10	4,112	8,110

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 December 2016

Significant non-cash transaction

The following is a significant non-cash transaction which was not included under investing activities in the consolidated statement of cash flows:

	Note	2016 US$'000	2015 US$'000
Investment in joint venture	11(i)	1,541	–

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2017.

1 DOMICILE AND ACTIVITIES

Charisma Energy Services Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316.

The financial statements of the Group as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in jointly controlled entities.

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 6 to the financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

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

2.3 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 has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 within the next financial year are discussed as follows:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Accounting for significant acquisition

Goodwill represents the excess of cost of an acquisition of subsidiary company over the fair value of the Group's share of the identifiable assets and liabilities of the acquired subsidiary company at the date of acquisition. In assessing the fair value of the acquired assets and liabilities and the resultant goodwill, management has used a range of valuation methodologies. Any changes in the fair value would have an impact on the goodwill amount recognised.

Impairment 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 rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of those investments based on such estimates.

Impairment of plant and equipment

The Group assesses the impairment of plant and equipment 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 the following:

- Extended periods of idle time;
- Inability to contract the plant and equipment; and
- Significant adverse industry or economic trends.

Impairment of trade and other receivables

Trade and other receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful receivables is the Group's best estimate of the amount of probable credit losses in the Group's existing trade and other receivables.

Management uses judgement to determine the allowance for doubtful receivables which are supported by historical write-off, credit history of the customers and repayment records. The Group reviews its allowance for doubtful receivables monthly. Balances which are past due for more than 60 days are reviewed individually for collectability. Accounts balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Actual results could differ from estimates.

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 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 plant and equipment. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

On 1 January 2016, the Group adopted new and amended FRS and interpretations to FRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS.

The adoption of these new or amended FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investments 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 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) Accounting for subsidiaries and joint ventures

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 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 end of the reporting date are retranslated 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 retranslated 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 retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to US$ at exchange rates at the end of the reporting period. 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 other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed of such that control, significant influence 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 non-controlling interests. When the Group disposes of only part of its investment that includes a foreign operation while retaining significant influence or 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 in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

(iii) Net investment in foreign operation

Exchange differences arising from monetary items that in substance form part of the Group's net investment in a foreign operation are recognised in the Group's profit or loss. Such exchange differences are reclassified to other comprehensive income in the consolidated financial statements. When the foreign operation is disposed off, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss arising on disposal.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

(ii) Subsequent costs

The cost of replacing a component of an item of 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 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 in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated.

Depreciation is recognised from the date that plant and equipment are completed and 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 module	12 - 15 years
Furniture and computer equipment	3 - 5 years

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Intangible assets

Intangible assets acquired in a business combination related to government concession right 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 concession right is 25 years.

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

3.5 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, amount due from subsidiaries and trade and other receivables (excluding prepayments and advance to suppliers).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.6) is recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise financial liabilities and trade and other payables.

(iii) 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, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(iii) 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.

(iv) Intra-group financial guarantees

Financial guarantees 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.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

(v) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instrument to hedge its interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial instruments (cont'd)

(v) Derivative financial instruments, including hedge accounting (cont'd)

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transactions are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in profit or loss.

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3.6 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

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

Associates and joint ventures

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.6(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(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 CGU. 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 is tested 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 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 pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) 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.

3.8 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.

3.9 Revenue recognition

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. 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.

Rendering of services

Revenue from rendering of services is recognised as and when the related services are rendered to customers.

3.10 Leases

(i) When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Leases (cont'd)

(ii) When entities within the Group are lessors of an operating lease

Where the Group leases out assets under operating leases, the leased assets are included in statement of financial position according to their nature and, where applicable, are depreciated in accordance with Group's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies.

3.11 Finance income and costs

Finance income comprises interest income on bank deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expenses on borrowings that are recognised in profit or loss.

3.12 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.

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.

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.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Income tax expense (cont'd)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.13 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.

3.14 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 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 liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment.

3.15 New standards and interpretations issued but not yet effective in the financial year ended 31 December 2016

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Group and the Company in future financial periods, management has completed its preliminary assessment and will perform detailed analysis on certain available policy choices, transitional optional exemptions and practical expedients. The Group does not plan to adopt these standards early.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 New standards and interpretations issued but not yet effective in the financial year ended 31 December 2016 (cont'd)

Applicable to 2018 financial statements

New standards

Summary of the requirements	Potential impact on the financial statements
FRS 115 *Revenue from Contracts with Customers*	
FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on the financial statements in the year of initial adoption. The Group's initial assessment is as described below. **Identification of performance obligations and timing of revenue recognition** The Group's main sources of revenue can be summarised as:- - lease income - rendering of services Currently, the Group recognised its lease income from its charter contracts on a straight line bases over the lease period. Revenue from rendering of services is recognised as and when the related services are rendered. On adoption of FRS 115, the Group expects all its contracts to constitute a single performance obligation and revenue continues to be recognised over time. **Transition** - The Group plans to adopt the standard when it becomes effective in 2018 using the full retrospective approach. The Group is currently performing a detailed analysis under FRS 115 to determine its election of the practical expedients and to quantify the transition adjustments on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 New standards and interpretations issued but not yet effective in the financial year ended 31 December 2016 (cont'd)

Summary of the requirements	**Potential impact on the financial statements**
FRS 109 *Financial Instruments*	
FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments*: *Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from FRS 39. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 January 2018.	During 2016, the Group completed its initial assessment of the impact on the Group's financial statements. Overall, the Group does not expect a significant impact on its opening equity for the effect of applying the impairment requirements of FRS 109. The Group's initial assessment of the three elements of FRS 109 is as described below. **Classification and measurement** - The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For equity investment currently classified as available for sale, the Group expects to classify it as financial assets subsequently measured at fair value through other comprehensive income ("FVOCI") as they are held to maintain liquidity for the Group and may be sold from time to time should the need arises. **Impairment** – On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance because it currently applies a specific identification basis of impairment assessment on all its customers on an individual basis. The Group plans to apply the simplified approach and record lifetime expected impairment losses for all trade receivables. **Hedge accounting** - The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109. **Transition** - The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information. The Group will perform detailed analysis of certain available policy choices and other refinements as described above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 New standards and interpretations issued but not yet effective in the financial year ended 31 December 2016 (cont'd)

Convergence with International Financial Reporting Standards (IFRS)

In addition, the Accounting Standards Council (ASC) announced on 29 May 2014, that Singapore-incorporated companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards (referred to as SG-IFRS in these financial statements) for the financial year ending 31 December 2018, onwards.

The Group has performed a preliminary assessment of the impact of SG-IFRS 1 First-time adoption of International Financial Reporting Standards for the transition to the new reporting framework. Based on the Group's preliminary assessment, the Group expects that the impact on adoption of SG-IFRS 15 Revenue from Contracts with Customers and SG-IFRS 9 Financial Instruments will be similar to adopting FRS 115 and FRS 109 as described in this Note.

Other than arising from the adoption of new and revised standards, the Group does not expect to change its existing accounting policies on adoption of the new framework.

The Group will perform detailed analysis of certain available policy choices, transitional optional exemptions and transitional mandatory exceptions under SG-IFRS 1 and the preliminary assessment may be subject to changes arising from the detailed analyses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 New standards and interpretations issued but not yet effective in the financial year ended 31 December 2016 (cont'd)

Applicable to 2019 financial statements

New standards

Summary of the requirements	Potential impact on the financial statements
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	There is no material impact as the Group has no lease arrangements as a lessee as at 31 December 2016. The Group plans to adopt the standard when it becomes effective in 2019. The Group will perform a detailed analysis of the standard, including the transition options and practical expedients. The Group expects that the impact on adoption of IFRS 16 *Leases* to be similar to adopting SG-FRS 116, after the transition to SG-IFRS in 2018 as described above.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4 PLANT AND EQUIPMENT

	Power generation equipment US$'000	Vessels US$'000	Accommodation module US$'000	Furniture and computer equipment US$'000	Assets under construction US$'000	Total US$'000
Group						
Cost						
At 1 January 2015	73,638	14,002	–	39	–	87,679
Additions	–	42,021	1,556	40	–	43,617
Acquisition of subsidiary	–	–	11,716	–	–	11,716
Foreign exchange translation	–	–	(186)	–	–	(186)
At 31 December 2015	73,638	56,023	13,086	79	–	142,826
Additions	–	–	–	8	7,453	7,461
Foreign exchange translation	–	–	(220)	–	–	(220)
At 31 December 2016	73,638	56,023	12,866	87	7,453	150,067
Accumulated depreciation and impairment losses						
At 1 January 2015	1,604	333	–	12	–	1,949
Depreciation	4,179	4,002	723	12	–	8,916
At 31 December 2015	5,783	4,335	723	24	–	10,865
Depreciation	4,178	4,002	942	25	–	9,147
Impairment losses	–	6,000	1,000	–	–	7,000
Foreign exchange translation	–	–	(137)	–	–	(137)
At 31 December 2016	9,961	14,337	2,528	49	–	26,875
Carrying amounts						
At 1 January 2015	72,034	13,669	–	27	–	85,730
At 31 December 2015	67,855	51,688	12,363	55	–	131,961
At 31 December 2016	63,677	41,686	10,338	38	7,453	123,192

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4 PLANT AND EQUIPMENT (CONT'D)

	Computer equipment US$'000	Total US$'000
Company		
Cost		
At 1 January 2015	38	38
Additions	40	40
At 31 December 2015	78	78
Additions	8	8
At 31 December 2016	86	86
Accumulated depreciation		
At 1 January 2015	11	11
Depreciation	12	12
At 31 December 2015	23	23
Depreciation	25	25
At 31 December 2016	48	48
Carrying amounts		
At 1 January 2015	27	27
At 31 December 2015	55	55
At 31 December 2016	38	38

Security

At 31 December 2016, plant and equipment of the Group with carrying amounts of US$115,701,000 (2015: US$131,906,000) are pledged as security to secure bank loans (see note 18).

Impairment assessment

In 2016, the weak oil prices had an adverse impact on charter rates and utilisation rates of the Group's vessels and the accommodation module. As a result, the Group tested its vessels and the accommodation module for impairment and recognised impairment losses of US$6,000,000 (2015: US$Nil) and US$1,000,000 (2015: US$Nil) for the vessels and the accommodation module respectively. The impairment losses were included in 'other expenses' in the Group's income statement.

For the purpose of impairment assessment, each vessel and the accommodation module is a separate cash-generating unit ("CGU") and management has estimated the recoverable amounts of its vessels and the accommodation module based on their value in use.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4 PLANT AND EQUIPMENT (CONT'D)

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

	Vessels	**Accommodation module**
Projection period	Estimated remaining useful life	Estimated remaining useful life
Charter rates		
– During existing contracted period	An average downward revision of actual FY2016 contracted rates by 28% for the remaining contracted period	Actual FY2016 contracted rate
– Post-contractual renewal period	A downward revision of 6% in actual FY2016 contracted rates	Same rates as FY2016 contracted rate
Projected deployment rate		
– During existing contracted period	100%	100%
– Post-contractual renewal period	70%	80%
– Pre-tax discount rate	9.5%	8.5%

The cash flow projections were based on forecasts prepared by the management taking into account of past experience. The discount rates applied to the cash flow projections were estimated based on weighted average cost of capital of similar assets. Following the impairment loss recognised in the vessels and the accommodation module, the recoverable amounts are equal to the carrying amounts and any adverse movements in the key assumptions can lead to further impairment losses in future periods.

In 2015, there was no impairment loss recognised on the Group's plant and equipment.

5 INTANGIBLE ASSETS

Intangible assets relates to the concession right for the development and operation of a solar photovoltaic power plant in China for 25 years.

6 SUBSIDIARIES

	Company	
	2016	**2015**
	US$'000	**US$'000**
Unquoted equity investments, at cost	15,101	7,216
Loans to subsidiaries	60,794	52,468
	75,895	59,684

The loans to subsidiaries are interest-free, unsecured and settlement is neither planned nor likely to happen in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the subsidiaries, they are stated at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

6 SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows:

Name of significant subsidiary	Principal activities	Place of business/ country of incorporation	Equity held by the Group 2016 %	Equity held by the Group 2015 %
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 module	Singapore	100	100
Kingpost International Limited [3]	Trading of oil and gas related products	British Virgin Islands	100	100
Yichang Smartpower Green Electricity Co. Ltd [4]	Developing, owning and operating of solar power plant	China	80	–
Held through subsidiary				
CES Hydro Power (SL) Limited [5]	Owning and leasing of hydropower generation equipment	Malaysia	100	100

1 Audited by KPMG Mauritius.

2 Audited by KPMG LLP, Singapore.

3 Not required to be audited in accordance with the law of the country of incorporation.

4 Audited by KPMG Shanghai, China.

5 Audited by PKF, Malaysia.

A subsidiary is considered significant if its net tangible assets represents 2% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 2% or more than the Group's consolidated pre-tax profits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

7 JOINT VENTURES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Interests in joint ventures	5,757	946	5,185	#
Loans to joint ventures	–	303	8,102	281
	5,757	1,249	13,287	281

The Company's investment in joint venture is less than US$1,000.

The loans to joint ventures are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the joint ventures, they are stated at cost less impairment.

The Group has two (2015: nil) joint ventures that are material and a number of joint ventures that are individually immaterial to the Group. All joint ventures are equity accounted. The following are the Group's material joint ventures:

	Grenzone Pte Ltd (Grenzone)	Rising Sun Energy Pvt. Ltd. (RSE)
Nature of relationship with the Group	Design, supply and installation of solar generated equipment and devices	Development of 140 megawatt solar photovoltaic power plant in Rajasthan, India
Country of incorporation	Singapore	India
Ownership interest	50% (2015: nil)	43% (2015: 43%)

The above joint arrangements in which the Group has joint control, are unlisted entities.

The following table summarises the financial information of the Group's material joint ventures, based on its financial statements prepared in accordance with FRS, 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.

	Grenzone	RSE
	US$'000	US$'000
2016		
Revenue	522	–
Loss from operations	(586)	(199)
Other comprehensive income	–	–
Total comprehensive income	(586)	(199)
Non-current assets	236	2
Current assets	1,016	8,666
Non-current liabilities	–	–
Current liabilities	(1,261)	(3,680)
Net (liabilities)/assets	(9)	4,988

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

7 JOINT VENTURES (CONT'D)

	Grenzone US$'000	RSE US$'000
2016		
Includes:		
Cash and cash equivalents	111	3
Current financial liabilities (excluding trade and other payables and provisions)	–	(3,672)
Non-current financial liabilities (excluding trade and other payables and provisions)	(738)	–
Depreciation and amortisation	(37)	–
Interest income	1	–
Interest expense	(27)	–
Income tax expense	(11)	–

	Grenzone US$'000	RSE US$'000	Immaterial joint ventures US$'000	Total US$'000
2016				
Group's interest in net assets of investee at beginning of the year	–	1	945	946
Group's share of:				
- loss from operations	(293)	(122)	(28)	(443)
Group's contribution during the year	1,541	3,643	70	5,254
Carrying amount of interest in investee at end of the year	1,248	3,522	987	5,757

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2016 US$'000	2015 US$'000
Quoted equity securities, at fair value	2,305	2,874

The Group's exposure to credit and market risks and the fair value information related to the available-for-sale financial assets are disclosed in note 30.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

9 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Non-current				
Prepayments	650	85	–	–
Other receivables	488	–	–	–
Non-trade amount from joint ventures	7,530	–	–	–
	8,668	85	–	–
Current				
Trade receivable – third parties	6,076	4,820	–	–
Accrued revenue	339	–	–	–
Trade amounts due from subsidiaries	–	–	1,200	229
Non-trade amounts due from:				
- subsidiaries	–	–	–	5,977
- joint ventures	341	7,823	341	7,845
Advance to suppliers	8	87	6	83
Prepayments	322	472	214	208
Other receivables	647	937	126	6
	7,733	14,139	1,887	14,348
	16,401	14,224	1,887	14,348

Except for US$7,530,000 of non-current amount due from joint venture which is repayable in 2018, amounts due from subsidiaries and joint ventures are unsecured, interest-free and repayable on demand.

10 CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Cash at bank and in hand	4,112	8,110	1,776	5,312

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

11 SHARE CAPITAL

	Group and Company	
	2016	2015
	No. of shares '000	No. of shares '000
Issued and fully paid, with no par value		
At 1 January	12,838,434	10,306,166
Shares issued during the year (i)	171,875	200,000
Exercise of share options (ii)	–	2,332,268
Conversion of warrants to ordinary shares (iii)	40,655	–
At 31 December	13,050,964	12,838,434

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.

Issuance of ordinary shares

(i) In 2016, the Company issued 171,875,000 shares of S$0.0128 per share to acquire 50% interest in Grenzone Pte Ltd, amounting to S$2,200,000 (equivalent to US$1,541,000).

In 2015, the Company issued 200,000,000 shares of S$0.01152 per share, amounting to S$2,304,000 (equivalent to US$1,630,000). All issued shares were fully paid.

(ii) On 25 October 2012, the Company announced that it had entered into option agreements (the "Option Agreements") with each of Ezion Holdings Limited ("Ezion"), Sunshine Capital Group Pte Ltd ("Sunshine Capital"), and Mr. Woo Peng Kong (collectively, the "Option Subscribers"), pursuant to which the Company shall issue to the Option Subscribers an aggregate of 4,550,000,000 share options (the "Options"), with each Option carrying the right to subscribe for one new ordinary share in the capital of the Company at the issue price of S$0.0018 per share, as follows:

(a) the Company shall grant, and Ezion shall acquire, 3,960,000,000 Options for the cash consideration of S$1.00, with each Option carrying the right to subscribe for one new Share for the issue price of S$0.0018 per share (the "First Option Share");

(b) the Company shall grant, and Sunshine Capital shall acquire, 383,000,000 Options for the cash consideration of S$1.00, with each Option carrying the right to subscribe for one new Share for the issue price of S$0.0018 per share (the "Second Option Share"); and

(c) the Company shall grant, and Mr. Woo Peng Kong shall acquire, 207,000,000 Options for the cash consideration of S$1.00, with each Option carrying the right to subscribe for one new share for the issue price of S$0.0018 per share (the "Third Option Share").

The options granted under Option Agreements on the unissued ordinary shares of the Company were fully exercised in 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

11 SHARE CAPITAL (CONT'D)

Issuance of ordinary shares (cont'd)

(iii) 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.

In 2016, a total of 40,655,080 warrants had been exercised and converted to ordinary shares in the capital of the Company.

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 or reduce its borrowings.

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 secured bank loans 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	
	2016	2015
	US$'000	US$'000
Secured bank loans	53,416	66,447
Trade and other payables	12,192	2,703
Less: Cash and cash equivalents	(4,112)	(8,110)
Less: Loan from a related party	(7,797)	–
Net debt	53,699	61,040
Total capital	83,192	78,610
Gearing ratio (times)	0.65	0.78

The Group's management reviews the capital structure on a semi-annual 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 2016 and 31 December 2015.

12 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").

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

12 PERPETUAL SECURITIES (CONT'D)

The securities are perpetual, subordinated and the distribution interest of 5% per annum may be deferred at the sole discretion of the Company. 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 2016 and 31 December 2015, 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 2016, the Group has accrued perpetual securities distribution of US$325,000 (2015: US$321,000).

13 REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

	Group	
	2016	2015
	US$'000	US$'000
At 1 January	7,042	–
Issuance of redeemable exchangeable preference shares	–	7,042
At 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 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 the usual 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

13 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.

(d) 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 2016 and 2015, no REPS in the subsidiary was exchanged by the holders for shares in the Company.

14 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"). These 2016 Warrants 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 the 2016 Warrants amounted to S$710,000 (equivalent to US$541,000).

On 4 November 2013, the Company completed the placement of 1,000,000,000 new listed warrants at an issue price of S$0.025 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$0.025 per warrant (the "2013 Warrants"). These 2013 Warrants 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 the 2013 Warrants amounted to S$460,000 (equivalent to US$363,000). The 2013 Warrants had expired on 3 November 2016.

No warrants were issued for the year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

15 OTHER RESERVES

The reserves of the Group comprise the following balances:

	Group	
	2016 US$'000	2015 US$'000
Foreign currency translation reserves	(803)	(482)
Hedging reserve	(42)	(71)
	(845)	(553)

Foreign currency translation reserves

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.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2016 US$'000	2015 US$'000	2016 US$'000	2015 US$'000
Non-current				
Interest rate swap used for hedging	40	71	–	–
Loan from a related party[1]	7,797	–	7,797	–
	7,837	71	7,797	–
Current				
Trade payables	1,310	664	–	–
Non-trade amounts due to:				
- a related party[2]	593	282	558	282
- joint ventures[2]	24	–	24	–
Accrued operating expenses	1,286	670	766	449
Other payables	1,142	1,016	712	149
	4,355	2,632	2,060	880
	12,192	2,703	9,857	880

1 Loan from a related party, which is a shareholder of the Group, is unsecured, bears interest at a fixed rate of 5.0% per annum and settlement is neither planned nor likely to occur in the forseeable future.

2 Non-trade amounts due to a related party, which is a shareholder of the Group, and joint ventures are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

17 AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2016	2015
	US$'000	US$'000
Non-current		
Non-trade amounts due to subsidiaries	18,165	9,610
Current		
Non-trade amount due to a subsidiary	–	6,945
	18,165	16,555

Non-current non-trade amounts due to subsidiaries are unsecured, interest-free and not repayable within the next 12 months. Current non-trade amount due to a subsidiary was unsecured, interest-free and repayable on demand.

18 FINANCIAL LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Non-current				
Secured bank loans	39,755	53,138	–	–
Financial guarantees	–	–	1,325	2,575
	39,755	53,138	1,325	2,575
Current				
Secured bank loans	13,661	13,309	–	–
Financial guarantees	–	–	675	877
	13,661	13,309	675	877
	53,416	66,447	2,000	3,452

Secured bank loans

All the bank loans are secured by corporate guarantees from the Company, first legal charge on the Group's assets with a carrying amount of US$115,701,000 (2015: US$131,906,000), legal assignment of the rental proceeds from the Group's assets, assignment of insurances in respect of the Group's assets in the bank's favour and all monies standing to the credit of the Group's receiving operating accounts in respect of the Group's assets maintained by the Group with the banks.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

18 FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule

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

	Nominal interest rate	Year of maturity	Carrying amount	
			2016	2015
	%		US$'000	US$'000
Group				
USD secured floating rate loans	3.176 – 3.935	2019 - 2020	47,438	59,412
AUD secured floating rate loans	5.360 – 5.840	2022	5,978	7,035
			53,416	66,447

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

	Carrying amount	Cash flows			
		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					
2016					
Non-derivative financial liabilities					
Secured bank loans	53,416	(58,033)	(15,433)	(42,210)	(390)
Trade and other payables[(1)]	4,355	(4,355)	(4,355)	–	–
	57,771	(62,388)	(19,788)	(42,210)	(390)
Derivative financial liabilities					
Interest rate swaps used for hedging	40	(151)	(57)	(94)	–
	57,811	(62,539)	(19,845)	(42,304)	(390)
2015					
Non-derivative financial liabilities					
Secured bank loans	66,447	(75,024)	(16,315)	(58,315)	(394)
Trade and other payables[(1)]	2,632	(2,632)	(2,632)	–	–
	69,079	(77,656)	(18,947)	(58,315)	(394)
Derivative financial liabilities					
Interest rate swaps used for hedging	71	(97)	(29)	(65)	(3)
	69,150	(77,753)	(18,976)	(58,380)	(397)

[(1)] Excludes interest rate swaps used for hedging and loan from a related party.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

18 FINANCIAL LIABILITIES (CONT'D)

	Carrying amount US$'000	Cash flows: Contractual cash flows US$'000	Within 1 year US$'000	Within 2 to 5 years US$'000	After 5 years US$'000
Company					
2016					
Non-derivative financial liabilities					
Other payables[(1)]	2,060	(2,060)	(2,060)	–	–
Amounts due to subsidiaries	18,165	(18,165)	–	(18,165)	–
Financial guarantees	2,000	(58,033)	(58,033)	–	–
	22,225	(78,258)	(60,093)	(18,165)	–
2015					
Non-derivative financial liabilities					
Other payables	880	(880)	(880)	–	–
Amounts due to subsidiaries	16,555	(16,555)	(6,945)	(9,610)	–
Financial guarantees	3,452	(75,024)	(75,024)	–	–
	20,887	(92,459)	(82,849)	(9,610)	–

(1) Excludes loan from a related party.

19 SHARE-BASED PAYMENTS

At 31 December 2016, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

19 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 2016	Options granted	Options cancelled	Options outstanding at 31 December 2016	Number of option holders at 31 December 2016	Exercise period
	S$	'000	'000	'000	'000		
13/05/2015	0.020	26,700	–	(26,700)	–	–	Cancelled on 10/05/2016
10/05/2016	0.009	–	65,700	(2,000)	63,700	10	10/05/2018 to 10/05/2026

The outstanding options include 27,500,000 and 5,000,000 share options granted to the Company's executive directors, Tan Ser Ko and Wong Bheet Huan respectively; and 5,000,000 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	1.3436%

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

19 SHARE-BASED PAYMENTS (CONT'D)

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
	2016	2016	2015	2015
	S$	'000	S$	'000
Outstanding at 1 January	0.020	26,700	–	–
Granted during the year	0.009	65,700	0.020	26,700
Cancelled during the year	0.019	(28,700)	–	–
Outstanding at 31 December	0.009	63,700	0.020	26,700

Employee expenses recognised as share-based payments

	Group	
	2016	2015
	US$'000	US$'000
Charisma Energy Employee Share Option Scheme	143	50

20 REVENUE

	Group	
	2016	2015
	US$'000	US$'000
Lease income	24,119	24,278
Rendering of services	418	12
	24,537	24,290

21 NET FINANCE COSTS

	Group	
	2016	2015
	US$'000	US$'000
Finance income		
Interest income from bank deposits	9	9
Finance costs		
Interest expense on borrowings	(3,031)	(2,846)
Net finance costs	(3,022)	(2,837)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

22 PROFIT BEFORE INCOME TAX

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

	Note	Group 2016 US$'000	Group 2015 US$'000
Depreciation of plant and equipment	4	9,147	8,916
Impairment loss on available-for-sale financial assets		998	1,679
Impairment loss on plant and equipment	4	7,000	–
Audit fee paid/payable to the auditors of the Company		140	91
Non-audit fee paid/payable to the auditors of the Company		47	11
Staff costs		475	347
Contributions to defined contribution plans, included in staff costs		44	34
Foreign exchange loss		161	121

Staff costs include key management personnel compensation as disclosed in note 29.

23 INCOME TAX EXPENSE/(CREDIT)

	Group 2016 US$'000	Group 2015 US$'000
Current income tax expense/(credit)		
Current year	4	10
Overprovision of tax in prior year	–	(14)
	4	(4)
Reconciliation of effective tax rate		
Profit before income tax	1,238	9,037
Share of results of joint ventures (net of tax)	443	30
Profit before income tax excluding share of results of joint ventures	1,681	9,067
Tax calculated using Singapore tax rate of 17% (2015: 17%)	286	1,541
Income not subjected to tax	(718)	(752)
Different tax rate in other countries	(1,229)	(1,177)
Non-deductible expenses	1,384	286
Change in unutilised temporary differences	195	–
Tax losses not recognised	86	112
Overprovision of tax in prior year	–	(14)
	4	(4)

The Group has unrecognised tax losses of US$3,933,000 (2015: US$3,428,000) and unutilised capital allowances of US$2,743,000 (2015: US$1,597,000) 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. Tax losses have not been recognised because certain subsidiaries of the Group do not consider the future taxable profits in the foreseeable future to be probable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

24 EARNINGS PER SHARE

Basic earnings per share

	Group	
	2016	2015
	US$'000	US$'000
Profit attributable to equity holders of the Company	1,255	9,041

Weighted average number of ordinary shares

	No. of shares	No. of shares
	2016	2015
	'000	'000
Issued ordinary shares at 1 January	12,838,434	10,306,166
Effect of issue of new ordinary shares	148,865	4,932
Effect of exercise of share options	–	296,822
Effect of exercise of warrants	2,396	–
Weighted average number of ordinary shares at 31 December	12,989,695	10,607,920
Basic earnings per share (cents)	0.01	0.09

Diluted earnings per share

	Group	
	2016	2015
	US$'000	US$'000
Profit attributable to equity holders (diluted)	1,255	9,041

Weighted average number of ordinary shares (diluted)

	No. of shares	No. of shares
	2016	2015
	'000	'000
Weighted average number of ordinary shares (basic)	12,989,695	10,607,920
Effect of warrants in issue	773,260	–
Weighted average number of ordinary shares (diluted)	13,762,955	10,607,920
Diluted earnings per share (cents)	0.01	0.09

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

25 OPERATING SEGMENTS

Industry segments

For the financial year ended 31 December 2016 and 31 December 2015, the Group's revenue, capital expenditure, assets and liabilities were derived from one single business segment in the business of owning and leasing of power and energy assets.

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 CEO. 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.

The accounting policies of the reportable segments are the same as described in note 3.14.

31 December 2016

	Power and energy services	Total
	2016	2016
	US$'000	US$'000
REVENUE		
External revenue	24,537	24,537
Inter-segment revenue	–	–
Consolidated revenue	24,537	24,537
RESULT		
Reportable segment results from operating activities	15,318	15,318
Finance costs	(2,871)	(2,871)
Share of results of jointly controlled entities	(443)	(443)
Unallocated other operating income		81
Unallocated finance costs		(161)
Unallocated finance income		9
Unallocated expenses		(10,695)
Profit before income tax		1,238
Tax expenses		(4)
Profit for the year		1,234

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

25 OPERATING SEGMENTS (CONT'D)

31 December 2016 (cont'd)

	Power and energy services 2016 US$'000	Total 2016 US$'000
OTHER SEGMENTAL INFORMATION		
Reportable segment assets	146,269	146,269
Unallocated assets		6,804
Total assets		153,073
Reportable segment liabilities	65,911	65,911
Unallocated liabilities		2,020
Total liabilities		67,931
Capital expenditure	7,453	7,453
Unallocated capital expenditure		8
Total capital expenditure		7,461
Depreciation expenses	9,122	9,122
Unallocated depreciation expenses		25
Total depreciation expenses		9,147

31 December 2015

	Power and energy services 2015 US$'000	Total 2015 US$'000
REVENUE		
External revenue	24,290	24,290
Inter-segment revenue	–	–
Consolidated revenue	24,290	24,290
RESULT		
Reportable segment results from operating activities	15,381	15,381
Finance costs	(2,807)	(2,807)
Share of results of jointly controlled entities	(30)	(30)
Unallocated other operating income		6
Unallocated finance costs		(39)
Unallocated finance income		9
Unallocated expenses		(3,483)
Profit before income tax		9,037
Tax credit		4
Profit for the year		9,041

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

25 OPERATING SEGMENTS (CONT'D)

31 December 2015 (cont'd)

	Power and energy services	Total
	2015	2015
	US$'000	US$'000
OTHER SEGMENTAL INFORMATION		
Reportable segment assets	146,767	146,767
Unallocated assets		11,651
Total assets		158,418
Reportable segment liabilities	78,882	78,882
Unallocated liabilities		926
Total liabilities		79,808
Capital expenditure	43,577	43,577
Unallocated capital expenditure		40
Total capital expenditure		43,617
Depreciation expenses	8,904	8,904
Unallocated depreciation expenses		12
Total depreciation expenses		8,916

Geographical segments

The businesses of the Group are operated in Asia, Middle East 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.

	Asia		Middle East		Australia		Total operations	
	2016	2015	2016	2015	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	13,163	12,756	9,688	10,354	1,686	1,180	24,537	24,290
Non-current assets [(1)]	71,168	67,910	41,686	51,688	10,338	12,363	123,192	131,961

(1) Non-current assets presented consist of plant and equipment.

Major customers

During the financial year, the Group had 2 (2015: 2) customers in the power and energy services segment that individually contributed 10% or more of the Group's total revenue. Revenue from the customers amounted to US$22,433,000 (2015: US$23,098,000) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

26 ACQUISITION OF SUBSIDIARY

On 22 April 2016, the Group acquired 80% interest in Yichang Smartpower Green Electricity Co., Ltd ("Yichang") for a cash consideration of approximately US$1,045,000 (RMB7,000,000).

In the eight months to 31 December 2016, Yichang contributed a loss for the period of US$105,000 to the Group's results. If the acquisition had occurred on 1 January 2016, management estimates that consolidated revenue would have been US$24,537,000 and consolidated profit for the year would have been US$1,182,000. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, those arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

The cash flow and the net assets of subsidiary acquired during the year ended 31 December 2016 are provided below:

	Note	Recognised values on acquisition US$'000
Other receivables		15
Intangible assets	5	1,306
Other payables		(15)
Non-controlling interest, based on proportionate interest in the recognised amount of the assets and liabilities		(261)
Purchase consideration		1,045
Amount to be payable [1]		(313)
Net cash outflow on acquisition of subsidiary		732

(1) Out of the purchase consideration, US$313,000 remained payable as at 31 December 2016.

The valuation technique used for measuring the fair value of intangible asset was as follows:

Item	Valuation technique
Intangible asset	*Multi-period excess earnings method:* Excess earnings after taxes are discounted to fair value based on an appropriate discount rate.

On 6 April 2015, the Group acquired 100% interest in Aus Am Pte Ltd for a consideration of approximately US$18,000.

In the nine months to 31 December 2015, Aus Am Pte Ltd contributed revenue of US$1,180,000 and loss for the period of US$357,000 to the Group's results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue would have been US$24,290,000, and consolidated profit for the year would have been US$8,863,000. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, those arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

26 ACQUISITION OF SUBSIDIARY (CONT'D)

The cash flow and the net assets of subsidiary acquired during the year ended 31 December 2015 are provided below:

	Note	Recognised values on acquisition US$'000
Plant and equipment	4	11,716
Trade and other payables		(11,697)
Purchase consideration		19
Assumption of shareholder loan		2,339
Settlement of pre-existing relationship		9,356
Net cash outflow on acquisition of subsidiary		11,714

The valuation technique used for measuring the fair value of plant and equipment was as follows:

Item	Valuation technique
Plant and equipment	*Discounted cash flow technique:* Expected cash flows are discounted to fair value based on an appropriate discount rate.

27 OPERATING LEASES

Leases as lessor

The Group leases out its power generation equipment, vessels and accommodation module. The future minimum lease receivables under non-cancellable operating leases are as follows:

	Group	
	2016 US$'000	2015 US$'000
Within 1 year	21,366	22,713
After 1 year but within 5 years	88,989	89,603
After 5 years	34,383	53,931
	144,738	166,247

The leases are negotiated on a fixed term for periods ranging from 5 to 10 years at prevailing market rates. Certain leases contain an option to extend the lease term after the expiry of the fixed term.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

28 CAPITAL COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2016	2015
	US$'000	US$'000
Plant and equipment	19,615	–

The Group is committed to incur capital expenditure of US$19,615,000 (2015: US$Nil), which is due within the next twelve months. The Group had obtained an in-principle approval from a financial institution and is confident to secure the funding for the capital expenditure before the contractual commitment is due.

29 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

Key management personnel compensation

Key management personnel compensation comprised:

	Group	
	2016	2015
	US$'000	US$'000
Short-term employee benefits	522	451
Share-based payments	126	46

Other related party transactions

	Group	
	2016	2015
	US$'000	US$'000
Transactions with a shareholder		
Management fees paid/payable	261	183
Interest paid/payable	161	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The 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.

The Group's principal financial instruments comprise cash and cash equivalents and bank loans. The main purpose of these financial instruments is to finance the Group's operations. The other financial instruments such as trade and other payables are directly from its operations.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

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.

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2016 US$'000	2015 US$'000
Group		
Trade and other receivables (excluding prepayments and advance to suppliers)	15,421	13,580
Cash and cash equivalents	4,112	8,110
Loans and receivables	19,533	21,690
Company		
Trade and other receivables (excluding prepayments and advance to suppliers)	1,667	14,057
Cash and cash equivalents	1,776	5,312
Loans and receivables	3,443	19,369

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. No allowance for collective impairment was made based on past experience.

The ageing of trade receivables at the reporting date was:

	2016 US$'000	2015 US$'000
Group		
Not past due	1,756	2,779
Past due 1 – 60 days	2,428	1,367
Past due 61 – 150 days	362	674
Past due more than 150 days	1,530	–
	6,076	4,820

At 31 December 2016, trade receivables from 3 customers (2015: 3 customers) accounted for 99% (2015: 100%) of net trade receivables of the Group.

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. 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 amounting to US$53,635,000 (2015: US$67,158,000).

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks

The Group incurs foreign currency risk on available-for-sale financial assets, cash and cash equivalents, borrowings and expenditures that are denominated in currencies other than the US$. The currency giving rise to this risk is primarily the Singapore dollars ("SGD"), Australian dollars ("AUD") and Chinese Yuan Renminbi ("RMB").

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.

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

	AUD	SGD	RMB	Total
	US$'000	US$'000	US$'000	US$'000
Group				
2016				
Available-for-sale financial assets	–	2,305	–	2,305
Trade and other receivables	148	128	–	276
Cash and bank balances	37	1,709	–	1,746
Trade and other payables	(655)	(1,238)	(316)	(2,209)
Net exposure	(470)	2,904	(316)	2,118
2015				
Available-for-sale financial assets	–	2,874	–	2,874
Trade and other receivables	150	–	–	150
Cash and bank balances	2	3,462	–	3,464
Trade and other payables	(915)	(343)	–	(1,258)
Net exposure	(763)	5,993	–	5,230
Company				
2016				
Available-for-sale financial assets	–	2,305	–	2,305
Trade and other receivables	–	128	–	128
Cash and bank balances	–	1,705	–	1,705
Trade and other payables	–	(953)	(316)	(1,269)
Net exposure	–	3,185	(316)	2,869
2015				
Available-for-sale financial assets	–	2,874	–	2,874
Cash and bank balances	–	3,453	–	3,453
Trade and other payables	–	(161)	–	(161)
Net exposure	–	6,166	–	6,166

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (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) results before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rate, remain constant.

	2016		2015	
	Equity	Profit before tax	Equity	Profit before tax
	US$'000	US$'000	US$'000	US$'000
Group				
AUD	–	47	–	76
SGD	(231)	(60)	(287)	(312)
RMB	–	32	–	–
Company				
SGD	(231)	(88)	(287)	(329)
RMB	–	32	–	–

A 10% weakening of the USD against the above currencies would have had an equal but opposite effect on the amounts shown above.

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 2016, the Company has interest rate swaps with notional contract amounts of US$6,987,000 (2015: US$8,393,000) 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.

The net fair value of the above swaps at 31 December 2016 is US$40,000 (2015: US$71,000).

Exposure to interest rate risk

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

Variable rate instruments

	2016	2015
	US$'000	US$'000
Interest rate swaps	6,987	8,393
Secured bank loan	53,416	66,447

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 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 rates, remain constant.

	Equity		Profit before tax	
	100 bp Increase US$'000	100 bp Decrease US$'000	100 bp Increase US$'000	100 bp Decrease US$'000
Group				
31 December 2016				
Interest rate swap	70	(70)	–	–
Secured bank loan	–	–	(534)	534
31 December 2015				
Interest rate swap	84	(84)	–	–
Secured bank loan	–	–	(664)	664

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 Company's exposure to liquidity risk arises primarily from mismatches of the maturities between its of financial assets and financial liabilities.

As at 31 December 2016, the Group's current liabilities exceed current assets by US$7.2 million.

The Group has contractual commitments to complete the assets under construction of a solar photovoltaic power plant of a subsidiary amounting to US$19,615,000 (note 28), which is due within the next twelve months. The Group had obtained an in-principle approval from a financial institution and is confident to secure the funding for the capital expenditure before the contractual commitment is due.

As at 31 December 2016, the Group has cash and cash equivalents amounting to US$4,112,000.

The Group is currently in advanced discussion to obtain a working capital loan amounting to S$5,000,000 (equivalent to US$3,500,000). The loan is expected to have a tenure of 6 years based on prevailing market interest rates and no principal repayments for the first 2 years.

In addition to the above, the Group is currently in negotiations with its major lenders to reduce its principal repayments and extend the maturity dates of its loans and borrowings for another 2 years.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

The Group believes that the repayment of its present and future obligations will occur as required and is confident that the cash flows generated from the Group's operating activities and continuing credit facilities being made available to the Group will be sufficient to meet the repayment requirements.

Accounting classification and fair values

Fair values versus carrying amounts

The carrying amounts of the Group and the Company's financial instruments other than available-for-sale financial assets and interest rate swaps used for hedging are carried at cost or amortised cost, and are not materially different from their fair value as at 31 December 2016 and 31 December 2015.

The carrying amounts of financial assets and liabilities with a maturity of less than 1 year (including trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

	Note	Available-for-sale	Fair value hedging instruments	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group							
31 December 2016							
Financial assets measured at fair value							
Available-for-sale financial assets	8	2,305	–	–	–	2,305	2,305
Financial assets not measured at fair value							
Trade and other receivables[1]	9	–	–	15,421	–	15,421	15,421
Cash and cash equivalents	10	–	–	4,112	–	4,112	4,112
Financial liabilities measured at fair value							
Interest rate swaps used for hedging	16	–	(40)	–	–	(40)	(40)
Financial liabilities not measured at fair value							
Trade and other payables	16	–	–	–	(12,152)	(12,152)	(12,152)
Financial liabilities	18	–	–	–	(53,416)	(53,416)	(53,416)

(1) Excludes prepayments and advance to suppliers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

	Note	Available-for-sale US$'000	Fair value hedging instruments US$'000	Loans and receivables US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Group (cont'd)							
31 December 2015							
Financial assets measured at fair value							
Available-for-sale financial assets	8	2,874	–	–	–	2,874	2,874
Financial assets not measured at fair value							
Trade and other receivables[(1)]	9	–	–	13,580	–	13,580	13,580
Cash and cash equivalents	10	–	–	8,110	–	8,110	8,110
Financial liabilities measured at fair value							
Interest rate swaps used for hedging	16	–	(71)	–	–	(71)	(71)
Financial liabilities not measured at fair value							
Trade and other payables	16	–	–	–	(2,632)	(2,632)	(2,632)
Financial liabilities	18	–	–	–	(66,447)	(66,447)	(66,447)

[(1)] Excludes prepayments and advance to suppliers.

	Note	Available-for-sale US$'000	Loans and receivables US$'000	Liabilities at amortised cost US$'000	Total carrying amount US$'000	Fair value US$'000
Company						
31 December 2016						
Financial assets measured at fair value						
Available-for-sale financial assets	8	2,305	–	–	2,305	2,305
Financial assets not measured at fair value						
Trade and other receivables[(1)]	9	–	1,667	–	1,667	1,667
Cash and cash equivalents	10	–	1,776	–	1,776	1,776
Financial liabilities not measured at fair value						
Trade and other payables	16	–	–	(9,857)	(9,857)	(9,857)
Amounts due to subsidiaries	17	–	–	(18,165)	(18,165)	(18,165)
Financial guarantees	18	–	–	(2,000)	(2,000)	(2,000)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

	Note	Available-for-sale	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
		US$'000	US$'000	US$'000	US$'000	US$'000
Company (cont'd)						
31 December 2015						
Financial assets measured at fair value						
Available-for-sale financial assets	8	2,874	–	–	2,874	2,874
Financial assets not measured at fair value						
Trade and other receivables[1]	9	–	14,057	–	14,057	14,057
Cash and cash equivalents	10	–	5,312	–	5,312	5,312
Financial liabilities not measured at fair value						
Trade and other payables	16	–	–	(880)	(880)	(880)
Amounts due to subsidiaries	17	–	–	(16,555)	(16,555)	(16,555)
Financial guarantees	18	–	–	(3,452)	(3,452)	(3,452)

[1] Excludes prepayments and advance to suppliers.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Financial assets and financial liabilities carried at fair value

	Note	Level 1 US$'000	Level 2 US$'000	Total US$'000
Group				
31 December 2016				
Assets				
Available-for-sale financial assets				
- Quoted equity securities	8	2,305	–	2,305
Liabilities				
Interest rate swaps used for hedging	16	–	(40)	(40)
31 December 2015				
Assets				
Available-for-sale financial assets				
- Quoted equity securities	8	2,874	–	2,874
Liabilities				
Interest rate swaps used for hedging	16	–	(71)	(71)
Company				
31 December 2016				
Assets				
Available-for-sale financial assets				
- Quoted equity securities	8	2,305	–	2,305
31 December 2015				
Assets				
Available-for-sale financial assets				
- Quoted equity securities	8	2,874	–	2,874

The Group and the Company do not have Level 3 fair value measurement for financial assets and financial liabilities for the financial year ended 31 December 2016 and 31 December 2015.

Valuation technique and significant unobservable input

The following table shows the valuation technique used in measuring Level 2 fair values.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobserved 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

STATISTICS OF SHAREHOLDINGS

As at 20 March 2017

General Information on Share Capital

Issued and paid-up capital	:	S$348,395,510
Total no. of issued shares	:	13,133,720,435
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

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	207	2.18	9,929	0.00
100 - 1,000	1,584	16.65	844,149	0.01
1,001 - 10,000	3,071	32.28	11,488,171	0.09
10,001 - 1,000,000	4,047	42.54	942,086,920	7.17
1,000,001 and above	604	6.35	12,179,291,266	92.73
	9,513	**100.00**	**13,133,720,435**	**100.00**

TOP 20 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Ezion Holdings Limited	5,461,932,000	41.59
2	Patrick Tan Choon Hock	1,000,483,100	7.62
3	OCBC Securities Private Ltd	385,288,654	2.93
4	DBS Nominees Pte Ltd	356,647,015	2.72
5	Serene Lee Siew Kin	339,000,000	2.58
6	Sunshine Capital Group Pte Ltd	330,744,967	2.52
7	Sim Hee Chew	230,468,000	1.75
8	Er Choon Huat	200,000,000	1.52
9	HL Bank Nominees (S) Pte Ltd	155,506,000	1.18
10	Maybank Kim Eng Securities Pte Ltd	153,590,130	1.17
11	Raffles Nominees (Pte) Ltd	153,165,650	1.17
12	Seah Soi Chena	147,800,000	1.13
13	Chow Joo Ming	109,000,000	0.83
14	Toh Peng Seng	83,258,616	0.63
15	Phillip Ventures Enterprise Fund 2 Ltd (In Liquidation)	80,070,000	0.61
16	Phillip Securities Pte Ltd	75,613,216	0.58
17	Citibank Nominees Singapore Pte Ltd	73,273,043	0.56
18	Leyau Yew Teck (Liao Youde)	71,000,000	0.54
19	Terry Tan Soon Lee @ Huiri Amita	66,800,000	0.51
20	Lee Kon Meng	60,809,600	0.46
	Total:	**9,534,449,991**	**72.60**

STATISTICS OF SHAREHOLDINGS

As at 20 March 2017

SUBSTANTIAL SHAREHOLDERS

As per Register of Substantial Shareholders:

	Direct Interest	%	Deemed Interest	%
Ezion Holdings Limited	5,461,932,000	41.98[1]	–	–
Patrick Tan Choon Hock	1,000,483,100	7.79[2]	493,186,000[3]	3.84

1 The percentage shown, to the nearest 2 decimal places, was based on the latest form 3 received from Ezion Holdings Limited on 26 February 2016.

2 The percentage shown, to the nearest 2 decimal places, was based on the latest form 3 received from Mr. Patrick Tan Choon Hock on 24 December 2015.

3 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 20 March 2017, approximately 46.31% 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 20 March 2017

Charisma W211128

No. of Warrants Outstanding : 2,073,000,305

DISTRIBUTION OF WARRANT HOLDINGS

Range of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
1 - 99	11	0.92	603	0.00
100 – 1,000	34	2.84	24,013	0.00
1,001 - 10,000	89	7.42	627,399	0.03
10,001 - 1,000,000	950	79.23	202,603,089	9.77
1,000,001 and above	115	9.59	1,869,745,201	90.20
	1,199	**100.00**	**2,073,000,305**	**100.00**

TOP 20 WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1	OCBC Securities Private Ltd	752,918,200	36.32
2	Patrick Tan Choon Hock	160,908,400	7.76
3	Maybank Kim Eng Securities Pte Ltd	122,115,686	5.89
4	Ezion Holdings Limited	115,193,200	5.56
5	UOB Kay Hian Pte Ltd	80,438,380	3.88
6	Raffles Nominees (Pte) Ltd	79,527,700	3.84
7	DBSN Services Pte Ltd	54,023,000	2.61
8	DBS Nominees Pte Ltd	51,948,993	2.51
9	Phillip Securities Pte Ltd	40,504,633	1.95
10	Serene Lee Siew Kin	33,900,000	1.64
11	HL Bank Nominees (S) Pte Ltd	23,392,000	1.13
12	Ang Yew Jin Eugene	19,000,000	0.92
13	Seah Soi Chena	14,780,000	0.71
14	Yap Chee Lam	14,247,800	0.69
15	Chow Joo Ming	10,800,000	0.52
16	Teguh Andy	10,148,500	0.49
17	Ong Kim Tan	10,037,600	0.48
18	Choo Beng Hai	9,303,000	0.45
19	Sin Keng Choo @ Ng Nyet Chin	8,800,000	0.42
20	Lim Oon Hock	8,135,500	0.39
	Total:	**1,620,122,592**	**78.16**

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 at Ballroom 3, The Singapore Island Country Club, 180 Island Club Road, Singapore 578774 on Tuesday, 25 April 2017 at 10.00 a.m. for the following purposes:

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 2016 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company ("Directors") retiring pursuant to Article 95 of the Constitution of the Company ("Constitution"):

   Mr. Simon de Villiers Rudolph (See Explanatory Note (i)) **(Resolution 2)**
   Mr. Cheng Yee Seng (See Explanatory Note (ii)) **(Resolution 3)**

3. To approve the payment of Directors' fees of S$168,000 for the financial year ending 31 December 2017 to be paid quarterly in arrears. **(Resolution 4)**

4. To re-appoint Messrs KPMG LLP as the Auditor of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

5. 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:

6. **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 the 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,

NOTICE OF ANNUAL GENERAL MEETING

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 Instruments;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution 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;

(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 (iii)) **(Resolution 6)**

7. **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 (iv)) **(Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING

8. **Grant of 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. **(Resolution 8)**

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the categories of Interested Person Transactions, particulars of which are set out in the Appendix to the Annual Report (the "Appendix") with any party who is of the class of Interested Persons described in the Appendix provided that such transactions are carried out on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders, and are in accordance with the review procedures for recurrent Interested Person Transactions as set out in the Appendix (the "IPT Mandate");

(b) the IPT Mandate 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; and

(c) the Directors and each of them be and are hereby authorised to do all acts and things (including, without limitation, executing all such documents as may be required) as they or each of them deem desirable, necessary or expedient to give effect to the matters referred to in the above paragraphs of this Resolution as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

(See Explanatory Note (v)) **(Resolution 9)**

By Order of the Board

Lee Tiong Hock
Secretary
Singapore, 10 April 2017

Explanatory Notes:

(i) **Ordinary Resolution 2** is to re-elect Mr. Simon de Villiers Rudolph who will be retiring by rotation under Article 95 of the Constitution. Mr. Rudolph will upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, member of the Nominating and Remuneration Committees. The Board considers Mr. Rudolph to be independent for the purpose of Rule 704(7) of the Catalist Rules.

(ii) **Ordinary Resolution 3** is to re-elect Mr. Cheng Yee Seng who will be retiring by rotation under Article 95 of the Constitution. Mr. Cheng will upon re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee, member of the Audit and Nominating Committees. The Board considers Mr. Cheng to be independent for the purpose of Rule 704(7) of the Catalist Rules.

NOTICE OF ANNUAL GENERAL MEETING

(iii) **Ordinary Resolution 6**, 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 the conversion or exercise of the Instruments, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) **Ordinary Resolution 7**, 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.

(v) **Ordinary Resolution 9**, if passed, will authorise the Interested Person Transactions as described in the Appendix and recurring in the year and will empower the Directors to do all acts necessary to give effect to the IPT Mandate. This authority will, unless previously revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM of the Company.

Notes:

1. Each of the resolutions to be put to the vote of members at the AGM (and at any adjournment thereof) will be voted on by way of a poll.

2. (a) A member who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. A proxy need not be a member of the Company.

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   “Relevant intermediary” has the meaning ascribed to it under Section 181 of the Companies Act.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 15 Hoe Chiang Road #12-05 Tower Fifteen Singapore 089316 not less than forty-eight (48) hours before the time appointed for holding the meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

APPENDIX DATED 10 APRIL 2017

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

This Appendix is circulated to the shareholders of Charisma Energy Services Limited (the "**Company**") together with the Company's Annual Report 2016 (as defined herein). Its purpose is to explain to the shareholders the rationale and to provide information pertaining to the proposed renewal of the IPT Mandate (as defined herein), and to seek shareholders' approval of the same at the annual general meeting to be held on Tuesday, 25 April 2017 at 10.00 a.m. at Ballroom 3, The Singapore Island Country Club, 180 Island Club Road, Singapore 578774.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report 2016.

If you have sold or transferred all your Shares (as defined herein) in the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward the Annual Report 2016 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee as arrangements will be made by CDP for separate copies of the same to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should at once hand the Annual Report 2016 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Appendix.

This Appendix has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Appendix, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Appendix.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

CHARISMA ENERGY

CHARISMA ENERGY SERVICES LIMITED

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

APPENDIX TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE IPT MANDATE

CONTENTS

DEFINITIONS

The following definitions apply throughout in this Appendix except where the context otherwise requires:

"2016 AGM"	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
"AGM"	:	The annual general meeting of the Company to be held on Tuesday, 25 April 2017 at 10.00 a.m. at Ballroom 3, The Singapore Island Country Club, 180 Island Club Road, Singapore 578774, notice of which is set out in the Notice of Annual General Meeting
"Annual Report 2016"	:	The Company's annual report for the financial year ended 31 December 2016
"Appendix"	:	This appendix to Shareholders dated 10 April 2017
"Associate"	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means (i) his immediate family, (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediately family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audit Committee"	:	The audit committee of the Company
"Board"	:	The board of Directors of the Company
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Charisma IPT Group"	:	(a) the Company; (b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its Interested Person(s), has or have control

DEFINITIONS

"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"	:	Charisma Energy Services Limited
"Controlling Shareholder"	:	A person who:– (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company. The Exchange may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"Directors"	:	The directors of the Company, including alternate directors of the Company (if any), as at the Latest Practicable Date, and "Director" means any of them
"Ezion"	:	Ezion Holdings Limited
"Ezion Group"	:	Ezion and its subsidiaries
"FY"	:	Financial year ended 31 December
"Group"	:	The Company and its subsidiaries
"Independent Shareholders"	:	Shareholders who are deemed to be independent of the Interested Person Transactions contemplated under the IPT Mandate
"Interested Person"	:	(a) a Director, chief executive officer, or Controlling Shareholder of the Company; or (b) an Associate of any such Director, chief executive officer, or Controlling Shareholder
"Interested Person Transactions"	:	Transactions proposed to be entered into between the Charisma IPT Group and the Interested Persons
"IPT Mandate"	:	The general mandate given by Shareholders to enable the Charisma IPT Group to enter into certain Interested Person Transactions
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Appendix, being 31 March 2017

DEFINITIONS

"Non-Interested Directors"	:	Has the meaning ascribed to it in Section 5 of this Appendix
"Notice of Annual General Meeting"	:	The Notice of AGM dated Monday, 10 April 2017
"NTA"	:	Net tangible assets
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares except that where CDP is the registered holder, the term "Shareholders" shall, in relation to such Shares, mean Depositors who have Shares entered against their names in the Depository Register
"Shares"	:	Ordinary shares in the capital of the Company
"Sponsor"	:	PrimePartners Corporate Finance Pte. Ltd.
"Substantial Shareholder"	:	A Shareholder who has an interest in 5% or more of the voting shares of the Company
"Treasury Shares"	:	The Shares held in treasury by the Company
"S$"	:	Singapore dollars
"%" or "per cent."	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them, respectively, in section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the same meaning assigned to it under the Companies Act, the SFA or the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

Board of Directors:

Mr. Chew Thiam Keng *(Non-Executive Director and Chairman)*
Mr. Tan Ser Ko *(Executive Director and Chief Executive Officer)*
Mr. Wong Bheet Huan *(Executive Director)*
Mr. Simon de Villiers Rudolph *(Independent Director)*
Mr. Cheng Yee Seng *(Independent Director)*
Mr. Lim Chen Yang *(Independent Director)*

Registered Office:

15 Hoe Chiang Road
#12-05 Tower Fifteen
Singapore 089316

10 April 2017

To: The Shareholders of Charisma Energy Services Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE IPT MANDATE

1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to ordinary resolution 9 under the heading "Special Business" set out in the Notice of Annual General Meeting of Charisma Energy Services Limited (the "**Company**") dated Monday, 10 April 2017, accompanying the annual report of the Company for the financial year ended 31 December 2016 ("**2016 Annual Report**"), convening the AGM which is scheduled to be held on Tuesday, 25 April 2017 in relation to the proposed renewal of the IPT Mandate.

1.2 Purpose of this Appendix

The purpose of this Appendix is to provide the Independent Shareholders with details in respect of the proposed renewal of the IPT Mandate and to seek Shareholders' approval for the same at the AGM to be held at on Tuesday, 25 April 2017 at 10.00 a.m. at Ballroom 3, The Singapore Island Country Club, 180 Island Club Road, Singapore 578774 .

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

2.1 The Existing Shareholders' Mandate

At the extraordinary general meeting of the Company held on 21 April 2014, approval of Shareholders was obtained for a mandate to enable the Charisma IPT Group to enter into certain recurring Interested Person Transactions (the "**IPT Mandate**"). The IPT Mandate was subsequently amended and renewed at the extraordinary general meeting of the Company held on 21 April 2015. The IPT Mandate was last renewed at the annual general meeting of the Company on 26 April 2016 ("**2016 AGM**") .

LETTER TO SHAREHOLDERS

2.2 Details of the IPT Mandate

Details of the IPT Mandate, including the scope of the IPT Mandate, the class of the Interested Person, the categories of Interested Person Transactions, the rationale and benefits of the IPT Mandate and the review procedures for Interested Person Transactions are set out in Annex A to this Appendix.

2.3 Proposed Renewal of the IPT Mandate

The IPT Mandate will expire on the date of the forthcoming AGM, which is scheduled to be held on Tuesday, 25 April 2017. Accordingly, the Directors propose that the ordinary resolution relating to the renewal of the IPT Mandate be passed at the AGM, and (unless revoked or varied by the Company in a general meeting) to take effect until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier. The particulars of the Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged.

2.4 Audit Committee's Statement

The Audit Committee confirms that:

(a) the methods or procedures for determining transaction prices under the IPT Mandate have not changed since the 2016 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares, based on the register of Directors' interests in Shares and Substantial Shareholders' interest in Shares respectively, are as follows:-

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%(1)	Number of Shares	%(1)	Number of Shares	%(1)
Directors						
Mr. Chew Thiam Keng	–	–	–	–	–	–
Mr. Tan Ser Ko	–	–	–	–	–	–
Mr. Wong Bheet Huan	33,880	0.00	–	–	33,880	0.00
Mr. Simon de Villiers Rudolph	10,000,000	0.08	–	–	10,000,000	0.08
Mr. Cheng Yee Seng	–	–	–	–	–	–
Mr. Lim Chen Yang	–	–	–	–	–	–

LETTER TO SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%(1)	Number of Shares	%(1)	Number of Shares	%(1)
Substantial Shareholders (other than Directors)						
Ezion Holdings Limited	5,461,932,000	41.58	–	–	5,461,932,000	41.58
Mr. Patrick Tan Choon Hock	1,000,483,100	7.62	493,186,000(2)	3.75	1,493,669,100	11.37

Notes:

(1) The percentage of shareholdings is calculated based on the total issued captial of the Company comprising 13,134,485,035 Shares (excluding Treasury Shares) as at the Latest Practicable Date.

(2) Mr. Patrick Tan Choon Hock is able to exercise control over the voting rights of 339,000,000 shares owned by his sponse, Mdm Serene Lee Siew Kin and 154,186,000 shares owned by Mr. Patrick Tan Choon Hock are held through nominees.

As Mr. Chew Thiam Keng is the Chief Executive Officer and an Executive Director of Ezion, he has a direct interest in the proposed renewal of the IPT Mandate.

Save as disclosed in this Appendix and other than through their respective shareholdings in the Company, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the proposed renewal of the IPT Mandate.

4. ABSTENTION FROM VOTING

Ezion (being an Interested Person) and its Associates have undertaken to abstain from voting in respect of ordinary resolution 9 as set out in the Notice of Annual General Meeting relating to the proposed renewal of the IPT Mandate in respect of the Shares held by them respectively. In addition, Ezion and its Associates will also not accept nominations to act as proxy for any Shareholder (being one who is not subject to the foregoing voting restrictions) in respect of ordinary resolution 9, unless specific instructions have been given in the Proxy Form on how the votes are to be cast in respect of ordinary resolution 9. Ezion has undertaken to ensure that its Associates will abstain from voting on ordinary resolution 9 in respect of the Shares held by them and that its Associates will decline to accept appointment as proxy for any Shareholder (being one who is not subject to the foregoing voting restrictions) to vote in respect of ordinary resolution 9 unless the Shareholder concerned has given specific instructions in the Proxy Form as to the manner in which his votes are to be cast in respect of ordinary resolution 9 at the AGM.

5. NON-INTERESTED DIRECTORS' RECOMMENDATIONS

The Directors who are considered independent for the purpose of the IPT Mandate are Mr. Tan Ser Ko, Mr. Wong Bheet Huan, Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang (together, the "**Non-Interested Directors**"). The Non-Interested Directors, having considered, *inter alia*, the rationale for the proposed renewal of the IPT Mandate, are of the opinion that the proposed renewal of the IPT Mandate is in the best interests of the Company and not prejudicial to the interests of minority Shareholders. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of ordinary resolution 9 relating to the proposed renewal of the IPT Mandate to be proposed at the AGM as set out in the Notice of Annual General Meeting.

LETTER TO SHAREHOLDERS

As Mr. Chew Thiam Keng is the Chief Executive Officer and an Executive Director of Ezion (who is an Interested Person), he is interested in the proposed renewal of the IPT Mandate and therefore, has abstained from making any recommendation in respect of ordinary resolution 9 as set out in the Notice of Annual General Meeting.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Appendix) collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in the Appendix 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 the Appendix in its proper form and context.

7. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 15 Hoe Chiang Road, #12-05 Tower Fifteen Singapore 089316, during normal business hours from the date of this Appendix to the date of the forthcoming AGM scheduled to be held on Tuesday, 25 April 2017:

(a) the Constitution of the Company; and

(b) the Annual Report 2016.

Yours faithfully,
For and on behalf of the Board of Directors of
Charisma Energy Services Limited

Tan Ser Ko
Executive Director and Chief Executive Officer

ANNEX A – THE IPT MANDATE

Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's interested persons, but will not cover the transactions relating to the purchase or sale of assets, undertakings or businesses. Transactions between the Charisma IPT Group and any Interested Person will constitute an interested person transaction, which is subject to Chapter 9 of the Catalist Rules.

In this connection, Rule 906 prescribes that the Company must obtain Shareholders' approval for any interested person transaction of a value equal to, or more than five per cent. (5%) of the Group's latest audited NTA or five per cent (5%) of the Group's latest audited NTA when aggregated with other transactions entered into with the same Interested Person during the same financial year. However, a transaction which has been approved by Shareholders, or is the subject of aggregation with another transaction that has been approved by Shareholders, need not be included in any subsequent aggregation. It should also be noted that Rules 905 and 906 of the Catalist Rules do not apply to any transaction which has a value that is below S$100,000 with an Interested Person, and therefore transactions below S$100,000 need not be covered under a general mandate.

A general mandate granted by shareholders is subject to annual renewal. Due to the time-sensitive nature of commercial transactions, such a mandate will enable a listed company, in its ordinary course of business, to enter into certain categories of transactions with certain classes of interested persons, provided such interested person transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

Scope and Validity of the IPT Mandate

The IPT Mandate will cover transactions between the Charisma IPT Group and the Ezion Group which are of a revenue or trading nature or those necessary for the day-to-day operations of the Charisma IPT Group, but not in respect of the purchase or sale of assets, undertakings or businesses.

The IPT Mandate will not cover any transaction with the Ezion Group which is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions. Transactions with the Ezion Group that do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

If renewed by Shareholders at the AGM, the IPT Mandate will take effect from the passing of the ordinary resolution at the AGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next annual general meeting of the Company.

Thereafter, approval from Shareholders for the renewal of the IPT Mandate will be sought at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the IPT Mandate's continued applicability. Ezion and its Associates will abstain from voting on such resolutions in respect of the renewal of the IPT Mandate. Furthermore, Ezion and its Associates shall not act as proxies in relation to such resolutions unless voting instructions have been given by the relevant Shareholder.

Pursuant to Rule 920(1)(c) of the Catalist Rules, an independent financial adviser's opinion will not be required for the renewal of the IPT Mandate if the Audit Committee confirms that:

ANNEX A – THE IPT MANDATE

(a) the methods or procedures for determining the transaction prices have not changed since the last shareholder approval; and

(b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Class of Interested Persons

The IPT Mandate will apply to the interested person transactions as described below that are carried out with the Ezion Group.

Ezion is an Interested Person as it is a Controlling Shareholder of the Company and holds, as at the Latest Practicable Date, 5,461,932,000 Shares, representing a direct interest of approximately 41.58% in the total issued share capital of the Company.

Transactions with “Interested Persons” which do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules and/or the Companies Act, if any.

For FY2015, excluding transactions below S$100,000, there was an aggregate of US$183,000 of interested person transactions conducted under the IPT Mandate entered into by the Charisma IPT Group with the Ezion Group.

Categories of Recurrent IPTs

The IPT Mandate will encompass the following interested person transactions:

(a) the provision of technical advisory and technical management services as well as personnel for marine and offshore operations (the “**Provision of Services and Personnel**”) by the Ezion Group;

(b) the charter of offshore support vessels, self-propelled lift-boats, service rigs, and other marine and offshore assets (the “**Assets**”) from the Ezion Group;

(c) the provision of Assets for charter to the Ezion Group;

(d) the Charisma IPT Group acting as shipbroker for the Ezion Group;

(e) the Ezion Group acting as shipbroker for the Charisma IPT Group; and

(f) the payment of management fees to the Ezion Group for the provision of office space, human resource and information technology services (the “**Provision of Support Service**”).

(the “**Recurrent IPTs**”)

Rationale and Benefits of the IPT Mandate

It is envisaged that in the ordinary course of their businesses, transactions between the Charisma IPT Group and the Ezion Group are likely to occur from time to time as the Charisma IPT Group also focuses on on-shore and offshore oil and gas and marine related businesses that are complementary to the existing business of the Ezion Group. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the Group to the Company’s interested persons or the obtaining of goods and services from them.

ANNEX A – THE IPT MANDATE

In addition, the Company pays the Ezion Group a management fee for the Provision of Support Service by the Ezion Group which will enable the Company to benefit from the Ezion Group's expertise and enable the Company to carry on its business and corporate functions seamlessly and effectively. The Company therefore derives synergy and benefits from being an associated member of the Ezion Group.

In view of the time-sensitive and recurrent nature of commercial transactions, the obtaining of the IPT Mandate pursuant to Chapter 9 of the Catalist Rules will enable:

(a) the Company;

(b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and

(c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its interested person(s), has or have control,

(together, the "**Charisma IPT Group**"), or any of them, in the ordinary course of their businesses, to enter into the categories of transactions set out above (under the section titled "**Categories of Recurrent IPTs**") with the specified classes of the Company's Interested Persons set out above (under the section titled "**Class of Interested Persons**"), provided such Recurrent IPTs are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

If approved, the renewal of the IPT Mandate will:

(i) facilitate entry into the Recurrent IPTs with the Ezion Group in the ordinary course of the Charisma IPT Group's businesses;

(ii) eliminate the need for the Company to convene separate general meetings on each occasion, pursuant to the financial limits imposed under Chapter 9 of the Catalist Rules to seek Shareholders' approval as and when such transactions with the Ezion Group arise, thereby:

    (A) reducing substantially the administrative time, inconvenience and costs associated with the convening of such meetings;

    (B) allowing manpower resources and time to be channelled towards attaining corporate objectives; and

    (C) enabling the Charisma IPT Group to maintain its overall competitiveness and not be placed at a disadvantage to other parties that do not require shareholders' approval to be obtained for entering into such transactions.

Review Procedures for Recurrent IPTs

The Company will establish the following guidelines and review procedures pursuant to the IPT Mandate to ensure that the Recurrent IPTs are undertaken on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its minority Shareholders.

(a) The Audit Committee has the overall responsibility for determining the review procedures with the authority to delegate to individuals within the Charisma IPT Group and/or such external advisors as they deem appropriate, and any member of the Audit Committee may, at his discretion, request for additional information pertaining to the Recurrent IPTs under review from independent sources or advisers.

ANNEX A – THE IPT MANDATE

(b) All Recurrent IPTs with the Ezion Group above S$100,000 each are to be approved by a Director who shall not be an Interested Person in respect of the particular transaction. Recurrent IPTs with the Ezion Group below S$100,000 each do not require such approval.

(c) Provision of Services and Personnel to the Charisma IPT Group

Any Recurrent IPT will not be entered into unless the fees for the Provision of Services and Personnel by the Ezion Group is based on their usual fees of the relevant or comparable services and/or personnel. The fees will be no less favourable than that offered to unrelated third party customers after taking into consideration various factors including inter alia, the customers' credit standing, volume of transactions, tenure of business relationship and potential for future repeat business. The Charisma IPT Group will obtain from the Ezion Group the necessary evidence to satisfy itself that the basis set out herein has been adhered to by the Ezion Group. In addition, the Charisma IPT Group will obtain at least two quotations, where available, from unrelated third party suppliers and/or service providers ("**Third-party Quotations**") to determine if the fees quoted by the Ezion Group are competitive. If such Third-party Quotations are priced more competitively than those provided by the Ezion Group, the Charisma IPT Group will re-negotiate with the Ezion Group for a quote which is at least as competitive as the Third-party Quotations, taking into account the factors referred to above. The Charisma IPT Group will not accept a quote from the Ezion Group which is not as competitive as a Third-party Quotation.

Where it is not possible to compare against the terms of other transactions with unrelated third parties given that the services and/or personnel may be provided only by the Ezion Group, the fees payable by the Charisma IPT Group for such services and/or personnel to be provided by the Ezion Group will be determined by the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, in accordance with the Charisma IPT Group's usual business practices and policies. In determining the fees payable to the Interested Person for such services and/or personnel, factors such as, but not limited to, volume of transactions, requirements and specifications will be taken into account.

(d) Chartering of Assets to or from the Ezion Group by the Charisma IPT Group

If there is any new charter, revision of charter rates charged to or by (as the case may be) or any renewal of chartering agreements between the Charisma IPT Group and the Ezion Group, the senior finance officer of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPTs, will review the charter rates, the revision of charter rates, or the revised terms upon which the charter agreements are to be entered/renewed (as the case may be) to ensure that they are on normal commercial terms. This will be done by comparing the charter rates against those granted to or granted by at least two unrelated third parties.

In the event that such comparative charter rates cannot be obtained (for instance, if there are no unrelated third parties), the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, will determine whether the price and terms offered by or to the Interested Person are fair and reasonable. The terms of the charter will be in accordance with applicable industry norms, prevailing rates and at rates no less favourable than those charged by the Interested Person to an unrelated third party or from an unrelated third party to the Interested Person. In determining this, factors such as, but not limited to requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account.

ANNEX A – THE IPT MANDATE

(e) Shipbrokering of Vessels for the Ezion Group and the Ezion Group acting as Shipbroker for the Charisma IPT Group

For the shipbrokering of vessels for the Ezion Group by the Charisma IPT Group and having the Ezion Group act as the shipbroker for the Charisma IPT Group (as the case may be), the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, will determine whether the price and terms offered by or to the Interested Person are fair, reasonable and on normal commercial terms. The terms of the charter will be in accordance with applicable industry norms, prevailing rates and at rates no less favourable than those charged by the Interested Person to an unrelated third party or from an unrelated third party to the Interested Person (as the case may be). In determining this, factors such as, but not limited to the industry brokerage rates, condition of the vessel, size of the transaction, specifications and strategic purposes of the transaction will be taken into account.

(f) Provision of Support Services by the Ezion Group to the Charisma IPT Group

The management fee paid to the Ezion Group for the Provision of Support Service is computed based on the cost incurred by Ezion for the total office floor area occupied by the Company's employees as well as the human resources and information technology services rendered to the Company with a reasonable mark up on this base cost figure. The Charisma IPT Group will obtain from the Ezion Group the necessary evidence to satisfy itself that the basis set out herein has been adhered to by the Ezion Group. In addition, the Charisma IPT Group will obtain Third-party Quotations to determine if the fees quoted by the Ezion Group are competitive. If such Third-party Quotations are priced more competitively than those provided by the Ezion Group, the Charisma IPT Group will re-negotiate with the Ezion Group for a quote which is at least as competitive as the Third-party Quotations, taking into account factors such as, but not limited to, the synergy and benefit derived by the Company, Ezion's experience and expertise, requirements and specifications of the services or location. The Charisma IPT Group will not accept a quote from the Ezion Group which is not as competitive as a Third-party Quotation.

In the event that such Third-party Quotations cannot be obtained, the management fee payable by the Charisma IPT Group for the support services to be provided by the Ezion Group will be determined by the chief executive officer or the chief financial officer, financial controller or equivalent of the relevant company in the Charisma IPT Group, who has no interest in the Recurrent IPT, in accordance with the Charisma IPT Group's usual business practices and policies. In determining the management fee payable to the Interested Person for such support services, factors such as, but not limited to, the synergy and benefit derived by the Company, Ezion's experience and expertise, requirements and specifications of the services or location.

(g) The Company will monitor all Recurrent IPTs and categorise them as follows:

(i) A Category 1 Recurrent IPT is one where the value thereof is in excess of five per cent. (5%) of the latest audited consolidated NTA of the Charisma IPT Group ("**Category 1 Recurrent IPT**"); and

(ii) A Category 2 Recurrent IPT is one where the value thereof is below or equal to five per cent. (5%) of the latest audited consolidated NTA of the Charisma IPT Group ("**Category 2 Recurrent IPT**").

All Category 1 Recurrent IPTs must be approved by the Audit Committee prior to entry whereas Category 2 Recurrent IPTs need no such approval provided that these transactions with a value equivalent to or greater than S$100,000 shall be reviewed, at minimum, on a half-yearly basis by the Audit Committee.

ANNEX A – THE IPT MANDATE

In addition to and without prejudice to the above, where the aggregate value of all Category 2 Recurrent IPTs with the same Interested Person in the current financial year is equal to or exceeds three per cent. (3%) of the latest audited NTA of the Charisma IPT Group, the latest and all future Category 2 Recurrent IPTs with that same Interested Person (so defined) will be approved by the Audit Committee prior to the Charisma IPT Group's entry into such transactions.

If any member of the Audit Committee has an interest in any Recurrent IPT or is a nominee for the time being of an Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

The Company shall prepare the relevant information to assist the Audit Committee in its review.

(h) The Company will keep a register to record all Recurrent IPTs, which register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis. The Audit Committee will review the register on the Recurrent IPTs on at least a half-yearly basis to ascertain if the above internal control procedures have been complied with.

(i) The annual audit by the auditors of the Company shall incorporate a review of the Recurrent IPTs entered into pursuant to the IPT Mandate recorded in the register. The Audit Committee shall, if it deems necessary, require the appointment of auditors or any independent professional to review all matters relating to the Recurrent IPT entered into pursuant to the IPT Mandate recorded in the register.

(j) The annual internal audit plan shall incorporate a review of all transactions entered into pursuant to the IPT Mandate. The Audit Committee will review the internal audit reports on the Recurrent IPTs on at least an annual basis to ascertain if the above internal control procedures have been complied with. If during the course of any of their reviews, the Audit Committee is of the view that the internal control procedures for the Recurrent IPTs have become inappropriate or insufficient for whatever reasons, the Company will seek the Shareholders' approval for a fresh general mandate based on the new internal control procedures to ensure that the Recurrent IPT will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

(k) Disclosure will be made in the Company's annual report of the aggregate value of transactions conducted pursuant to the IPT Mandate or otherwise, during the financial year under review, and in the annual reports for the subsequent financial years during which the IPT Mandate is renewed and remains in force.

(l) The Company will maintain a list of Interested Persons, which will be updated periodically, and will disseminate the list to the relevant staffs of the companies within the Charisma IPT Group to enable the identification of the Interested Persons.

(m) The Company shall announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods on which the Company is required to report pursuant to Rule 705 of the Catalist Rules.

(n) The Board will also ensure that all disclosure, approval and other requirements on Recurrent IPTs, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. In the event that a member of the Board or a member of the Audit Committee (where applicable) is interested in any Recurrent IPT he/she will abstain from reviewing that particular transaction to ensure that the Recurrent IPT will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

ANNEX A – THE IPT MANDATE

Upon Shareholders' approval, the IPT Mandate shall be renewed and take effect from the passing of the ordinary resolution at the AGM and will be effective until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held (whichever is the earlier), unless sooner revoked or varied by the Company in a general meeting. Thereafter, approval from the Shareholders for a renewal of the IPT Mandate will be sought at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the IPT Mandate's continued applicability.

Transactions which do not fall within the ambit of the IPT Mandate shall be subject to the other relevant provisions of the Catalist Rules as appropriate.

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. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

I/We, ________________________ (Name) ________________________ (NRIC/Passport No.)
of ____ (Address)

being a member/members of Charisma Energy Services Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting of the Company ("AGM") as my/our proxy/proxies to vote for me/us on my/our behalf at the AGM to be held at Ballroom 3, The Singapore Island Country Club, 180 Island Club Road, Singapore 578774 on Tuesday, 25 April 2017 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion. The resolutions put to vote at the AGM shall be decided by poll.

No.	**Resolutions relating to:**	**No. of Votes For***	**No. of Votes Against***
1	Adoption of the Directors' Statement, Audited Financial Statements and Independent Auditors' Report for the financial year ended 31 December 2016		
2	Re-election of Mr. Simon de Villiers Rudolph as a Director of the Company		
3	Re-election of Mr. Cheng Yee Seng as a Director of the Company		
4	Approval of payment of Directors' fees amounting to S$168,000 for financial year ending 31 December 2017 to be paid quarterly in arrears.		
5	Re-appointment of Messrs KPMG LLP as Auditor of the Company and to authorise the Directors to fix their remuneration		
6	Authority to issue new shares in the capital of the Company		
7	Authority to issue shares under the Charisma Energy Employee Share Option Scheme		
8	Grant of Options under the Charisma Energy Employee Share Option Scheme at a discount		
9	Renewal of Shareholders' Mandate for Interested Person Transactions		

* If you wish to exercise all your votes "For" or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated ______________ day of ______________ 2017

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 in the Company ("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. A member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Affix
Postage
Stamp

The Company Secretary
Charisma Energy Services Limited
15 Hoe Chiang Road, #12-05
Tower Fifteen Singapore 089316

5. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors, who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

6. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the AGM.

7. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 15 Hoe Chiang Road #12-05 Tower Fifteen Singapore 089316 not less than forty-eight (48) hours before the time appointed for the AGM.

8. 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.

9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 10 April 2017.

GENERAL:

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. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Designed and Produced by **Rockstar Atelier**

CHARISMA ENERGY

BUILDING MOMENTUM THROUGH RENEWABLE ENERGY

Annual Report 2016

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