

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

It contains important information and should be read in its entirety. If you are in any doubt about what action you should take, you should consult your professional adviser without delay.

Further copies of this document can be obtained from the office of the Scheme Managers, RSM SG Corporate Advisory Pte Ltd, at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 during normal business hours (other than a Saturday, a Sunday or a public holiday).

Unless otherwise defined, the distributed terms used throughout this document (the “**Explanatory Statement**”) shall bear the same meanings as defined in the Supplementary Scheme of Arrangement dated 26 July 2024 enclosed herein at **Appendix A** and the Explanatory Statement to the Scheme of Arrangement dated 12 April 2023 enclosed herein at **Appendix C**.

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**EXPLANATORY STATEMENT**

To

**SUPPLEMENTARY SCHEME OF ARRANGEMENT**

**PURSUANT TO SECTION 71 OF THE INSOLVENCY, RESTRUCTURING AND DISSOLUTION ACT  
2018**

Between

**CHARISMA ENERGY SERVICES LIMITED**  
(UEN No. 199706776D)

And

**CATEGORY A PARTICIPATING CREDITORS**  
(as defined in the Scheme of Arrangement dated 12 April 2023)

And

**CES YICHANG PTE. LTD.**  
(UEN No. 202413301E)

The action that the Category A Participating Creditors should take is set out in this Explanatory Statement. As a Category A Participating Creditor, you are requested to complete and return the Ballot Form enclosed with this document in accordance with the instructions and notes contained therein.

Dated this 26<sup>th</sup> day of July 2024

## IMPORTANT NOTICE

Explanatory Statement pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 explaining the effects of the Supplementary Scheme of Arrangement dated 26 July 2024 (“**Supplementary Scheme**”) enclosed herein at **Appendix A** proposed by Charisma Energy Services Limited (the “**Company**”) to modify the Scheme of Arrangement dated 12 April 2023 (“**April 2023 Scheme**”) enclosed herein at **Appendix C**.

1. This Explanatory Statement is being distributed to all Category A Participating Creditors (as defined in the April 2023 Scheme) of the Company solely for purposes of the Supplementary Scheme.
2. Nothing in this Explanatory Statement or any other document issued with or appended to it (collectively, “**Supplementary Scheme Document**”) should be relied on for any purpose other than to make a decision with respect to the Supplementary Scheme.
3. The information contained in this Supplementary Scheme Document has been prepared based upon information available to the Company as of the date of the Supplementary Scheme Document. The Company has taken reasonable steps to ensure that this Supplementary Scheme Document contains the information reasonably necessary to enable the Category A Participating Creditors to make an informed decision about the effect of the Supplementary Scheme on them.
4. Nothing contained in this Supplementary Scheme Document shall be deemed to be a forecast, projection or estimate of the Company’s future financial performance or that of the Company and its subsidiaries (the “**Group**”).
5. Except as provided for below, this Explanatory Statement is for the exclusive use of the persons to whom it is addressed and their advisers and shall not be copied, reproduced or distributed to any other person without the prior written consent of the Company and/or the Scheme Managers. The information contained in this Explanatory Statement is confidential and provided solely for the purposes mentioned above. Recipients of this Explanatory Statement are required to keep this information confidential and use it only for the purposes of consideration of the Supplementary Scheme.
6. This Explanatory Statement contains extensive and detailed information and should be read in its entirety. If you are in doubt about this document or as to the action which you should take, you should consult your financial or investment adviser, bank manager, solicitor or other professional adviser immediately. You should note that the Explanatory Statement is not intended to constitute professional advice and that you should seek your own professional advice in relation to the Supplementary Scheme.
7. The actions required to be taken by Category A Participating Creditors are set out in this Explanatory Statement. You are asked to complete and return the Ballot Form as soon as possible in accordance with the instructions set out herein. Failure to take action could have consequences in respect of your rights against the Company.
8. While the Company and/or the Scheme Managers have taken reasonable care in the preparation of the information provided herein, no representation or warranty is made that the information contained herein in the Explanatory Statement and the Supplementary Scheme is accurate or complete.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

9. The Explanatory Statement and the proposed Supplementary Scheme are to be taken as mutually explanatory of one another but in the event of any conflict or inconsistency between the Explanatory Statement and the Supplementary Scheme, the terms of the Supplementary Scheme shall prevail.
10. **CATEGORY A PARTICIPATING CREDITORS' ATTENTION IS DRAWN TO CERTAIN RISKS ASSOCIATED WITH THE SUPPLEMENTARY SCHEME AND THE RESTRUCTURING THAT ARE SET OUT IN THE EXPLANATORY STATEMENT OF THE SUPPLEMENTARY SCHEME DOCUMENT.**
11. **Important Information:**
  - (a) **Date and time for lodgment of the Ballot Form (i.e. Ballot Form Cut-Off Date): 12 August 2024 by no later than 4:00 p.m.**
  - (b) **Place to submit Ballot Form: (a) hard copy to 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 or (b) e-mail to RF-CharismaEnergy@rsmsingapore.sg. E-mail is preferred. A confirmation e-mail will be sent to the sender to acknowledge receipt of the relevant document sent.**

Table of Contents

<b>SUMMARY OF ACTIONS TO BE TAKEN .....</b>	<b>7</b>
<b>EXPLANATORY STATEMENT .....</b>	<b>8</b>
<b>1. INTRODUCTION .....</b>	<b>8</b>
<b>2. GENERAL BACKGROUND .....</b>	<b>8</b>
<b>3. SALIENT TERMS OF THE SUPPLEMENTARY SCHEME .....</b>	<b>14</b>
<b>4. RATIONALE FOR THE SUPPLEMENTARY SCHEME .....</b>	<b>23</b>
<b>5. ACTIONS TO BE TAKEN IN IMPLEMENTING THE SUPPLEMENTARY SCHEME ..</b>	<b>25</b>
<b>6. LIQUIDATION SCENARIO.....</b>	<b>26</b>
<b>7. RISK FACTORS.....</b>	<b>26</b>
<b>8. CONCLUSION AND RECOMMENDATION .....</b>	<b>27</b>
<b>APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT.....</b>	<b>28</b>
<b>1. Definitions.....</b>	<b>29</b>
<b>2. Preamble.....</b>	<b>33</b>
<b>3. Supplementary Scheme Overview.....</b>	<b>34</b>
<b>4. Conditions Precedent to the Supplementary Scheme.....</b>	<b>40</b>
<b>5. Scheme Managers.....</b>	<b>41</b>
<b>6. Termination of the Supplementary Scheme.....</b>	<b>41</b>
<b>7. Modifications or Amendments to the Supplementary Scheme.....</b>	<b>41</b>
<b>8. Costs.....</b>	<b>42</b>
<b>9. Performance of obligations on dates other than a Business Day.....</b>	<b>42</b>
<b>10. Notices.....</b>	<b>42</b>
<b>11. Severability.....</b>	<b>42</b>
<b>12. Proper Law and Jurisdiction.....</b>	<b>43</b>
<b>13. Contracts (Rights of Third Parties) Act 2001.....</b>	<b>43</b>
<b>14. Personal Data Protection Act 2012.....</b>	<b>43</b>
<b>APPENDIX B: BALLOT FORM.....</b>	<b>44</b>
<b>APPENDIX C: EXPLANATORY STATEMENT TO APRIL 2023 SCHEME.....</b>	<b>46</b>

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

**CONTACT DETAILS**

<b>The Company</b>	Charisma Energy Services Limited
<b>Specified Address</b>	8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095
<b>Contact Details</b>	Tel: (65) 6594 7849 Email: <a href="mailto:enquiries@charismaenergy.com">enquiries@charismaenergy.com</a>
<b>Contact Person</b>	Tan Ser Ko

<b>Scheme Managers</b>	Lin Yueh Hung and Yap Hui Li
<b>Specified Address</b>	8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095
<b>Contact Details</b>	<a href="mailto:RF-CharismaEnergy@rsmsingapore.sg">RF-CharismaEnergy@rsmsingapore.sg</a>
<b>Contact Person</b>	Koh Bee Hiong

<b>Legal Advisors</b>	Morgan Lewis Stamford LLC
<b>Specified Address</b>	10 Collyer Quay, #27-00 Ocean Financial Centre, Singapore 049315
<b>Contact Details</b>	<a href="mailto:MLSPROJECTNIRO@morganlewis.com">MLSPROJECTNIRO@morganlewis.com</a>
<b>Contact Persons</b>	Wendy Tan / Kelley Wong

**CHARISMA ENERGY SERVICES LIMITED  
EXPLANATORY STATEMENT DATED 26 JULY 2024**

**EXPECTED TIMETABLE**

<b>Action</b>	<b>Time / Date</b>
Ballot Form (i.e. Ballot Form Cut-Off Date):	12 August 2024 not later than 4:00 p.m.
Court hearing to sanction the Supplementary Scheme	To be announced
Supplementary Scheme Effective Date	To be announced

### **SUMMARY OF ACTIONS TO BE TAKEN**

Detailed instructions on the actions to be taken by the Category A Participating Creditors are set out in this Supplementary Scheme Document (including the Ballot Form) and are summarised below.

#### ***Summary of actions to be taken***

Detailed instructions on the actions to be taken by the Category A Participating Creditors are set out in **Appendix A** (*Supplementary Scheme*), and **Appendix B** (*Ballot Form*) of this Supplementary Scheme Document and are summarised below:

1. Read this document as a whole, in conjunction with the documents that accompany it (including the Ballot Form and the Explanatory Statement to the April 2023 Scheme at **Appendix C**).
2. If you are a Category A Participating Creditor and wish to indicate your vote in respect of the Supplementary Scheme, you must complete the Ballot Form set out in this Supplementary Scheme Document. Please return the completed Ballot Form as soon as possible and in any event, so as to be received by 4 pm (Singapore time) on 12 August 2024 (i.e. Ballot Form Cut-Off Date). Any request(s) for more time to complete and submit the Ballot Form may be approved at the discretion of the Scheme Managers.
3. Please return the Ballot Form to: (a) hard copy to 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095 (marked for the attention of Lin Yueh Hung / Yap Hui Li) or (b) e-mail to [RF-CharismaEnergy@rsmsingapore.sg](mailto:RF-CharismaEnergy@rsmsingapore.sg) (i.e. the Specified Email Address). E-mail is preferred. A confirmation e-mail will be sent to the sender to acknowledge receipt of the relevant document sent.
4. Before the Supplementary Scheme can become effective and binding on the Company and its Category A Participating Creditors, the Supplementary Scheme must be approved by the Court.
5. For the avoidance of doubt, there will not be any meeting of creditors (or meetings of the classes of creditors) ("**Scheme Meeting**") convened and/or actual voting with respect to the Supplementary Scheme. The Company will rely on Ballot Forms completed and submitted by the Category A Participating Creditors as evidence of the manner in which the said creditors would have voted had a Scheme Meeting been summoned and held.

If you are in any doubt as to what action you should take in connection with this Supplementary Scheme Document, the proposals contained in it or the documents that accompany it, you are recommended to seek professional advice immediately from your financial and/or legal adviser.

**EXPLANATORY STATEMENT**

(In compliance with Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 (the “IRDA”))

To: The Category A Participating Creditors

Dear Sir/Madam,

**1. INTRODUCTION**

- 1.1 Capitalised terms used herein shall unless otherwise defined have the same meaning attributed to them under the Supplementary Scheme (at **Appendix A**) and the Explanatory Statement to the April 2023 Scheme (at **Appendix C**).
- 1.2 This Explanatory Statement is issued pursuant to Section 71 of the IRDA. The purpose of this Explanatory Statement is to explain the background and effect of the Supplementary Scheme in modifying the April 2023 Scheme on which the approval of the Court will subsequently be sought.
- 1.3 Please note that this Explanatory Statement does not form the basis of the legal contract between the Company, the Category A Participating Creditors and/or CES Yichang Pte. Ltd. (“**CESY**”). The legally binding contract between the Company, the Category A Participating Creditors and CESY in the event the proposed scheme of arrangement is approved is the Supplementary Scheme. This Explanatory Statement has been prepared on a best efforts basis, without any warranty as to the accuracy or completeness of the information provided herein. The Company reserves the right to amend or supplement this Explanatory Statement and/or the information contained herein.
- 1.4 This Explanatory Statement is for the exclusive use of the Category A Participating Creditors to whom it is addressed and their advisers, and shall not be copied, reproduced or distributed to any other person without the prior written consent of the Company. The information contained in the Explanatory Statement is confidential and provided solely for the purposes mentioned above. Recipients of this Explanatory Statement are required to keep this information confidential and use it only for the purposes of considering the Supplementary Scheme.

**2. GENERAL BACKGROUND**

**2.1 What is a “Pre-packaged” Scheme of Arrangement?**

- 2.1.1 Under Singapore law, a “pre-packaged” scheme of arrangement of the kind proposed here is an arrangement provided for under Section 71 of the IRDA to take effect between a company and its creditors. This is an expedited procedure which allows the proponent of a scheme of arrangement to bypass



**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

an application to the Court for permission for a meeting of the creditors to be summoned to approve the scheme, commonly known as a “**Scheme Meeting**”.

2.1.2 A scheme of arrangement becomes legally binding on all creditors to whom it is intended to apply (including those creditors who did not indicate their vote on the scheme of arrangement or those creditors who indicated their voted against it) if:

2.1.2.1 the Court approves the scheme of arrangement; and

2.1.2.2 a sealed copy of the Order of Court approving the scheme of arrangement is lodged with the Registrar of Companies.

2.1.3 As a pre-condition to the Court approving the scheme of arrangement, the Court must be satisfied that had a meeting of the creditors or class of creditors been summoned, a majority in number (over 50%) and representing at least three-fourths (that is, 75%) in value of each class of creditors present and voting in person or by proxy would have voted in favour of the scheme of arrangement. In making this determination, the Court may have regard to, among other things, ballot forms completed and submitted by creditors indicating whether they approve or reject the proposed scheme of arrangement.

**2.2 What are Category A Participating Creditors required to do?**

2.2.1 As this is a “pre-packaged” scheme of arrangement, there will not be any Scheme Meeting convened. If you are a Category A Participating Creditor of the Company, you are entitled to indicate your vote on the terms of the proposed scheme of arrangement in accordance with the value of the debt owed to you by the Company as adjudicated by the Scheme Managers in the April 2023 Scheme (i.e. your Approved Claim as defined at Clause 1.6 of the April 2023 Scheme).

2.2.2 There is enclosed in **Appendix B** a Ballot Form to be submitted to the Scheme Manager at the Specified Address / the Specified Email Address in respect of a Category A Participating Creditor’s Approved Claim (as defined at Clause 1.6 of the April 2023 Scheme).

2.2.3 If you are a Category A Participating Creditor and wish to indicate your vote in respect of the Supplementary Scheme, you must complete the Ballot Form and submit it to the Scheme Managers by not later than 4:00 p.m. on 12 August 2024 (i.e. the Ballot Form Cut-Off Date). Any request(s) for more time to complete and submit the Ballot Form may be approved at the discretion of the Scheme Managers.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

2.2.4 Please note that the failure to return the Ballot Form by the Ballot Form Cut-Off Date (or such extended deadline as may be approved by the Scheme Managers) will result in the Category A Participating Creditor being deemed to have irrevocably, unconditionally and permanently waived its right to indicate its vote on the Supplementary Scheme.

**2.3 Background**

2.3.1 The Company was incorporated in Singapore as a private limited company on 27 September 1997 and was listed on the SGX SESDAQ (now known as the Catalist Board of the SGX-ST) on 6 August 1998. It was previously in the business of covering offshore and onshore oil and gas and marine related businesses and is currently focused on the business of providing services to the energy and power generation sector. The registered office of the Company is 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095.

2.3.2 The Company has operating and non-operating subsidiaries both in Singapore and elsewhere. This includes the Company's ownership of an 80% equity interest in its subsidiary, Yichang Smartpower Green Electricity Co. Ltd ("**Yichang**"). Collectively, the Company and its subsidiaries shall be referred to as the "**Group**".

Financial position of the Company and the April 2023 Scheme

2.3.3 There is enclosed in **Appendix C** the Explanatory Statement to the April 2023 Scheme. The said Explanatory Statement sets out at Section 2.3 further information on the financial position of the Company and the genesis of the April 2023 Scheme.

2.3.4 In summary, since 2016, the Group has been severely impacted due to the poor performance of the oil and gas business which resulted in the Group recording overall losses from FY2017 onwards. Trading in the Company's shares has been suspended on a voluntary basis since 4 February 2019, and on a compulsory basis since 17 June 2020 under Catalist Rule 1303(3)(c) due to uncertainties as to the Company's ability to continue as a going concern.

2.3.5 The April 2023 Scheme arose out of the investment by Yin Khing Investments Limited ("**Subscriber**") and the Company's intended divestment of its shares in Yichang and was proposed as part of the Company's broader effort to restructure all its existing liabilities.

2.3.6 The April 2023 Scheme comprises the partial settlement in cash and partial settlement through the issuance of ordinary shares in the capital of the Company ("**Scheme Shares**") to fully compromise the following categories of the Company's debt:

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

- 2.3.6.1 Unsecured liabilities that are owed to creditors (“**Category A**”); and
- 2.3.6.2 Face value of the perpetual securities in the Company, together with the outstanding distributions that are owed to holders of perpetual securities of the Company (“**PERPS Holders**”) (“**Category B**”) (collectively, the “**Scheme Debt**”).
- 2.3.7 The April 2023 Scheme applies to all Creditors. However, only a Category A Participating Creditor with an Approved Claim (as defined at Clause 1.6 of the April 2023 Scheme) are entitled to receive payment of the Yichang Proceeds (as defined at paragraph 3.1.1.3 below) under the terms of the April 2023 Scheme and will be a party to this Supplementary Scheme.
- 2.3.8 The April 2023 Scheme was approved by the majority in number of each class of creditors and representing three-fourths in value of each class of creditors present and voting by proxy at the Scheme Meeting held on 7 June 2023, and thereafter sanctioned by the Honourable Justice Philip Jeyaretnam in the General Division of the High Court of the Republic of Singapore by way of an Order of Court dated 6 July 2023 pursuant to Section 210(4) of the Companies Act 1967. The Order of Court dated 6 July 2023 was lodged with ACRA pursuant to Section 210(5) of the Companies Act 1967 on 7 July 2023 and became effective on 7 July 2023.

Yichang Divestment

- 2.3.9 As mentioned above in paragraph 2.3.2, the Company has an 80% equity interest in Yichang (“**Equity Interest**”). The balance 20% of equity interest is held by 中清孚尧电力（上海）有限公司, formerly known as 孚尧能源科技（上海）有限公司 (known as SmartPower Technology (Shanghai) Co., Ltd) (“**SmartPower**” or “**Purchaser**”).
- 2.3.10 Yichang is a limited liability company established in the People’s Republic of China (the “**PRC**”) on 16 September 2015. As at 19 April 2024, Yichang has a registered capital of RMB 60,000,000.
- 2.3.11 The principal activities of Yichang are that of construction, ownership, operation and maintenance of the 20-megawatt Solar Photovoltaic (“**Solar PV**”) power plant in Yichang City, Hubei Province in the PRC. Yichang currently has the regulatory approval to develop the Solar PV power plant and to supply electricity to the National Grid in Central China for 20 years commencing from June 2017.
- 2.3.12 Based on the Group’s audited financial statements for the financial year ended 31 December 2023 (“**FY2023 AFS**”), the net loss attributable to the Equity Interest is approximately USD 6,798,000 (equivalent to RMB 48,210,0002). As at 31 December 2023, the net liabilities value attributable to

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

the Equity Interest is approximately USD 1,009,000 (equivalent to RMB 7,161,0003).

2.3.13 Based on the Group's FY2023 AFS, the book value of the Equity Interest is approximately USD 2,315,000 (equivalent to RMB 16,428,0002). Based on an independent valuation of the Equity Interest by Cushman & Wakefield VHS Pte Ltd appended to the Circular to the Company's shareholders dated 13 June 2024, the market value of the Equity Interest is in the range of RMB 22.2 million to RMB 25.9 million as at 31 March 2024.

2.3.14 In conjunction with the commissioning of the Solar PV power plant in 2017, Yichang took up a loan ("**Huaneng Loan**") from a Chinese lender, Huaneng Tiancheng Finance Lease Co Ltd ("**Huaneng Leasing**") for the sum of RMB 125,000,000. As security for the Huaneng Loan, Huaneng Leasing holds a charge over all of Yichang's assets. The Company is a corporate guarantor to the Huaneng Loan ("**Huaneng Corporate Guarantee**") and has provided an equity pledge to Huaneng Leasing for the Huaneng Loan ("**Huaneng Equity Pledge**", collectively with the Huaneng Corporate Guarantee, the "**Huaneng Securities**").

2.3.15 Due to the weak cashflow position of Yichang caused by the delay in the payment of the tariff subsidies by the relevant authorities in PRC to Yichang dating back to 2018, Yichang has not been able to meet the repayment obligations to Huaneng Leasing of about RMB 20 million since 2022. Yichang has been relying on loans from SmartPower to fund part of its quarterly instalment payments on the loan principal amount and interest. The amount owing by Yichang to Huaneng Leasing is approximately RMB 101.6 million (as at 31 March 2024) and the amount owing by Yichang to SmartPower is approximately RMB 8.8 million (as at 31 March 2024). The Huaneng Loan is currently in "technical" default due to Yichang's inability to fund its reserve / liquidity account with two (2) quarterly instalments. Under the terms of the Huaneng Loan, Huaneng Leasing is entitled to call on the Huaneng Corporate Guarantee.

2.3.16 In addition, the Company has extended interest-free shareholder's loans to Yichang from time to time to cover the latter's incorporation and operation costs. There remains outstanding from Yichang the sum of RMB 23,588,869.34 (as at 23 February 2024) to the Company ("**Yichang Loan**").

2.3.17 As mentioned at paragraphs 3.4.11 to 3.4.15 of the Explanatory Statement to the April 2023 Scheme, the Company had intended to undertake the divestment of its Equity Interest, under which the Company's shares in Yichang will be sold to a third-party buyer ("**Yichang Divestment**"). As the Yichang Divestment was expected to include an agreement with the potential buyer and Huaneng Leasing to release the Company from the Huaneng Corporate Guarantee, the Huaneng Corporate Guarantee was not included

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

under the April 2023 Scheme and Huaneng Leasing was an excluded creditor for the purposes of the April 2023 Scheme.

2.3.18 On 19 April 2024, in respect of the Yichang Divestment, the Company announced that it had entered into an equity transfer agreement (“**Agreement**”) with SmartPower and Yichang on 7 April 2024. The Company intends to enter into a supplemental agreement (“**Supplemental Agreement**”) with the Purchaser to make some modifications to the Agreement. The main terms of the Agreement (read with the intended Supplemental Agreement) are set out in paragraphs 3.3.1 to 3.3.3 of this Explanatory Statement.

2.3.19 On 28 June 2024, the Company further announced that the shareholders of the Company had passed a resolution for the proposed disposal of the Company’s Equity Interest in Yichang in accordance with the Agreement.

Settlement with REPS Holders

2.3.20 As mentioned at paragraph 3.4.8.4 of the Explanatory Statement to the April 2023 Scheme, the Company undertook to enter into a bilateral settlement agreement with holders of certain outstanding redeemable exchangeable preference shares (“**REPS**”, and holders of REPS, the “**REPS Holders**”) which was envisaged to comprise a combination of cash and issuance of new shares to the REPS Holders. The REPS Holders were excluded creditors for the purposes of the April 2023 Scheme, whose debts do not form part of the April 2023 Scheme.

2.3.21 On 9 June 2023, the Company announced that it had, together with its wholly-owned subsidiary, CES Hydro Power Group Pte. Ltd., entered into a deed of settlement on 6 June 2023 (“**Deed**”) with the REPS Holders, in relation to the settlement of the outstanding arrangements under the REPS subscription agreement and termination of a deed of charge. Pursuant to the Deed, *inter alia*, the REPS Holders shall be distributed 15% of the net proceeds of the Yichang Divestment and/or the recovery of the Yichang Loan. The Company will obtain the support of the REPS Holders for certain amendments to be made to the Deed arising from the terms of the Agreement, which will mirror the terms of this Supplementary Scheme (“**Amended Deed**”).

Incorporation of CESY

2.3.22 CESY was incorporated by the Company as a private company limited by shares in Singapore on 4 April 2024 for the sole purpose of facilitating the Yichang Divestment and the implementation of the Agreement.

2.3.23 As at 4 April 2024, CESY had an issued and paid-up share capital of SGD one (1) comprising one (1) ordinary share which is held by the Company.

### 3. SALIENT TERMS OF THE SUPPLEMENTARY SCHEME

#### 3.1 Supplementary Scheme Overview

3.1.1 Under the April 2023 Scheme, *inter alia*:

3.1.1.1 the Participating Creditors were separated into Category A (Creditors with unsecured Claims against the Company) and Category B (PERPS Holders) (at Clause 3.4);

3.1.1.2 there will be a distribution of cash to Category A Participating Creditors, envisaged to be carried out in two (2) tranches (at Clause 3.8);

3.1.1.3 85% of the sale proceeds (net of expenses), if any, from the Yichang Divestment and Yichang Loan recovery (the “**Yichang Proceeds**”) falls under the second tranche (“**Tranche 2 Distribution**”), which is to be distributed to the Category A Participating Creditors in accordance with their respective entitlements within 14 Business Days of the receipt of the Yichang Proceeds in Singapore by the Company (at Clauses 3.7.1, 3.8.2 and 3.9.1); and

3.1.1.4 the Category A Participating Creditors shall accept the payments and benefits under the April 2023 Scheme given to them in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith following the Scheme Effective Date (defined at Clause 1.6 as the date on which the April 2023 Scheme is to be implemented following the fulfilment of the Conditions Precedent in the April 2023 Scheme or the date of completion of the last Conditions Precedent) (at Clause 3.10.1).

3.1.2 The Supplementary Scheme modifies the terms of the April 2023 Scheme in that, *inter alia*:

3.1.2.1 85% of the Yichang Proceeds shall be distributed to the Category A Participating Creditors through the special purpose vehicle, CESY in five (5) tranches over the course of a 20-month period from the Effective Date of the Agreement (as elaborated at Section 3.5 and paragraphs 3.5.1 to 3.5.7 below); and

3.1.2.2 The Claims of Category A Participating Creditors shall be satisfied and discharged upon the full payment of Tranche 1 Distribution (as defined at Clause 3.8.1 of the April 2023 Scheme) and the issuance of the Scheme Shares by the Company to the Category A Participating Creditors, which will precede distribution of the 85% of the Yichang Proceeds under the Tranche 2 Distribution (as elaborated at Section

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

3.7 and paragraphs 3.7.1 to 3.7.2 below).

**3.2 Category A Participating Creditors**

3.2.1 As a modification to the April 2023 Scheme, the Supplementary Scheme shall apply to all Category A Participating Creditors bound by the April 2023 Scheme.

3.2.2 The Category A Participating Creditors are as follows:

<b>S/N</b>	<b>Creditor</b>	<b>Amount adjudicated for the purposes of voting on the April 2023 Scheme (SGD or SGD equivalent)</b>
1	Ezion Holdings Limited (In liquidation)	39,949,223.49
2	Malayan Banking Berhad, Singapore branch	9,838,051.70
3	Patrick Tan Choon Hock	7,927,044.05
4	Etiqa Insurance Pte Ltd	3,433,000.00
5	PrimePartners Corporate Finance Pte Ltd	721,568.43
6	RSM SG Corporate Advisory Pte Ltd *	197,899.51
7	Morgan Lewis Stamford LLC *	165,865.05
8	Chew Thiam Keng	78,750.00
9	Cheng Yee Seng	70,000.00
10	Lim Chen Yang	70,000.00
11	Yang Lee & Associates	60,537.24
12	Simon De Villiers Rudolph	57,835.00
13	Boardroom Corporate & Advisory Services Pte Ltd	54,524.38
14	Tricor Singapore Pte Ltd	39,270.39
15	RSM Risk Advisory Pte Ltd	14,260.00
16	Rockstar Atelier Pte Ltd	12,519.00
17	Harry Elias Partnership LLP	10,340.75

\* In view of their roles assisting in the Supplementary Scheme, RSM SG Corporate Advisory Pte. Ltd. (formerly known as RSM Corporate Advisory Pte. Ltd.) and Morgan Lewis Stamford LLC shall abstain from providing an indicative vote on the Supplementary Scheme via the Ballot Forms.

3.2.3 For the avoidance of doubt, the Supplementary Scheme does not include and does not affect the Category B Participating Creditors who, under the April 2023 Scheme, shall accept the Scheme Shares given to them in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith following the

Scheme Effective Date (at Clause 3.10.1).

### 3.3 Yichang Divestment

3.3.1 The Company has entered into the Agreement with the Purchaser pursuant to which the Purchaser shall (a) acquire from the Company the Equity Interest for an aggregate consideration of RMB 23,079,260 (“**Equity Interest Purchase Consideration**”); and (b) obtain an assignment from the Company of the Yichang Loan for RMB 1 (“**Yichang Loan Purchase Consideration**”, together with the Equity Interest Purchase Consideration, collectively the “**Purchase Consideration**”), on and subject to the terms and conditions of the Agreement (collectively, the “**Conditional Yichang Disposal**”).

3.3.2 The Company intends to enter into a Supplemental Agreement with the Purchaser and Yichang to, *inter alia*: (a) amend the designated bank account at Clause 2.6 of the Agreement to the bank account of CESY; (b) amend the references to creditors’ meeting at Clauses 2.4, 4.1.1(2) and 10.8 of the Agreement to the consent of the Company’s creditors; and (c) clarify the payment structure of the Purchase Consideration set out in paragraph 3.3.3.2 below.

3.3.3 The Agreement is executed in Chinese. The following terms of the Agreement are based on an English translation of the Agreement prepared by a licensed translator in China read together with the intended Supplemental Agreement.

3.3.3.1 The payment of the Purchase Consideration shall be made in five (5) installments within 20 months from the effective date of the Agreement (“**T**” or “**Effective Date**”). The Effective Date of the Agreement is the date when the transfer of the Equity Interest under the Agreement is approved by the board of directors of the Purchaser, approved at the Company’s shareholders’ general meeting, and agreed to by the creditors of the Company, whichever is the latest.

3.3.3.2 The Purchaser shall pay to CESY’s bank account:

(a) the sum of RMB 3,079,261 (inclusive of the Yichang Loan Purchase Consideration of RMB 1) in cash (“**First Price Transfer**”) within T plus five (5) Working Days;

(b) the second installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 2 months (“**Second Installment**”);

(c) the third installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 8 months (“**Third Installment**”);



- (d) the fourth installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 14 months (“**Fourth Installment**”); and
- (e) the fifth installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 20 months (“**Final Installment**”).

A “**Working Day**” is any day other than Saturdays, Sundays and official holidays of the PRC.

3.3.3.3 If the Purchaser transfers the Equity Interest at any time during the period when any of the Purchase Consideration remains outstanding, the Purchaser shall fully pay to the Company all the outstanding Equity Interest Purchase Consideration in one lump-sum within 10 Working Days from the date on the Agreement is executed or the date on which the equity transfer agreement for the Purchaser’s onward transfer of the Equity Interest is executed, whichever is the later.

3.3.3.4 Before the Purchaser has fully paid the entire Equity Interest Purchase Consideration, in the event that Yichang is relisted as a recipient of the national subsidy, the Purchaser agrees to pay an additional RMB 4,000,000 bonus payment (“**Bonus Payment**”) with the Final Installment.

3.3.3.5 The completion of the transfer of Equity Interest from the Company to the Purchaser will take place upon the completion of action items as set out in Clause 4.1.1 of the Agreement within three (3) Working Days after the First Price Transfer is remitted (“**Yichang Disposal Completion Date**”), including but not limited to:

- (a) the Company and the Purchaser shall coordinate with Huaneng Leasing to proceed with the discharge of all the securities provided by the Company to Huaneng Leasing under the Huaneng Loan (including but not limited to the discharge of the Huaneng Equity Pledge and the Huaneng Corporate Guarantee), and both the Company and the Purchaser shall apply to the competent authority in the PRC for the registration of the transfer of the Equity Interest; and
- (b) The Purchaser shall be registered as shareholder with its subscribed capital accounting for 100% of the registered capital of Yichang.

3.3.4 On 3 July 2024, the Company executed a supplemental corporate guarantee

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

with Huaneng pursuant to which Huaneng agrees to discharge the Company from the Huaneng Corporate Guarantee upon the transfer of Equity Interest to the Purchaser. The signed supplemental corporate guarantee has been returned to Huaneng and the Company is expected to receive the countersigned copy from Huaneng.

3.3.5 The Yichang Proceeds, being the Purchase Consideration and the Bonus Payment, if any, under the Agreement net of expenses (estimated at RMB 8,500,000 as per paragraph 3.3.6 below), shall, provided they are received by CESY, be distributed by CESY as assignee of the Company's rights under the Agreement as per the Proposed Assignment (as defined in 3.5.1.4 below) in the following manner in accordance with the Proposed Trust Deed (as defined in Clause 3.5.1.2 below):

3.3.5.1 85% to the Category A Participating Creditors; and

3.3.5.2 the remaining 15% to the REPS Holders.

3.3.6 The estimated expenses to be incurred in relation to the Conditional Yichang Disposal are approximately RMB 10,859,000 (of which RMB 8,500,000 will be funded from the Purchase Consideration) and comprises the following:

<b>No.</b>	<b>Description</b>	<b>Amount (in original currency)</b>	<b>Amount (RMB*)</b>
1	Transaction costs for approval of the Conditional Yichang Disposal by the Shareholders (including work done in relation to the preparation of the Shareholders' Circular and the Shareholders' Extraordinary General Meeting)	SGD 225,300	1,195,000
2	Transaction costs for the Agreement	RMB 5,275,000	5,275,000
3	Transaction costs for approval of the Conditional Yichang Disposal by the Category A Participating Creditors and the REP Holders (including work done in relation to the	SGD 638,000	3,384,000

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

	Supplementary Scheme and the Amended Deed)		
4	Compliance costs for incorporation and operation of CESY (including work done in relation to the collection and distribution of the Yichang Proceeds)	SGD 189,500	1,005,000

\* RMB amounts are calculated based on the exchange rate as of 31 May 2024 and factoring in a 1% to 2% depreciation in RMB since 31 May 2024. As the Purchase Consideration is denominated in RMB and the transaction costs are denominated in the vendors' respective local currencies, the actual expenses are subject to exchange rate fluctuations.

3.3.7 For the avoidance of doubt, the April 2023 Scheme already provides that the Yichang Proceeds is net of expenses. The estimated amount of expenses to be incurred at paragraph 3.3.6 above is to purely to provide Category A Participating Creditors with an indication of the estimated recovery from the Yichang Proceeds under this Supplementary Scheme.

**3.4 Conditions Precedent**

The Supplementary Scheme is subject to the following conditions precedent ("**Supplementary Conditions Precedent**") being met:

- 3.4.1 the conditions precedent set out at Clause 4.1 of the April 2023 Scheme which are incorporated into this Supplementary Scheme;
- 3.4.2 the restraint of proceedings in Clause 8 of the April 2023 Scheme remains in place until the termination of the Supplementary Scheme;
- 3.4.3 the approval of the Supplementary Scheme by the majority in number (over 50%) and representing at least three-fourths (that is, 75%) in value of Category A Participating Creditors indicating their votes through the Ballot Forms;
- 3.4.4 the approval of the Supplementary Scheme by the General Division of the High Court pursuant to Section 71(1) of the IRDA and a copy of the Order of Court approving the Supplementary Scheme is lodged with the Registrar of Companies pursuant to Section 71(100(a) of the IRDA;
- 3.4.5 the execution of the Supplemental Agreement between the Company and the Purchaser as per paragraph 3.3.2 herein;
- 3.4.6 the Yichang Disposal Completion as per paragraph 3.3.3.5 herein;

- 3.4.7 the creation of a fresh convertible debt obligation to the Subscriber and/or its subsidiary in relation to the loan purchased from Overseas-Chinese Banking Corporation Ltd; and
- 3.4.8 such consents, approval or waiver as may be required (or deemed necessary by the parties) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the Agreement and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties.

The date of satisfaction (or waiver, if applicable) of the Supplementary Conditions Precedent, whichever is the latest shall be the “**Supplementary Conditions Precedent Satisfaction Date**”.

For the avoidance of doubt, the April 2023 Scheme remains subject to the conditions precedent set out at Clause 4.1 of the April 2023 Scheme save for the condition precedent at Clause 4.1.7 which shall be replaced by the condition precedent at paragraph 3.4.7 above.

### 3.5 **Distribution of Yichang Proceeds under the Supplementary Scheme**

- 3.5.1 In connection with the Yichang Divestment, to facilitate the Company’s resumption of trading of the Shares on the SGX-ST and the transaction with the Subscriber (see paragraphs 4.2 to 4.5 below):

#### Prior to the Yichang Disposal Completion Date

- 3.5.1.1 the Company will enter into a transfer agreement to transfer its shareholding in CESY to a nominee shareholder who shall hold the shares on trust for the Scheme Managers (“**Proposed Transfer**”);
- 3.5.1.2 CESY will execute a trust deed in favour of the Category A Participating Creditors and the REPS Holders to set out the rights of the Category A Participating Creditors, REPS Holders and CESY with respect to the Yichang Divestment (“**Proposed Trust Deed**”);
- 3.5.1.3 CESY will enter into service agreements with the respective service providers for the management of the Proposed Assignment and the payment to the Category A Participating Creditors and the REPS Holders (“**Proposed Service Agreements**”);
- 3.5.1.4 the Company will (a) assign to CESY all of the Company’s rights under the Agreement upon the Effective Date including the right to the First

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

Price Transfer which shall be paid by the Purchaser to CESY's bank account and to receive the balance Equity Interest Purchase Consideration and the Bonus Payment, if any) from the Purchaser ("**Proposed Assignment**") and (b) obtain the Purchaser's consent to the Proposed Assignment;

As soon as practicable after the Supplementary Conditions Precedent Satisfaction Date

- 3.5.1.5 the Company will transfer its shareholding in CESY to the nominee shareholder pursuant to the Proposed Transfer; and
- 3.5.1.6 the Proposed Trust Deed and the Proposed Service Agreements shall become effective.
- 3.5.2 For the avoidance of doubt, the Proposed Transfer, the Proposed Trust Deed, the Proposed Service Agreements, and the Proposed Assignment are subject to the satisfaction (or waiver, if applicable) of the Supplementary Conditions Precedent and shall not take effect before the Supplementary Conditions Precedent Satisfaction Date.
- 3.5.3 As a modification to the distribution of cash provided for at Clauses 3.7 and 3.8 of the April 2023 Scheme, the Category A Participating Creditors will agree that 85% of the Yichang Proceeds net of expenses (i.e. the Tranche 2 Distribution) shall, if received by CESY, be distributed by CESY (in lieu of the Company) to the Category A Participating Creditors in accordance with their respective entitlements under the terms of the April 2023 Scheme in five (5) tranches, namely within 14 Business Days of each of CESY's receipt of the First Price Transfer, Second Installment, Third Installment, the Fourth Installment and the Final Installment (together with the Bonus Payment, if any) respectively and the Proposed Trust Deed. On the assumption that the Yichang Proceeds (net of expenses) amount to RMB 14,579,261 (Equity Interest Purchase Consideration of RMB 23,079,260 plus Yichang Loan Purchase Consideration of RMB 1 less estimated expenses of 8,500,000, excluding Bonus Payment) and CESY receives the same from the Purchaser, the Category A Participating Creditors will receive an approximate recovery of up to 3.75% of the total debt in this class from the Yichang Proceeds (net of expenses). In summary, taking into consideration the cash distribution of SGD 1.15 million from the Subscription Proceeds (as defined in the April 2023 Scheme), the issuance of Scheme Shares and the Yichang Proceeds (net of expenses) assumed to be RMB 14,579,261 (as calculated above), the total recovery is estimated to amount to approximately 12.8% of the total debt in Category A.
- 3.5.4 For the avoidance of doubt, there is no change in the issuance of Scheme Shares to the Category A and Category B Participating Creditors.

- 3.5.5 The Proposed Trust Deed provides for the arrangements to be undertaken in the event of the default in payment by the Purchaser of any of the instalments of the Equity Interest Purchase Consideration (after the First Price Transfer) and Bonus Payment, if any, and/or where the Purchaser requests for a time extension for the payment of any of the Second, Third, Fourth and Final Installments under the Agreement. The said arrangements are set out at paragraphs 3.5.6 and 3.5.7 below.
- 3.5.6 In the event of the default in payment by the Purchaser of any of the instalments of the Equity Interest Purchase Consideration and the Bonus Payment, if any (after the First Price Transfer):
- 3.5.6.1 SBA Stone Forest shall send up to three (3) reminder letters, at intervals of one (1) week each. Reminder letters shall be sent as long as there are no responses from the Purchaser. SBA Stone Forest shall update the Scheme Manager whenever reminder letters are sent.
- 3.5.6.2 If there is still no clarity on the date of payment or receipt of payment after two (2) weeks from the third (3<sup>rd</sup>) reminder letter, SBA Stone Forest shall notify the Scheme Manager who shall in turn call for a meeting of the Category A Participating Creditors and the REPS Holders in accordance with the terms and conditions of the Proposed Trust Deed to discuss the next steps.
- 3.5.7 In the event that the Purchaser requests for an extension for the payment of any of the instalments of the Equity Interest Purchase Consideration and/or the Bonus Payment, if any (after the First Price Transfer):
- 3.5.7.1 SBA Stone Forest is given the liberty to grant up to two (2) months deferment of any relevant instalment (each, a “**Deferred Instalment**”). Any further extension of a Deferred Instalment will not be allowed and the procedures under paragraph 3.5.6 above shall be followed.
- 3.5.7.2 SBA Stone Forest is given the liberty to allow for a maximum of a total of 3 Deferred Instalments for all of the instalments (after the First Price Transfer). After which, the procedures under paragraph 3.5.6 above shall be followed.

### **3.6 Key Timelines for the Supplementary Scheme**

- 3.6.1 **Ballot Form Cut-Off Date (last day for lodgment of the Ballot Form for the purposes of indicative voting on the Supplementary Scheme):** 12 August 2024 not later than 4:00 pm.
- 3.6.2 **Court hearing for the approval of the Supplementary Scheme:** To be

announced.

3.6.3 **Supplementary Scheme Effective Date:** To be announced.

### 3.7 Discharge and Extinguishment of Claims

3.7.1 As a modification to Clause 3.10.1 and Clause 3.10.2 of the April 2023 Scheme, the Category A Participating Creditors shall accept the Tranche 1 Distribution and the issuance of the Scheme Shares by the Company ("**Supplementary Scheme Completion**") in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith, and all Claims from the Category A Participating Creditors shall forever be waived, released, discharged and extinguished upon the Supplementary Scheme Completion.

3.7.2 As a modification to Clause 9.1 of the April 2023 Scheme, the Category A Participating Creditors shall agree and accept that the Supplementary Scheme Completion shall be in full satisfaction and complete discharge and extinguishment of all Claims (including for the avoidance of doubt any contingent Claims) and all interest, costs, charges, fees and expenses incurred in connection therewith.

### 3.8 Termination of the Supplementary Scheme

3.8.1 The Supplementary Scheme shall terminate immediately and absolutely upon any events set out in Clause 6 of the Supplementary Scheme.

## 4. RATIONALE FOR THE SUPPLEMENTARY SCHEME

4.1 Since the suspension of trading of the Company's shares ("**Shares**") on a voluntary basis on 4 February 2019 and subsequent suspension of trading of the Shares under Catalist Rule 1303(3)(c) due to uncertainties as to the Company's ability to continue as a going concern, the Company has been actively taking steps to restructure its debts as well as to divest its existing assets which include a divestment of the Equity Interest. Over the past four (4) years, the Company has taken efforts to source for a buyer for the Equity Interest. Due to the delayed receipt of the national subsidy from the PRC government, coupled with the weak economic outlook of the PRC, the Company has not been able to divest the Equity Interest despite all the efforts made (until the Conditional Yichang Disposal).

4.2 The Yichang Divestment, the discharge of the Huaneng Corporate Guarantee, and the discharge of the Scheme Debt are critical to the Company's resumption of trading of the Shares on the SGX-ST ("**Trading Resumption Proposal**"), which is a condition precedent to the April 2023 Scheme (see Clause 4.1.10 of the April 2023 Scheme), and the transaction with the Subscriber. Under the guidelines for submission of a resumption of trading proposal to SGX-ST for its review, requirements thereunder include the ability for the issuer (i.e. the Company) to operate as a going concern for

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

at least the next 12 months following trading resumption. Without a discharge of the Huaneng Securities and if Yichang continues to be under “technical” default the Huaneng Loan, Huaneng is able to call on the Huaneng Corporate Guarantee provided by the Company, which will result in a default by the Company. This leaves a continued liability of the Company that remains unaddressed for the purposes of a viable resumption trading proposal.

- 4.3 The Supplementary Scheme is proposed as part of the Company’s effort to implement the Conditional Yichang Disposal under the Agreement (which, together with supplemental corporate guarantee with Huaneng, will allow for the Yichang Divestment and the discharge of the Huaneng Securities) and to secure the discharge of the Scheme Debt from the Company by transferring the Company’s rights and liabilities for the Tranche 2 Distribution to the Category A Participating Creditors to CESY. In addressing the Company’s liabilities with the intent to resume its trading, the purpose of the distribution of the Yichang Proceeds through CESY is to ensure that the Company is no longer involved in any of its divested assets (including the recovery and distribution of the Yichang Proceeds). This is in line with the Group’s focus (upon resumption of trading and capital injection by the Subscriber) on the core business of operating its Remaining Assets.
- 4.4 To this end, the Agreement provides that the Company and SmartPower shall coordinate with Huaneng Leasing to proceed with the discharge of all the security provided by the Company to Huaneng Leasing under the Huaneng Loan (i.e. the discharge of the Huaneng Securities), and the supplemental corporate guarantee with Huaneng provides for Huaneng’s agreement to discharge the Company from the Huaneng Corporate Guarantee upon the transfer of Equity Interest to the Purchaser.
- 4.5 The approval of the Supplementary Scheme is a condition precedent to the Conditional Yichang Disposal under the Agreement (read with the intended Supplemental Agreement). The Conditional Yichang Disposal, if completed, will include the release of the Huaneng Corporate Guarantee. Without the Conditional Yichang Disposal, the Company continues to be bound by the Huaneng Corporate Guarantee and will not be able to resume trading.
- 4.6 Further, if the Conditional Yichang Disposal is unable to complete, it would mean that the Company remains subject to the Huaneng Corporate Guarantee. Due to the weak cashflow position of Yichang caused by the delay in the payment of the tariff subsidies by the relevant authorities in PRC to Yichang dating back to 2018, SmartPower has been providing financial support to Yichang over the past six (6) financial quarters, which amounted to approximately RMB 8,800,000 as at 31 March 2024, to partially fulfill Yichang’s obligations under the financing leasing contract dated September 2017 entered between Yichang and Huaneng Leasing (as amended and/or supplemented from time to time) (the “**Huaneng Leasing Financial Leasing Contract**”). As at 31 March 2024, Yichang has outstanding liabilities amounting to RMB 101.6 million owed to Huaneng Leasing pursuant to the Huaneng Leasing Financial Leasing Contract (the “**Huaneng Leasing Financial Leasing Liabilities**”). There is no certainty that



**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

SmartPower would continue to provide financial support to Yichang. In the event SmartPower decides to cease its financial support to Yichang, Yichang will be in "payment" default of the Huaneng Leasing Financial Leasing Liabilities and Huaneng Leasing may call on the Huaneng Corporate Guarantee. As long as the Company is not released from the Huaneng Corporate Guarantee, a call on this Guarantee will have a material adverse impact on the Company's current restructuring efforts.

- 4.7 Yet further, as mentioned at paragraph 3.4.17 of the Explanatory Statement to the April 2023 Scheme, there is no certainty of recovery from the Yichang Divestment or Yichang Loan, given the first priority charge held by Huaneng Leasing over the assets of Yichang. Without the Conditional Yichang Disposal, the Yichang Proceeds could be nil and the Company would remain subject to the Yichang Corporate Guarantee.
- 4.8 The Conditional Yichang Disposal by way of the Supplementary Scheme will thus allow the Category A Participating Creditors to achieve a better recovery than in a liquidation scenario. The estimated recovery to the Category A Participating Creditors in the event of the Company's liquidation is set out at Section 6 and paragraphs 6.1 to 6.3 of this Explanatory Statement.

**5. ACTIONS TO BE TAKEN IN IMPLEMENTING THE SUPPLEMENTARY SCHEME**

**5.1 Ballot**

5.1.1 Category A Participating Creditors who wish to indicate their vote on the Supplementary Scheme must submit a Ballot Form to the Scheme Manager at the Specified Address or via the Specified Email Address by the Ballot Form Cut-Off Date. Any request(s) for the submission of the Ballot Form after the Cut-Off Date may be approved by the Scheme Managers in writing at their discretion. The Scheme Managers have the right to approve or reject any request without assigning any reasons.

5.1.2 All Ballot Forms must be submitted by the Ballot Cut-Off Date (or such extended deadline as may be approved in writing by the Scheme Managers).

**5.1.3 Any Ballot Form received after the Ballot Form Cut-Off Date (or such extended deadline as may be approved in writing by the Scheme Managers) shall not be taken into consideration in the Company's application to the Court to approve the Supplementary Scheme.**

**5.2 Approval by the Court**

5.2.1 Category A Participating Creditors are entitled to attend the hearing(s) of the application to the Court to approve the Supplementary Scheme.

5.2.2 Category A Participating Creditors will be informed of the hearing of the application to the Court to approve the Supplementary Scheme and will be provided with the relevant court papers upon request.

5.2.3 The Company may consent to any modification of or addition to the Supplementary Scheme of any condition which the Court may think fit to approve or impose.

5.2.4 When the Supplementary Scheme becomes effective and binding on the Commencement Date, it will be binding on all Category A Participating Creditors whether or not a Category A Participating Creditor indicated a vote in favour or against, or abstained from the indicative vote to approve the Scheme via the Ballot Form.

## **6. LIQUIDATION SCENARIO**

6.1 The Board of Directors of the Company (“**Management**”) has considered the potential realization of the Company’s assets in a liquidation scenario.

6.1.1 The realization from the Group’s investments in subsidiaries and the intercompany receivables are expected to be nil as the subsidiaries are insolvent and / or hold charged assets (namely the Hydro Power Plants in Sri Lanka, the solar plant in China) which would not be sufficient to discharge the amounts owing to the respective lenders in the event of liquidation.

6.1.2 the Group’s investments in quoted securities are currently suspended and in judicial management. Hence, no realization is expected.

6.2 Based on Management’s analysis, there will not be any expected recovery to unsecured creditors of the Company in the event of the Company’s liquidation. Accordingly, the Company considers that the adoption of the proposed Supplementary Scheme by the Category A Participating Creditors would result in a greatly increased realization for the Category A Participating Creditors than would be achieved should the Company be wound up and would represent the best available outcome for Category A Participating Creditors.

6.3 For the avoidance of doubt, the non-approval of the Supplementary Scheme does not affect the effectiveness of the April 2023 Scheme that is currently binding on all Creditors. However, in that scenario, the Company will not be able to proceed with the Agreement, the Trading Resumption Proposal, and the transaction with the Subscriber which underpins the restructuring under the April 2023 Scheme.

## **7. RISK FACTORS**

7.1 In considering whether to vote in favour of the Supplementary Scheme, each Category A Participating Creditor should carefully consider all the information contained in this document in particular the matters set out in this Section 7. This summary of risk factors is not exhaustive and Category A Participating Creditors should also consider all other risks relevant in the circumstances.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 26 JULY 2024**

- 7.2 Even if the appropriate level of support is obtained from the Category A Participating Creditors (which cannot be assured), approval of the Supplementary Scheme is at the discretion of the Court. Whilst the Company believes that the relevant statutory formalities have been complied with, the Court could determine that the information contained in the Supplementary Scheme Document is inadequate, that the solicitation of votes through the Ballot Form was improper due to the inadequacy of disclosure or for other reasons, and/or could determine that the Supplementary Scheme fails to meet various other requirements, and require amendments or modifications which might not be acceptable to the Company or the Category A Participating Creditors or may not be accomplished in a timely manner. The Court could also differ from the selection and/or classification of creditors of the Company as Category A Participating Creditors.
- 7.3 The exact amount of cash from the Yichang Proceeds to be disbursed to the Category A Participating Creditors is subject to CESY's receipt of the Yichang Proceeds (net of expenses) from the Purchaser which is uncertain, and can only be estimated to the best of the Management's ability.
- 7.4 Further, appeals or requests for other reviews in respect of the Supplementary Scheme and appeals against the Order of Court sanctioning the Supplementary Scheme could delay the effectiveness of the Supplementary Scheme.
- 7.5 The success of the Supplementary Scheme is also subject to the Supplementary Conditions Precedent in paragraph 3.4 herein being met.

**8. CONCLUSION AND RECOMMENDATION**

- 8.1 The proposed Supplementary Scheme, if approved and implemented, will allow the Category A Participating Creditors to obtain a recovery from the Yichang Divestment, and would result in a better recovery for all of the Company's creditors than should the Company be wound up, which is a consequence if the Supplementary Scheme is not approved as the Company will not be able to resume trading and the transaction with the Subscriber will be compromised.
- 8.2 Accordingly, the Company and the Scheme Managers recommend that the Category A Participating Creditors vote in favour of the Supplementary Scheme.

Dated this 26<sup>th</sup> day of July 2024

Yours faithfully,

Charisma Energy Services Limited

**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

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**SUPPLEMENTARY SCHEME OF ARRANGEMENT**

**PURSUANT TO SECTION 71 OF THE INSOLVENCY, RESTRUCTURING AND  
DISSOLUTION ACT 2018**

Between

**CHARISMA ENERGY SERVICES LIMITED**  
(UEN No. 199706776D)

And

**CATEGORY A PARTICIPATING CREDITORS**  
(as defined in the Scheme of Arrangement dated 12 April 2023)

And

**CES YICHANG PTE. LTD.**  
(UEN No. 202413301E)

26 July 2024

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

**1. Definitions**

- 1.1 In this Supplementary Scheme, except where the context or subject matter otherwise indicates or requires, words shall have the same meaning attributed to them by the Companies Act 1967 (the “**Act**”), the Insolvency, Restructuring and Dissolution Act 2018 (where applicable) (the “**IRDA**”) and/or the Scheme of Arrangement dated 12 April 2023 (“**April 2023 Scheme**”).
- 1.2 Words denoting the singular number only shall, where applicable, include the plural number and *vice versa*, and words denoting persons only shall, where applicable, include firms and corporations.
- 1.3 Words importing any gender shall, where applicable, include the other gender and references to any person shall, where applicable, include that person’s successor and permitted assigns.
- 1.4 Any reference to a statutory provision shall include such provision and any regulations made in pursuance thereof as may from time to time be modified or re-enacted whether before or after the date of this Supplementary Scheme.
- 1.5 Any reference in this Supplementary Scheme to a time of day shall be a reference to Singapore time, unless otherwise stated.
- 1.6 The following words and phrases in this Supplementary Scheme (as defined below) shall have the meanings set out opposite them:

<b>Word/Phrase</b>	<b>Definition</b>
<b>“Agreement”</b>	Equity transfer agreement between the Company, the Purchaser and Yichang dated 7 April 2024
<b>“Amended Deed”</b>	Amendment to the Deed arising from the terms of the Agreement
<b>“Ballot Form”</b>	Ballot form enclosed at Appendix B to the Explanatory Statement dated 26 July 2024
<b>“Ballot Form Cut-Off Date”</b>	12 August 2024
<b>“Bonus Payment”</b>	Additional RMB 4,000,000 bonus payment to be paid by the Purchaser together with the Final Installment of the Purchase Consideration in the event that Yichang is relisted as a recipient of the national subsidy before the Purchaser has fully paid the entire Equity Interest Purchase Consideration under the Agreement
<b>“CESY”</b>	CES Yichang Pte. Ltd.

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

<b>“Conditional Yichang Disposal”</b>	The acquisition of the Equity Interest from the Company by the Purchaser and the assignment from the Company of the Yichang Loan on and subject to the terms and conditions of the Agreement read with the intended Supplemental Agreement
<b>“Effective Date” or “T”</b>	The date when the transfer of the Equity Interest under the Agreement is approved by the board of directors of the Purchaser, approved at the Company’s shareholders’ general meeting, and agreed to by the creditors of the Company, whichever is the latest
<b>“Equity Interest”</b>	The Company’s 80% equity interest in Yichang
<b>“Equity Interest Purchase Consideration”</b>	Aggregate consideration of RMB 23,079,260 to be paid by the Purchaser for the acquisition of the Equity Interest from the Company under the Agreement
<b>“Final Installment”</b>	The fifth installment of the Equity Interest Purchase Consideration of RMB 5,000,000 to be paid by the Purchaser under the Agreement in cash no later than T plus 20 months
<b>“First Price Transfer”</b>	RMB 3,079,261 (inclusive of the Yichang Loan Purchase Consideration of RMB 1) to be paid by the Purchaser under the Agreement in cash within T plus five (5) Working Days
<b>“Fourth Installment”</b>	The fourth installment of the Equity Interest Purchase Consideration of RMB 5,000,000 to be paid by the Purchaser under the Agreement in cash no later than T plus 14 months
<b>“Huaneng Corporate Guarantee”</b>	Corporate guarantee provided by the Company to Huaneng Leasing for the Huaneng Loan
<b>“Huaneng Equity Pledge”</b>	Equity pledge provided by the Company to Huaneng Leasing for the Huaneng Loan
<b>“Huaneng Loan”</b>	Loan taken up by Yichang from a Chinese lender, Huaneng Leasing in 2017 for the sum of RMB 125,000,000
<b>“Huaneng Securities”</b>	The Huaneng Corporate Guarantee and Huaneng Equity Pledge
<b>“Huaneng Leasing</b>	Financing leasing contract dated September 2017

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

<b>Financial Leasing Contract</b>	entered between Yichang and Huaneng Leasing (as amended and/or supplemented from time to time)
<b>“Huaneng Leasing Financial Leasing Liabilities”</b>	Outstanding liabilities of Yichang amounting to RMB 101.6 million (as at 31 March 2024) owed to Huaneng Leasing pursuant to the Huaneng Leasing Financial Leasing Contract
<b>“FY2023 AFS”</b>	The Group’s audited financial statements for the financial year ended 31 December 2023
<b>“Management”</b>	Board of Directors of the Company
<b>“PRC”</b>	People’s Republic of China
<b>“Proposed Assignment”</b>	The proposed assignment by the Company to CESY all of the Company’s rights under the Agreement to receive the Purchase Consideration (including the Bonus Payment, if any)
<b>“Proposed Service Agreements”</b>	The proposed service agreements between CESY and the respective service providers for the management of the Proposed Assignment and the payment to the Category A Participating Creditors and the REPS Holders
<b>“Proposed Transfer”</b>	The proposed transfer of the Company’s shareholding in CESY to a nominee shareholder, who shall hold the shares on trust for the Scheme Managers
<b>“Proposed Trust Deed”</b>	The proposed trust deed by CESY in favour of the Category A Participating Creditors and the REPS Holders to set out the rights of the Category A Participating Creditors, REPS Holders and CESY with respect to the Yichang Divestment
<b>“Purchase Consideration”</b>	Yichang Loan Purchase Consideration and the Equity Interest Purchase Consideration
<b>“SBA Stone Forest”</b>	SBA Stone Forest Corporate Advisory (Shanghai) Co., Ltd.
<b>“Purchaser”</b>	中清孚尧电力（上海）有限公司, formerly known as 孚尧能源科技（上海）有限公司 (known as SmartPower Technology (Shanghai) Co., Ltd)
<b>“Solar PV”</b>	20-megawatt Solar Photovoltaic power plant in Yichang

CHARISMA ENERGY SERVICES LIMITED  
APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT

	City, Hubei Province in the PRC
<b>“Supplemental Agreement”</b>	Intended supplemental agreement to the Agreement the principal terms of which are set out at Clause 3.6.2 herein
<b>“Supplementary Conditions Precedent”</b>	The conditions precedent to the Supplementary Scheme as set out at Clause 4 herein
<b>“Supplementary Conditions Precedent Satisfaction Date”</b>	The date of satisfaction (or waiver, if applicable) of the Supplementary Conditions Precedent, whichever is the latest
<b>“Supplementary Scheme Completion”</b>	The acceptance of the Tranche 1 Distribution and the issuance of the Scheme Shares by the Company to the Category A Participating Creditors
<b>“Third Installment”</b>	The third installment of the Purchase Consideration of RMB 5,000,000 to be paid by the Purchaser under the Agreement in cash no later than T plus 8 months
<b>“Trading Resumption Proposal”</b>	The Company’s resumption of trading of the Shares on the SGX-ST
<b>“Working Day”</b>	Any day other than Saturdays, Sundays and official holidays of the PRC
<b>“Yichang Disposal Completion”</b>	The completion of the action items as set out in Clause 4.1.1 of the Agreement, which is to be within three (3) Working Days after the First Price Transfer is received in CESY’s bank account
<b>“Yichang Divestment”</b>	The Company’s intention to undertake the divestment of its Equity Interest, under which the Company’s shares in Yichang will be sold to a third-party buyer
<b>“Yichang Loan”</b>	The interest-free shareholder’s loans extended by the Company to Yichang from time to time to cover the latter’s incorporation and operation costs, which remains outstanding from Yichang to the Company in the sum of RMB 23,588,869.34 (as at 23 February 2024)
<b>“Yichang Proceeds”</b>	The sale proceeds (net of expenses), if any, from the Yichang Divestment and Yichang Loan recovery as defined at Clause 3.1.3 herein, 85% of which is to be distributed to the Category A Participating Creditors



**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

and the remaining 15% to the REPS Holders as set out in Clause 3.7.1 herein

**“Yichang Loan Purchase Consideration”** RMB 1 to be paid by the Purchaser for the assignment from the Company of the Yichang Loan to the Purchaser

**2. Preamble**

2.1 The background to the Company is set out at Clauses 2.1 to 2.6 of the April 2023 Scheme.

2.2 The April 2023 Scheme arose out of the investment by the Subscriber and the Company’s intended divestment of its shares in Yichang and was proposed as part of the Company’s broader effort to restructure all its existing liabilities.

2.3 The April 2023 Scheme comprises the partial settlement in cash and partial settlement through the issuance of Scheme Shares to fully compromise the following categories of the Company’s debt:

2.3.1 **Category A:** Unsecured liabilities that are owed to creditors; and

2.3.2 **Category B:** Face value of the perpetual securities in the Company, together with the outstanding distributions that are owed to holders of perpetual securities of the Company (“**PERPS Holders**”).

2.4 As mentioned at paragraphs 3.4.11 to 3.4.15 of the Explanatory Statement to the April 2023 Scheme, the Company had intended to undertake the divestment of its Equity Interest, under which the Company’s shares in Yichang will be sold to a third-party buyer (“**Yichang Divestment**”). As the Yichang Divestment was expected to include an agreement with the potential buyer and Huaneng Leasing to release the Company from the Huaneng Corporate Guarantee, the Huaneng Corporate Guarantee was not included under the April 2023 Scheme and Huaneng Leasing was an excluded creditor for the purposes of the April 2023 Scheme.

2.5 On 19 April 2024, in respect of the Yichang Divestment, the Company announced that it had entered into an Agreement with the Purchaser and Yichang on 7 April 2024. The Company intends to enter into a Supplemental Agreement with the Purchaser and Yichang to make some modifications to the Agreement.

2.6 This Supplementary Scheme is to give effect to the Conditional Yichang Disposal contemplated under the Agreement (to be read with the intended Supplemental Agreement) by varying Clauses 3.7, 3.8, 3.9, 3.10 and 9.1 of the April 2023 Scheme.

2.7 Except as varied by the terms of this Supplemental Scheme, the April 2023 Scheme shall remain in full force and effect. Any reference to the April 2023 Scheme or to any provision of the April 2023 Scheme shall be construed as a reference to the April 2023 Scheme,

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

or that provision, as varied by this Supplemental Scheme.

- 2.8 For the avoidance of doubt, save as otherwise expressly provided for in this Supplemental Scheme, no provision of the April 2023 Scheme shall be varied, waived, amended or otherwise modified, and the amendments contemplated in this Supplemental Scheme shall be without prejudice to any rights or remedies available to the parties under the April 2023 Scheme.

**3. Supplementary Scheme Overview**

- 3.1 This Supplementary Scheme is to be read in conjunction with the April 2023 Scheme, which provides, *inter alia*, that:

3.1.1 the Participating Creditors were separated into Category A (Creditors with unsecured Claims against the Company) and Category B (PERPS Holders) (at Clause 3.4 of the April 2023 Scheme);

3.1.2 there will be a distribution of cash to Category A Participating Creditors, envisaged to be carried out in two (2) tranches (at Clause 3.8 of the April 2023 Scheme);

3.1.3 85% of the sale proceeds (net of expenses), if any, from the Yichang Divestment and Yichang Loan recovery (collectively, the “**Yichang Proceeds**”) fall under the second tranche (“**Tranche 2 Distribution**”), which is to be distributed to the Category A Participating Creditors in accordance with their respective entitlements within 14 Business Days of the receipt of the Yichang Proceeds in Singapore by the Company (at Clauses 3.7.1, 3.8.2 and 3.9.1 of the April 2023 Scheme); and

3.1.4 the Category A Participating Creditors shall accept the payments and benefits under the April 2023 Scheme given to them in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith following the Scheme Effective Date (defined at Clause 1.6 as the date on which the April 2023 Scheme is to be implemented following the fulfilment of the Conditions Precedent in the April 2023 Scheme or the date of completion of the last Conditions Precedent) (at Clause 3.10.1 of the April 2023 Scheme).

- 3.2 The Supplementary Scheme modifies the terms of the April 2023 Scheme in that, *inter alia*:

3.2.1 85% of the Yichang Proceeds shall be distributed to the Category A Participating Creditors through the special purpose vehicle, CESY in five (5) tranches over the course of a 20-month period from the Effective Date of the Agreement; and

3.2.2 the Claims of Category A Participating Creditors shall be satisfied and discharged upon the full payment of Tranche 1 Distribution (as defined at Clause 3.8.1 of the April 2023 Scheme) and the issuance of the Scheme Shares by the Company to the Category A Participating Creditors, which will precede distribution of the 85%

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

of the Yichang Proceeds under the Tranche 2 Distribution.

3.3 As a modification to the April 2023 Scheme, the Supplementary Scheme shall apply to all Category A Participating Creditors bound by the April 2023 Scheme.

3.4 The Category A Participating Creditors are as follows:

<b>S/N</b>	<b>Creditor</b>	<b>Amount adjudicated for the purposes of voting on the April 2023 Scheme (SGD or SGD equivalent)</b>
1	Ezion Holdings Limited (In liquidation)	39,949,223.49
2	Malayan Banking Berhad, Singapore branch	9,838,051.70
3	Patrick Tan Choon Hock	7,927,044.05
4	Etiqa Insurance Pte Ltd	3,433,000.00
5	PrimePartners Corporate Finance Pte Ltd	721,568.43
6	RSM SG Corporate Advisory Pte. Ltd. *	197,899.51
7	Morgan Lewis Stamford LLC *	165,865.05
8	Chew Thiam Keng	78,750.00
9	Cheng Yee Seng	70,000.00
10	Lim Chen Yang	70,000.00
11	Yang Lee & Associates	60,537.24
12	Simon De Villiers Rudolph	57,835.00
13	Boardroom Corporate & Advisory Services Pte Ltd	54,524.38
14	Tricor Singapore Pte Ltd	39,270.39
15	RSM Risk Advisory Pte Ltd	14,260.00
16	Rockstar Atelier Pte Ltd	12,519.00
17	Harry Elias Partnership LLP	10,340.75

\* In view of their roles assisting the Company in the Supplementary Scheme, RSM SG Corporate Advisory Pte. Ltd. (formerly known as RSM Corporate Advisory Pte. Ltd.) and Morgan Lewis Stamford LLC shall abstain from providing an indicative vote on the Supplementary Scheme via the Ballot Forms.

3.5 For the avoidance of doubt, the Supplementary Scheme does not include, and does not affect, the Category B Participating Creditors who, under the April 2023 Scheme, shall accept the Scheme Shares given to them in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith following the Scheme Effective Date (at Clause 3.10.1).

**3.6 Yichang Divestment**

3.6.1 The Company has entered into the Agreement with the Purchaser and Yichang pursuant to which the Purchaser shall (a) acquire from the Company the Equity Interest for an aggregate consideration of RMB 23,079,260 (“**Equity Interest Purchase Consideration**”); and (b) obtain an assignment from the Company of

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

the Yichang Loan for RMB 1 (“**Yichang Loan Purchase Consideration**”, together with the Equity Interest Purchase Consideration, collectively the “**Purchase Consideration**”), on and subject to the terms and conditions of the Agreement (collectively, the “**Conditional Yichang Disposal**”).

- 3.6.2 The Company intends to enter into a Supplemental Agreement with the Purchaser and Yichang to, *inter alia*: (a) amend the designated bank account at Clause 2.6 of the Agreement to the bank account of CESY; (b) amend the references to creditors’ meeting at Clauses 2.4, 4.1.1(2) and 10.8 of the Agreement to the consent of the Company’s creditors; and (c) clarify the payment structure of the Purchase Consideration set out in Clause 3.6.5 below.
- 3.6.3 The Agreement is executed in Chinese. The following terms of the Agreement are based on an English translation of the Agreement prepared by a licensed translator in China to be read together with the intended Supplemental Agreement.
- 3.6.4 The payment of the Purchase Consideration shall be made by the Purchaser in five (5) installments within 20 months from the effective date of the Agreement (“**T**” or “**Effective Date**”). The Effective Date is the date when the transfer of the Equity Interest under the Agreement is approved by the board of directors of the Purchaser, approved at the Company’s shareholders’ general meeting, and agreed to by the creditors of the Company, whichever is the latest.
- 3.6.5 The Purchaser shall pay to CESY’s bank account:
- (a) the sum of RMB 3,079,261 (inclusive of the Yichang Loan Purchase Consideration of RMB 1) in cash (“**First Price Transfer**”) within T plus five (5) Working Days;
  - (b) the second installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 2 months (“**Second Installment**”);
  - (c) the third installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 8 months (“**Third Installment**”);
  - (d) the fourth installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 14 months (“**Fourth Installment**”); and
  - (e) the fifth installment of the Equity Interest Purchase Consideration of RMB 5,000,000 in cash no later than T plus 20 months (“**Final Installment**”).
- 3.6.6 If the Purchaser transfers the Equity Interest at any time during the period when any part of the Equity Interest Purchase Consideration remains outstanding, the Purchaser shall fully pay all the outstanding Equity Interest Purchase

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

Consideration in one lump-sum within 10 Working Days from the date on which the Agreement is executed or the date on which the equity transfer agreement for the Purchaser's onward transfer of the Equity Interest is executed, whichever is the later.

- 3.6.7 Before the Purchaser has fully paid the entire Equity Interest Purchase Consideration, in the event that Yichang is relisted as a recipient of the national subsidy from the PRC government, the Purchaser agrees to pay an additional RMB 4,000,000 as bonus payment ("**Bonus Payment**") with the Final Installment.
- 3.6.8 The completion of the transfer of Equity Interest from the Company to the Purchaser will take place upon the completion of action items as set out in Clause 4.1.1 of the Agreement within three (3) Working Days after the First Price Transfer is received in CESY's bank account ("**Yichang Disposal Completion**"), including but not limited to the following:
- (a) The Company and the Purchaser shall coordinate with Huaneng Leasing to proceed with the discharge of all the securities provided by the Company to Huaneng Leasing under the Huaneng Loan (comprising of the discharge of the Huaneng Equity Pledge and the Huaneng Corporate Guarantee), and both the Company and the Purchaser shall apply to the competent authority in the PRC for the registration of the transfer of the Equity Interest; and
  - (b) The Purchaser shall be registered as shareholder with its subscribed capital accounting for 100% of the registered capital of Yichang.
- 3.6.9 On 3 July 2024, the Company executed a supplemental corporate guarantee with Huaneng pursuant to which Huaneng agrees to discharge the Company from the Huaneng Corporate Guarantee upon the transfer of Equity Interest to the Purchaser. The signed supplemental corporate guarantee has been returned to Huaneng and the Company is expected to receive the countersigned copy from Huaneng.

**3.7 Distribution of Yichang Proceeds by CESY**

- 3.7.1 The Yichang Proceeds, being the Purchase Consideration and the Bonus Payment, if any, under the Agreement net of expenses, shall, provided they are received by CESY, be distributed by CESY as assignee of the Company's rights under the Agreement as per the Proposed Assignment (as defined in Clause 3.7.2.4 below) in the following manner in accordance with the Proposed Trust Deed (as defined in Clause 3.7.2.2 below):
- (a) 85% to the Category A Participating Creditors; and
  - (b) the remaining 15% to the REPS Holders.
- 3.7.2 In connection with the Yichang Divestment, to facilitate the Company's resumption

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

of trading of the Shares on the SGX-ST and the transaction with the Subscriber:

Prior to the Yichang Disposal Completion Date

- 3.7.2.1 the Company will enter into a transfer agreement to transfer its shareholding in CESY to a nominee shareholder who shall hold the shares on trust for the Scheme Managers ("**Proposed Transfer**");
- 3.7.2.2 CESY will execute a trust deed in favour of the Category A Participating Creditors and the REPS Holders to set out the rights of the Category A Participating Creditors, REPS Holders and CESY with respect to the Yichang Divestment ("**Proposed Trust Deed**");
- 3.7.2.3 CESY will enter into service agreements with the respective service providers for the management of the Proposed Assignment and the payment to the Category A Participating Creditors and the REPS Holders ("**Proposed Service Agreements**");
- 3.7.2.4 the Company will (a) assign to CESY all of the Company's rights under the Agreement upon the Effective Date including the right to the First Price Transfer which shall be paid by the Purchaser to CESY's bank account and to receive the balance Equity Interest Purchase Consideration and the Bonus Payment, if any) from the Purchaser ("**Proposed Assignment**") and (b) obtain the Purchaser's consent to the Proposed Assignment;

As soon as practicable after the Supplementary Conditions Precedent Satisfaction Date

- 3.7.2.5 the Company will transfer its shareholding in CESY to the nominee shareholder pursuant to the Proposed Transfer; and
  - 3.7.2.6 the Proposed Trust Deed and the Proposed Service Agreements shall become effective.
- 3.7.3 For the avoidance of doubt, the Proposed Transfer, the Proposed Trust Deed, the Proposed Service Agreements and the Proposed Assignment are subject to the satisfaction (or waiver, if applicable) of the Supplementary Conditions Precedent and shall not take effect before the Supplementary Conditions Precedent Satisfaction Date.
- 3.7.4 As a modification the distribution of cash provided for at Clauses 3.7 and 3.8 of the April 2023 Scheme, the Category A Participating Creditors agree that 85% of the Yichang Proceeds net of expenses (i.e. the Tranche 2 Distribution) shall, if received by CESY, be distributed by CESY (in lieu of the Company) to the Category A Participating Creditors in accordance with their respective entitlements under the terms of the April 2023 Scheme in five (5) tranches, namely within 14 Business Days of each of CESY's receipt of the First Price Transfer,

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

Second Installment, Third Installment, the Fourth Installment and the Final Installment (together with the Bonus Payment, if any) respectively and the Proposed Trust Deed.

3.7.5 For the avoidance of doubt, the April 2023 Scheme already provides that the Yichang Proceeds is net of expenses.

3.7.6 The Proposed Trust Deed provides for the arrangements to be undertaken in the event of the default in payment by the Purchaser of any of the instalments of the Equity Interest Purchase Consideration (after the First Price Transfer) and Bonus Payment, if any, and/or where the Purchaser requests for a time extension for the payment of any of the Second, Third, Fourth and Final Installments under the Agreement. The said arrangements are set out at Clauses 3.7.7 and 3.7.8 below.

3.7.7 In the event of the default in payment by the Purchaser of any of the installments of the Equity Interest Purchase Consideration and the Bonus Payment, if any (after the First Price Transfer):

3.7.7.1 SBA Stone Forest shall send up to three (3) reminder letters, at intervals of one (1) week each. Reminder letters shall be sent as long as there are no responses from the Purchaser. SBA Stone Forest shall update the Scheme Manager whenever reminder letters are sent.

3.7.7.2 If there is still no clarity on the date of payment or receipt of payment after two (2) weeks from the third (3<sup>rd</sup>) reminder letter, SBA Stone Forest shall notify the Scheme Manager who shall in turn call for a meeting of the Category A Participating Creditors and the REPS Holders in accordance with the terms and conditions of the Proposed Trust Deed to discuss the next steps.

3.7.8 In the event that the Purchaser requests for an extension for the payment of any of the installments of the Equity Interest Purchase Consideration and/or the Bonus Payment, if any (after the First Price Transfer):

3.7.8.1 SBA Stone Forest is given the liberty to grant up to two (2) months deferment of any relevant instalment (each, a “**Deferred Installment**”). Any further extension of a Deferred Instalment will not be allowed and the procedures under Clause 3.7.7 above shall be followed.

3.7.8.2 SBA Stone Forest is given the liberty to allow for a maximum of a total of 3 Deferred Instalments for all of the installments (after the First Price Transfer). After which, the procedures under Clause 3.7.7 above shall be followed.

**3.8 Discharge and Extinguishment of Claims**

3.8.1 As a modification to Clause 3.10.1 and Clause 3.10.2 of the April 2023 Scheme, the Category A Participating Creditors shall accept the Tranche 1 Distribution and

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

the issuance of the Scheme Shares by the Company (“**Supplementary Scheme Completion**”) in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith, and all Claims from the Category A Participating Creditors shall forever be waived, released, discharged and extinguished upon the Supplementary Scheme Completion.

- 3.8.2 As a modification Clause 9.1 of the April 2023 Scheme, the Category A Participating Creditors shall agree and accept that the Supplementary Scheme Completion shall be in full satisfaction and complete discharge and extinguishment of all Claims (including for the avoidance of doubt any contingent Claims) and all interest, costs, charges, fees and expenses incurred in connection therewith.

**4. Conditions Precedent to the Supplementary Scheme**

- 4.1 The Supplementary Scheme is subject to the following conditions precedent (“**Supplementary Conditions Precedent**”) being met:
- 4.1.1 the conditions precedent set out at Clause 4.1 of the April 2023 Scheme which are incorporated into this Supplementary Scheme;
  - 4.1.2 the restraint of proceedings in Clause 8 of the April 2023 Scheme remains in place until the termination of the Supplementary Scheme;
  - 4.1.3 the approval of the Supplementary Scheme by the majority in number (over 50%) and representing at least three-fourths (that is, 75%) in value of Category A Participating Creditors indicating their votes through the Ballot Forms;
  - 4.1.4 the approval of the Supplementary Scheme by the General Division of the High Court pursuant to Section 71(1) of the IRDA and a copy of the Order of Court approving the Supplementary Scheme is lodged with the Registrar of Companies pursuant to Section 71(100(a) of the IRDA;
  - 4.1.5 the execution of the Supplemental Agreement between the Company and the Purchaser as per Clause 3.6.2 herein;
  - 4.1.6 the Yichang Disposal Completion as per Clause 3.6.8 herein;
  - 4.1.7 the creation of a fresh convertible debt obligation to the Subscriber and/or its subsidiary in relation to the loan purchased from Overseas-Chinese Banking Corporation Ltd; and
  - 4.1.8 such consents, approval or waiver as may be required (or deemed necessary by the parties) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the Agreement and such consents, approvals or waivers not having been amended or revoked and if any such consents,



**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties.

For the avoidance of doubt, the April 2023 Scheme remains subject to the conditions precedent set out at Clause 4.1 of the April 2023 Scheme save for the condition precedent at Clause 4.1.7 which shall be replaced by the condition precedent at Clause 4.1.7 herein.

**5. Scheme Managers**

- 5.1 Lin Yueh Hung and Yap Hui Li of RSM SG Corporate Advisory Pte. Ltd., who are the appointed Scheme Managers of the April 2023 Scheme, shall also be appointed the Scheme Managers of the Supplementary Scheme with the duties set out in this Clause 10 of the April 2023 Scheme on and from the date on which the Supplementary Scheme becomes binding and effective in accordance with the Act until the termination of the Supplementary Scheme pursuant to Clause 6 below.
- 5.2 If there is any change in the Scheme Managers of the April 2023 Scheme, the Scheme Managers of the Supplementary Scheme shall concurrently be replaced with the new Scheme Managers of the April 2023 Scheme.

**6. Termination of the Supplementary Scheme**

- 6.1 The Supplementary Scheme shall terminate upon the occurrence of any of the following events:
- 6.1.1 the Category A Participating Creditors' Claims are fully satisfied, discharged and extinguished pursuant to Clause 3.8 herein; or
- 6.1.2 the Company obtains an order of the Court directing that the Supplementary Scheme be terminated.

**7. Modifications or Amendments to the Supplementary Scheme**

- 7.1 All procedural amendments, including any extension or abridgment of time in connection with anything to be done under the Supplementary Scheme (save in respect of any payment obligations of CESY under the Supplementary Scheme), shall be approved by Ordinary Resolution passed by the Category A Participating Creditors at a Creditors' Meeting.
- 7.2 All substantive modifications and/or amendments to and decisions to be taken regarding the Supplementary Scheme shall be approved by Special Resolution passed by the Category A Participating Creditors at a Creditors' Meeting. Any proposed modification, amendment and/or decision to be taken with respect to any payment obligations of the CESY under the Supplementary Scheme shall be regarded as a substantive modification and/or amendment to the Supplementary Scheme.
- 7.3 Save as provided for under Clauses 7.1 and 7.2 above, any modifications and/or

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

amendments to the terms of the Supplementary Scheme and any decisions to be taken regarding the Supplementary Scheme shall be approved by Ordinary Resolution passed by the Category A Participating Creditors at a Creditors' Meeting.

- 7.4 For the avoidance of doubt and subject to Clauses 7.1 and 7.2 above, the Scheme Managers shall determine whether a proposed modification, amendment and/or decision to be taken regarding the Supplementary Scheme is procedural or substantive in nature or otherwise, and any such determination by the Scheme Managers shall be conclusive and binding on all parties to the Supplementary Scheme.

**8. Costs**

- 8.1 Save as otherwise ordered by the Court, the Company shall pay in full all of its costs, charges, expenses and disbursements incurred in connection with the negotiation, preparation and implementation of the Supplementary Scheme as and when they arise, including, but not limited to the cost of preparing the Supplementary Scheme and obtaining the Court Order.

**9. Performance of obligations on dates other than a Business Day**

- 9.1 If any obligation is to be performed under the terms of the Supplementary Scheme on a date other than a Business Day, the relevant obligation shall be performed on the next Business Day.

**10. Notices**

- 10.1 Every notice to be given to a Category A Participating Creditor under this Supplementary Scheme shall be in writing and sent by normal post at the address of the Category A Participating Creditor last known to the Scheme Managers or by electronic mail to the Category A Participating Creditors for whom the Scheme Managers have an e-mail address in their records, which e-mail address the Scheme Managers understand to be the last known e-mail address(es) of that Category A Participating Creditor or any director, employee, agent, solicitor or authorised representative of that Category A Participating Creditor.
- 10.2 Any such notice shall be deemed to have been duly served (if given by electronic mail) immediately via the electronic mail, from the intended recipient (or if given by letter) seven (7) days after posting it shall be sufficient to show that the envelope containing the same was duly addressed, stamped and posted regardless of whether the said notice be actually received and whether the said notice is returned to the Scheme Managers.

**11. Severability**

- 11.1 If any provision in this Supplementary Scheme shall be held to be invalid, illegal or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification as necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intentions of the Category A Participating Creditors and the Company.

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SUPPLEMENTARY SCHEME OF ARRANGEMENT**

11.2 To the extent it is not possible to delete or modify the provision in whole or in part, under Clause 11.1, then such provision or part of it shall, to the extent that it is invalid, illegal or unenforceable, be deemed not to form part of this Supplementary Scheme and the validity, legality and enforceability of the remainder of this Supplementary Scheme shall, subject to any deletion or modification made under Clause 11.1, not be affected.

**12. Proper Law and Jurisdiction**

12.1 This Supplementary Scheme shall be exclusively governed by the laws of the Republic of Singapore.

12.2 The parties to this Supplementary Scheme (including the Company, the Scheme Managers, CESY, and the Category A Participating Creditors) hereby irrevocably submit to the exclusive jurisdiction of the courts of Singapore in relation to any legal actions or proceedings arising out of or in connection with this Supplementary Scheme.

**13. Contracts (Rights of Third Parties) Act 2001**

13.1 Save as expressly provided for in the Supplementary Scheme, a person who is not a party to this Supplementary Scheme has no right under the Contracts (Rights of Third Parties) Act 2001, to enforce any term of this Supplementary Scheme.

**14. Personal Data Protection Act 2012**

14.1 Each Category A Participating Creditor represents, warrants and undertakes to the Company and the Supplementary Scheme Managers that any personal data of any individual provided under and in connection with the Supplementary Scheme has been obtained with such individual's consent and hereby consents on behalf of such individual to the collection, use and disclosure of his personal data by the Company and the Scheme Managers in accordance with the provisions of the Personal Data Protection Act 2012.

14.2 Any consent given under the Supplementary Scheme in relation to personal data shall survive death, incapacity, bankruptcy or insolvency of any such individual and the termination or expiration of the Supplementary Scheme. For the purposes hereunder, "**personal data**" has the meaning ascribed to it in the Personal Data Protection Act 2012.

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**APPENDIX B: BALLOT FORM**

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**CHARISMA ENERGY SERVICES LIMITED**  
(UEN No. 199706776D)

**BALLOT FORM**

<b>FOR THE SUPPLEMENTARY SCHEME</b> (Please indicate with a tick)	<b>OR</b>	<b>AGAINST THE SUPPLEMENTARY SCHEME</b> (Please indicate with a tick)

**NOTES:**

1. If you wish to vote FOR the Supplementary Scheme, tick in the box marked "FOR THE SUPPLEMENTARY SCHEME". If you wish to vote AGAINST the Supplementary Scheme, tick in the box marked "AGAINST THE SUPPLEMENTARY SCHEME".
2. Your vote will be invalidated if you leave both boxes blank or if you tick in both boxes.

Signature of Creditor and Common Seal  
(if applicable) :

\_\_\_\_\_

Name of Creditor :

\_\_\_\_\_

Name and Designation of Authorised  
Signatory (if applicable) :

\_\_\_\_\_

Date :

\_\_\_\_\_

**IMPORTANT INFORMATION:**

1. This Ballot Form must be signed by you or your lawyer duly authorised in writing or, if you are a corporation, must either be executed under seal or under the hand of an officer or lawyer duly authorised (in which case, evidence of the authority of such officer or lawyer must accompany this Ballot Form).

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX B: BALLOT FORM**

- 2. The completed Ballot Form can be submitted either (a) in hard copy to 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 or (b) by e-mail to RF-CharismaEnergy@rsmsingapore.sg. E-mail is preferred. A confirmation e-mail will be sent to the sender to acknowledge receipt of the relevant documents sent.**
  
- 3. The deadline for the submission of the completed Ballot Form (i.e. Ballot Form Cut-Off Date) is 12 August 2024 by no later than 4:00 p.m. Any request(s) for more time to complete and submit the Ballot Form may be approved at the discretion of the Scheme Managers.**

**APPENDIX C: EXPLANATORY STATEMENT TO APRIL 2023 SCHEME**

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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

It contains important information and should be read in its entirety. If you are in any doubt about what action you should take, you should consult your professional adviser without delay.

Further copies of this document can be obtained from the office of the Scheme Managers, RSM Corporate Advisory Pte Ltd, at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 during normal business hours (other than a Saturday, a Sunday or a public holiday).

Unless otherwise defined, the distributed terms used throughout this document (the “**Explanatory Statement**”) shall bear the same meanings as defined in the Scheme of Arrangement dated 12 April 2023 enclosed herein at **Appendix A**.

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**EXPLANATORY STATEMENT**

To

**SCHEME OF ARRANGEMENT**

**PURSUANT TO SECTION 210 OF THE COMPANIES ACT 1967**

Between

**CHARISMA ENERGY SERVICES LIMITED**

(UEN No. 199706776D)

And

**ITS CREDITORS**

(as defined in the Scheme)

The action that the Creditors should take is set out in this Explanatory Statement. As a Creditor, you are requested to complete and return the Proof of Debt Form enclosed with this document in accordance with the instructions and notes contained therein.

Dated this 12<sup>th</sup> day of April 2023

**IMPORTANT NOTICE**

Explanatory Statement pursuant to Section 211 of the Companies Act 1967 explaining the effects of the Scheme of Arrangement explaining the effects of the Scheme of Arrangement proposed by Charisma Energy Services Limited (the “**Company**”).

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1. This Explanatory Statement is being distributed to all Creditors (as defined in the Scheme of Arrangement dated 12 April 2023 enclosed herein at **Appendix A**) of the Company solely for purposes of the Scheme.
2. Nothing in this Scheme Document or any other document issued with or appended to it should be relied on for any purpose other than to make a decision with respect to the Scheme.
3. The information contained in this Scheme Document has been prepared based upon information available to the Company as of the date of the Scheme Document. The Company has taken reasonable steps to ensure that this Scheme Document contains the information reasonably necessary to enable the Creditors to make an informed decision about the effect of the Scheme on them.
4. Nothing contained in this Scheme Document shall be deemed to be a forecast, projection or estimate of the Company’s future financial performance or that of the Company and its subsidiaries (the “**Group**”).
5. Except as provided for below, this Explanatory Statement is for the exclusive use of the persons to whom it is addressed and their advisers and shall not be copied, reproduced or distributed to any other person without the prior written consent of the Company and/or the Scheme Manager. The information contained in this Explanatory Statement is confidential and provided solely for the purposes mentioned above. Recipients of this Explanatory Statement are required to keep this information confidential and use it only for the purposes of consideration of the Scheme.
6. This Explanatory Statement contains extensive and detailed information and should be read in its entirety. If you are in doubt about this document or as to the action which you should take, you should consult your financial or investment adviser, bank manager, solicitor or other professional adviser immediately. You should note that the Explanatory Statement is not intended to constitute professional advice and that you should seek your own professional advice in relation to the Scheme.
7. The actions required to be taken by Creditors are set out in this Explanatory Statement. You are asked to complete and return the Proof of Debt form as soon as possible in accordance with the instructions set out herein. Failure to take action could have consequences in respect of your rights against the Company.
8. While the Company and/or the Scheme Manager have taken reasonable care in the preparation of the information provided herein, no representation or warranty is made that the information contained herein in the Explanatory Statement and the Scheme is accurate or complete.
9. The Explanatory Statement and the proposed Scheme are to be taken as mutually explanatory of one another but in the event of any conflict or inconsistency between the Explanatory Statement and the Scheme, the terms of the Scheme shall prevail.



**CHARISMA ENERGY SERVICES LIMITED  
EXPLANATORY STATEMENT DATED 12 APRIL 2023**

- 10. CREDITORS' ATTENTION IS DRAWN TO CERTAIN RISKS ASSOCIATED WITH THE SCHEME AND THE RESTRUCTURING THAT ARE SET OUT IN THE EXPLANATORY STATEMENT OF THE SCHEME DOCUMENT**
- 11. Important Information:**
- (a) Date and time for lodgment of the Proof of Debt Form (i.e. Proof of Debt Voting Cut-Off Date): 26 April 2023 by no later than 4:00 p.m.**
  - (b) Date and time for lodgment of the Proxy Form for the purposes of voting on the Scheme (i.e. Proof of Debt Voting Cut-Off Date): 26 April 2023 , by no later than 4:00 p.m.**
  - (c) Date and time for lodgment of the Proof of Debt Form for the purposes of participating in the Scheme (if not already lodged in accordance with Paragraph 11(a) of this notice) (i.e. Proof of Debt Long Stop Date): 6 June 2023 , by no later than 4:00 p.m.**
  - (d) Place to submit Proof of Debt and Proxy Form: (a) 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 or (b) email to RF-CharismaEnergy@rsmsingapore.sg. E-mail is preferred. A confirmation e-mail will be sent to the sender to acknowledge receipt of the relevant documents sent.**

Table of Contents

SUMMARY OF ACTIONS TO BE TAKEN	7
EXPLANATORY STATEMENT	8
1. INTRODUCTION	8
2. GENERAL BACKGROUND	8
3. SALIENT TERMS OF THE SCHEME	14
4. RATIONALE FOR THE SCHEME	22
5. ACTIONS TO BE TAKEN IN IMPLEMENTING THE SCHEME	23
6. LIQUIDATION SCENARIO	25
7. RISK FACTORS	25
8. CONCLUSION AND RECOMMENDATION	26
APPENDIX A: SCHEME OF ARRANGEMENT	27
1. Definitions	28
2. Preamble	35
3. Scheme Overview	36
4. Conditions Precedent	40
5. Proof of Debt; Determination of Entitlement for Voting and Approved Claims	41
6. Cash Distribution	44
7. Issue of Scheme Shares / Sale of Scheme Shares	44
8. Restraint of Proceedings During the Scheme Period	46
9. Extinguishment of Claims and Interest	46
10. Scheme Managers	47
11. Termination of the Scheme	48
12. Creditors' Meetings	49
13. Modifications or Amendments to the Scheme	51
14. Costs	51
15. Performance of obligations on dates other than a Business Day	51
16. Notices	51
17. Severability	52
18. Proper Law and Jurisdiction	52
19. Contracts (Rights of Third Parties) Act 2001	52
20. Personal Data Protection Act 2012	52
APPENDIX B: PROOF OF DEBT FORM	53
APPENDIX C: PROXY FORM	59
APPENDIX D: NOMINATION FORM (SCHEME SHARES)	61
APPENDIX E: LIST OF EXCLUDED CREDITORS	62
APPENDIX F: NOTICE OF SCHEME MEETING	63
APPENDIX G: CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2021	65

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

**CONTACT DETAILS**

<b>The Company</b>	Charisma Energy Services Limited
<b>Specified Address</b>	8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095
<b>Contact Details</b>	Tel: (65) 6594 7849 Email: <a href="mailto:enquiries@charismaenergy.com">enquiries@charismaenergy.com</a>
<b>Contact Persons</b>	Tan Ser Ko

<b>Scheme Managers</b>	Lin Yueh Hung and Yap Hui Li
<b>Specified Address</b>	8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095
<b>Contact Details</b>	RF-CharismaEnergy@rsmsingapore.sg
<b>Contact Persons</b>	Koh Bee Hiong

<b>Legal Advisors</b>	Morgan Lewis Stamford LLC
<b>Specified Address</b>	10 Collyer Quay, #27-00 Ocean Financial Centre, Singapore 049315
<b>Contact Details</b>	<a href="mailto:MLSPProjectNiro@morganlewis.com">MLSPProjectNiro@morganlewis.com</a>
<b>Contact Persons</b>	Wendy Tan / Kelley Wong

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

**EXPECTED TIMETABLE**

<b>Action</b>	<b>Time / Date</b>
Proof of Debt Form for the purposes of voting on the Scheme (i.e. Proof of Debt Voting Cut-Off Date)	26 April 2023 not later than 4:00 p.m.
Proxy Form for the purposes of voting on the Scheme (i.e. Proof of Debt Voting Cut-Off Date)	26 April 2023 not later than 4:00 p.m.
Proof of Debt Long Stop Date (last day for lodgment of the Proof of Debt Form for the purposes of participating in the Scheme)	6 June 2023 not later than 4:00 p.m.
Scheme Meeting	7 June 2023 at 10 a.m.
Court hearing to sanction the Scheme (if approved at the Scheme Meeting)	To be announced
Scheme Effective Date	To be announced

**SUMMARY OF ACTIONS TO BE TAKEN**

Detailed instructions on the actions to be taken by Creditors are set out in this Scheme Document (including the Ballot Form) and are summarised below.

***Summary of actions to be taken***

Detailed instructions on the actions to be taken by Creditors are set out in Appendix A (*The Scheme*), Appendix B (*Proof of Debt Form*) and Appendix C (*Proxy Form*) of this Scheme Document and are summarised below:

1. Read this document as a whole, in conjunction with the documents that accompany it (including the Proof of Debt Form and Proxy Form).
2. If you are a Creditor and wish to vote in respect of the Scheme, you must complete the Proof of Debt Form set out in this Scheme Document (*Proof of Debt Form*) and Proxy Form set out in this Scheme Document (*Proxy Form*). Please return the completed Proof of Debt Form and the Proxy Form as soon as possible and in any event, so as to be received by 4 pm (Singapore time) on 26 April 2023 (i.e. Proof of Debt Voting Cut-Off Date).
3. Please return the Proof of Debt Form and Proxy Form, together with details of your bank account and CDP account, to: (a) 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095 (marked for the attention of Lin Yueh Hung / Yap Hui Li) or (b) email to [RF-CharismaEnergy@rmsingapore.sg](mailto:RF-CharismaEnergy@rmsingapore.sg) (i.e. the Specified Email Address). E-mail is preferred. A confirmation e-mail will be sent to the sender to acknowledge receipt of the relevant documents sent.
4. Before the Scheme can become effective and binding on the Company and its Creditors, the Scheme must be approved by a majority in number representing three-fourths in value of each class of Creditors casting their votes at a meeting of the Company's creditors to be separately convened.

If you are in any doubt as to what action you should take in connection with this Scheme Document, the proposals contained in it or the documents that accompany it, you are recommended to seek professional advice immediately from your financial and/or legal adviser.

**EXPLANATORY STATEMENT**

(In compliance with Section 211 of the Companies Act 1967 of Singapore  
(the “Companies Act”))

To: The Creditors

Dear Sir/Madam,

**1. INTRODUCTION**

- 1.1 Capitalised terms used herein shall unless otherwise defined have the same meaning attributed to them under the Scheme.
- 1.2 This Explanatory Statement is issued pursuant to Section 211 of the Companies Act 1967. The purpose of this Explanatory Statement is to explain the background and effect of the Scheme on which the approval of the Court will subsequently be sought.
- 1.3 Please note that this Explanatory Statement does not form the basis of the legal contract between the Company and the Creditors. The legally binding contract between the Company and the Creditors in the event the proposed scheme of arrangement is approved is the Scheme. This Explanatory Statement has been prepared on a best efforts basis, without any warranty as to the accuracy or completeness of the information provided herein. The Company reserves the right to amend or supplement this Explanatory Statement and/or the information contained herein.
- 1.4 This Explanatory Statement is for the exclusive use of the Creditors to whom it is addressed and their advisers, and shall not be copied, reproduced or distributed to any other person without the prior written consent of the Company. The information contained in the Explanatory Statement is confidential and provided solely for the purposes mentioned above. Recipients of this Explanatory Statement are required to keep this information confidential and use it only for the purposes of considering the Scheme.

**2. GENERAL BACKGROUND**

**2.1 What is a Scheme of Arrangement?**

Under Singapore law, a scheme of arrangement of the kind proposed here is an arrangement provided for under Section 210 of the Companies Act to take effect between a company and its creditors.

A scheme of arrangement becomes legally binding on all creditors to whom it is intended to apply if:

- 2.1.1 a majority in number (over 50%) and representing at least three-fourths (that is, 75%) in value of each class of creditors, voting in person or by proxy, have voted in favour of the scheme of arrangement;
- 2.1.2 the Court subsequently approves the scheme of arrangement; and
- 2.1.3 a sealed copy of the order of Court sanctioning the scheme of arrangement is lodged with the Registrar of Companies.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

2.1.4 Once a scheme of arrangement becomes legally binding, it will bind the company and all the scheme creditors according to its terms, including those scheme creditors who did not vote on the scheme or who voted against it.

**2.2 What are Creditors required to do?**

2.2.1 A meeting of the Company's Creditors will be convened, whereby each Creditor will have the opportunity to vote on the terms of the proposed Scheme of Arrangement in accordance with the value of its debt owed to it by the Company.

2.2.2 There is enclosed in **Appendix B** a Proof of Debt to be submitted to the Scheme Manager at the Specified Address / the Specified Email Address in respect of a Creditor's Claim. There is also enclosed in **Appendix C** a Proxy Form to be submitted to the Scheme Manager at the Specified Address / the Specified Email Address.

2.2.3 If you are a Creditor and wish to vote in respect of the Scheme, you must complete the Proof of Debt Form and submit it to the Scheme Manager by the Proof of Debt Voting Cut-Off Date (that is, not later than 4:00 p.m. on 26 April 2023). If a Creditor wishes to appoint a proxy to vote on his or her behalf at the Scheme Meeting, the Creditor should complete the Proxy Form and return the Proxy Form together with the Proof of Debt Form to the Scheme Manager by the Proof of Debt Voting Cut-Off Date (that is, not later than 4.00 pm on 26 April 2023).

2.2.4 The latest the Proof of Debt Form can be submitted to the Scheme Manager at the Specified Address / the Specified Email Address is the Proof of Debt Long Stop Date (that is, 4.00 pm on 6 June 2023 being the date immediately prior to the Scheme Meeting).

2.2.5 Please note that failure to return the Proof of Debt by the Proof of Debt Long Stop Date will result in the Creditor being deemed to have irrevocably, unconditionally and permanently waived (i) its right to vote on the Scheme; and (ii) its right to any distribution, payment or benefits under this Scheme. Any Claim of a Creditor against the Company which is not lodged by the Creditor on or before the Proof of Debt Long Stop Date shall be forever waived, released, discharged and extinguished and the Creditor shall not have any rights, interests and claims whatsoever against the Company in respect of such Claim.

**2.3 Background**

2.3.1 The Company was incorporated in Singapore as a private limited company on 27 September 1997 and was listed on the SGX SESDAQ (now known as the Catalyst Board of the SGX-ST) on 6 August 1998. It was previously in the business of covering offshore and onshore oil and gas and marine related businesses and is currently focused on the business of providing services to the energy and power generation sector. The registered office of the Company is 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095.

2.3.2 The Company has operating and non-operating subsidiaries both in Singapore and elsewhere. Collectively, the Company and its subsidiaries shall be referred to as the "**Group**".

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

2.3.3 The Company's total issued share capital is S\$350,917,663.59 comprising 13,659,328,535 shares (excluding treasury shares). The Company's 20 largest shareholders as at 29 March 2023 are as follows:

No.	Name	No. of Shares
1	EZION HOLDINGS LIMITED	5,461,932,000
2	PATRICK TAN CHOON HOCK	1,003,083,100
3	HISTORY MAKER LIMITED	490,312,500
4	OCBC SECURITIES PRIVATE LTD	422,243,769
5	SERENE LEE SIEW KIN	339,000,000
6	DBS NOMINEES PTE LTD	294,980,215
7	RAFFLES NOMINEES (PTE) LIMITED	273,021,112
8	SUNSHINE CAPITAL GROUP PTE LTD	250,222,667
9	CHUA AH SUAI	233,968,000
10	ER CHOON HUAT	201,000,000
11	SEAH SOI CHENA	147,800,000
12	MAYBANK SECURITIES PTE. LTD	113,715,551
13	CHOW JOO MING	109,000,000
14	PHILLIP SECURITIES PTE LTD	108,215,948
15	SIM ENG KIANG	95,000,000
16	OCBC NOMINEES SINGAPORE PTE LTD	70,956,051
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	66,625,327
18	CITIBANK NOMINEES SINGAPORE PTE LTD	65,154,203
19	WEE PEI TIING	60,110,000
20	YIAP MOI HIANG	59,980,000
<b>Total Top 20 Shareholders</b>		<b>9,866,320,443</b>

2.3.4 Since 2016, the Group was severely impacted due to the poor performance of the oil and gas business which resulted in the Group recording overall losses from FY2017 onwards. The global oil and gas market was depressed for a few years and led to significant reduction in revenue and collection of receivables. The Group was unable to generate sufficient cashflow from the oil and gas assets and this resulted in the default of various debts under the Group. The Group had commenced and managed to secure and /or complete the sale of its oil and gas assets such as Mustang Operations Centre 1 LLC, accommodation module at Port Melville, and four anchor handling tug supply vessels. However, the sale proceeds arising from these disposals were insufficient to fully repay the respective secured borrowings of the Group.

2.3.5 Although the renewable energy and power generation business is generating positive operating cashflow, the Group faces challenges in (i) repatriating funds from Sri Lanka due to the country's on-going severe foreign currency (ii) economic crisis which has seen significant weakening of the Sri Lankan Rupees and (iii) rising costs due to inflation. Further, the Group's solar photovoltaic power plant in China had not received the full entitled government subsidies in the past four years which has accumulated to approximately USD9.7 mil as at 30 September 2022. The Group had only received progressively some of the outstanding subsidies till June 2018. To further pare down the Group's borrowings, the Group had also disposed the 140MW



**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

Solar Plant in India.

Conditional Subscription Agreement(s) entered into by the Company

- 2.3.6 Since 2018, the Company has identified 3 stages of restructuring to turnaround the Group. It has been taking active steps to (1) consensually restructure its debts (2) divestment of assets and (3) restructuring and recapitalisation of the Group.
- 2.3.7 On 10 January 2022, the Company announced that it had entered into a conditional subscription agreement (“**CSA**”) with Yin Khing Investments Limited (the “**Subscriber**”).
- 2.3.8 As part of the CSA, it was contemplated that the Company would take steps to propose a scheme of arrangement which will be a compromise or arrangement between the Company and class(es) of certain of its creditors, in accordance with Section 210 of the Companies Act 1967 of Singapore or the Insolvency, Restructuring and Dissolution Act 2018 of Singapore or under any applicable law(s) of Singapore, to compromise certain of the Company’s debt (the “**Past Liabilities**”) with such settlement being a combination of cash and issue of new Shares.
- 2.3.9 However, the long-stop date of the CSA lapsed on 9 July 2022 because the Company and the creditors had not been able to reach an agreement in relation to the terms and conditions of the Company’s debt restructuring by the long-stop date.
- 2.3.10 On 18 January 2023, the Company announced that the Company had entered into a new conditional subscription agreement (“**New CSA**”) with the Subscriber. The main terms of the New CSA are set out in paragraph 3.4 of this Explanatory Statement.

Financial position of the Company

- 2.3.11 The unaudited financial position of the Group and the Company as at 30 September 2022 is as follows:

	<b>Group</b> <b>30.09.2022</b> <b>US\$’000</b>	<b>Company</b> <b>30.09.2022</b> <b>US\$’000</b>
<b>Non-current assets</b>		
Property, plant and equipment	7,057	–
Right-of-use assets	13,286	–
Subsidiaries	–	25,788
Joint ventures	138	–
Deferred tax assets	738	–
Trade and other receivables	536	–
	<b>21,755</b>	<b>25,788</b>
<b>Current assets</b>		
Inventories	383	–
Trade and other receivables	16,074	974
Amounts due from subsidiaries	–	6,088
Amounts due from joint ventures	155	155
Cash and cash equivalents	3,041	42
	<b>19,653</b>	<b>7,259</b>
<b>Total assets</b>	<b>41,408</b>	<b>33,047</b>

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

<b>Equity</b>		
Share capital	274,553	274,553
Perpetual securities	6,811	6,811
Redeemable exchangeable preference shares	7,042	–
Other reserves	(15,108)	(1,276)
Accumulated losses	(317,544)	(330,995)
<b>Deficit in equity attributable to owners of the Company</b>	<b>(44,245)</b>	<b>(50,907)</b>
Non-controlling interests	2,149	–
<b>Net deficit in equity</b>	<b>(42,096)</b>	<b>(50,907)</b>
<b>Non-current liabilities</b>		
Trade and other payables	65	–
Deferred tax liabilities	608	–
	<b>673</b>	<b>–</b>
<b>Current liabilities</b>		
Trade and other payables	15,769	9,826
Amounts due to joint ventures	146	146
Amounts due to related parties	29,001	29,001
Amounts due to subsidiaries	–	26,916
Financial liabilities	37,773	18,065
Provision for tax	142	–
	<b>82,831</b>	<b>83,954</b>
<b>Total liabilities</b>	<b>83,504</b>	<b>83,954</b>
<b>Total equity and liabilities</b>	<b>41,408</b>	<b>33,047</b>

2.3.12 The total debt of the Company as at **16 February 2023** is approximately USD 108.4 million.

2.3.12.1 The Company's total debt may be broken down into several broad categories:

2.3.12.1.1 (i) the loan from the Oversea Chinese Banking Corporation (“**OCBC**”) of about USD 16 million, to the Company's subsidiaries, for which the Company is a corporate guarantor which will be purchased and then partially capitalized by the Subscriber, while the balance of such loan (after the capitalization) is structured into a convertible loan; (ii) liabilities owed by the Sri-Lanka Sub-Group (as defined below); and (iii) liabilities that are secured to institutional creditors, which have or are in the process of being substantially realised;

2.3.12.1.2 the loan from Huaneng Leasing of about RMB107 million (equivalent to about USD16 million) to Yichang, for which the Company is a corporate guarantor;

2.3.12.1.3 unsecured liabilities that are owed to creditors totaling an estimated USD 45.7 million which are intended to be compromised by the proposed scheme of arrangement (the “**Scheme**”);

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

2.3.12.1.4 outstanding distributions that are owed to holders of perpetual securities in the Company (“**PERPS Holders**”) of approximately USD 2.1 million which, together with the face value totaling approximately USD6.7 million, are intended to be compromised by the Scheme;

2.3.12.1.5 liabilities owed to subsidiaries and joint ventures of approximately USD 28.6 million (before offset against receivables). Under the Group’s restructuring plan, the Company intends to enter into bilateral settlement agreements with these related company creditors.

2.3.12.2 The list and quantum of Creditors and Perpetual Security Holders as at 16 February 2023 who will be restructured under the Scheme (the “**Scheme Debt**”), to the best knowledge of the Company, is as follows:

No.	Name	Debt SGD'000 (equivalent)	Debt USD'000 (equivalent)
	<b>Creditors with unsecured claims</b>		
1	Malayan Banking Berhad, Singapore Branch ^	10,854	7,995
2	Etiqa Insurance Pte Ltd	3,433	2,529
3	PrimePartners Corporate Finance Pte. Ltd.	532	392
4	RSM Corporate Advisory Pte Ltd *	250	184
5	Morgan Lewis Stamford LLC *	166	123
6	Yang Lee & Associates	61	45
7	Pareto Securities Pte Ltd	55	40
8	Boardroom Corporate & Advisory Services Pte Ltd	53	39
9	Tricor Singapore Pte Ltd	40	29
10	RSM Risk Advisory Pte Ltd	15	11
11	Rockstar Atelier Pte Ltd	13	10
12	Eversheds Harry Elias LLP	11	8
13	Chew Thiam Keng	34	25
14	Cheng Yee Seng	30	23
15	Lim Chen Yang	30	23
16	Simon de Villiers Rudolph	26	19
17	Eng Chiaw Koon	19	14
18	Patrick Tan Choon Hock	7,928	5,840
19	Ezion Holdings Limited	38,481	28,345
	<b>Total unsecured liabilities</b>	<b>62,031</b>	<b>45,694</b>
	<b>Perpetual Securities (unpaid distributions and face value)</b>		
20	Sunshine Capital Group Pte Ltd	1,320	972
21	Nylect Holdings Pte Ltd	660	486
22	Patrick Tan Choon Hock	6,597	4,859
23	Sim Hee Chew	660	486

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

<b>No.</b>	<b>Name</b>	<b>Debt SGD'000 (equivalent)</b>	<b>Debt USD'000 (equivalent)</b>
24	Tan Kim Seng	2,639	1,944
		<b>11,876</b>	<b>8,747</b>
	<b>Total Scheme Debt</b>	<b>73,907</b>	<b>54,441</b>

^The amounts owing set out in the table is before realization of security.

\* In view of their roles assisting in the Scheme, RSM Corporate Advisory Pte Ltd and Morgan Lewis Stamford LLC shall abstain from voting in the Scheme.

Suspension of Trading of the Company's Shares

2.3.13 The Company's Shares have been suspended on a voluntary basis since 4 February 2019, and subsequently suspended from trading on 17 June 2020 pursuant to Catalyst Rule 1303(3).

**3. SALIENT TERMS OF THE SCHEME**

**3.1 Scheme Overview**

3.1.1 The Scheme comprises the partial settlement in cash and partial settlement through the issuance of ordinary shares in the capital of the Company (the "New Shares") to fully compromise the Scheme Debt.

3.1.2 The total quantum of debt to be restructured under the scheme is approximately USD 54.4 million.

**3.2 Creditors and Participating Creditors**

3.2.1 The Scheme shall apply to all Creditors. However, only Participating Creditors shall be entitled to receive payment under the terms of the Scheme.

3.2.2 A "Creditor" is defined as a creditor of the Company. A "Participating Creditor" is defined as a Creditor with an Approved Claim.

**3.3 Claims**

3.3.1 A "Claim" is defined as a claim of a Creditor against the Company or any portion thereof arising from or relating to contracts or transactions entered into with the Company (whether the claim is present or contingent or whether liquidated or sounding only in damages).

3.3.2 An "Approved Claim" is defined as the Claim of a Creditor against the Company to the extent admitted by the Scheme Managers pursuant to Clause 5.3 of the Scheme, or established by the Creditor in proceedings in accordance with Clauses 5.3.3 to 5.3.7 of the Scheme.

**3.4 Proposed Group Restructuring**

3.4.1 The Company has entered into the New CSA with the Subscriber, in relation to:

3.4.1.1 a subscription by the Subscriber of new Shares in the Company amounting to S\$13,576,000 ("**Subscription Amount**") for 64.9% of the enlarged shareholding of the Company, on the terms and conditions of the New CSA (the "**Proposed Subscription**"); and

3.4.1.2 a subscription by the Subscriber of S\$16,291,200 in principal amount of unlisted and freely transferrable Options, with each option carrying the right to subscribe for one (1) new Share per option on the terms and conditions of the New CSA (the "**Proposed Grant of Options**", together with the Proposed Subscription, the "**Proposed Subscriber Transactions**").

3.4.2 A deposit amount of S\$339,400 (Singapore dollar equivalent of US\$250,000) which forms part of the Subscription Amount (the "**Upfront Amount**"), has been paid by the Subscriber on or before the date of the New CSA, into a bank account in the name of the Company to be held by Stone Forest Accountserve Pte Ltd for the purposes of retaining the Upfront Amount from the date of payment of the Upfront Amount up to the earlier of (a) the termination date of this Agreement; or (b) the Completion Date.

3.4.3 The Upfront Amount shall be utilised for the partial payment of professional fees in relation to the Proposed Subscriber Transactions and the Proposed Debt Restructuring (including the proposed issue of Settlement Shares), which shall include but not be limited to the professional fees for the (a) preparation of the definitive documentation, such as the New CSA; (b) application to the Securities Industry Council of Singapore (the "**SIC**") for the Whitewash Waiver; (c) fees for the independent financial adviser; (d) preparation of shareholders' circular to obtain Shareholders' approval; (e) preparation of trading resumption proposal which would include engagement of the auditors to review the cash flow projections and proforma financial statements; and (f) the Proposed Debt Restructuring (the "**Transaction Expenses**").

3.4.4 All Transaction Expenses will not for the avoidance of doubt be liabilities subject to compromise by the Company under the Scheme.

3.4.5 The Subscription Amount of S\$13,576,000 shall be satisfied by the Subscriber in the following manner: (a) the amount of S\$2,715,200 (less the sum of Upfront Amount) shall be paid by the Subscriber to the Company in cash upon completion of the New CSA (the "**Completion**" and the "**Completion Date**"); and (b) the amount of S\$10,860,800 shall be paid by way of capitalisation of debts owing by the Company to the Subscriber (the "**Capitalised Debt**") on the Completion Date.

3.4.6 The net proceeds from the Subscription are to be utilized in the following manner:

(i) up to S\$1,357,600 shall be used towards the satisfaction of liabilities pursuant to the Proposed Debt Restructuring; and

(ii) up to S\$1,018,200 (being S\$1,357,600 less the Upfront Amount) shall be used towards the working capital of the Company, which shall include but is not limited to

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

the satisfaction of the Completion AP;

3.4.7 The Capitalised Debt arises through the Subscriber's purchase of the loan from OCBC (the "**OCBC Loan Restructuring**").

3.4.8 In connection with the New CSA, it was contemplated that the Company will also undertake the following in addition to the Scheme:

3.4.8.1 divestments of its existing assets and quoted securities (the "**Proposed Divestments**") such that pursuant to the Proposed Divestments, the Company will retain its ownership in the holding entities of its operations in Sri Lanka and the operating companies in Sri Lanka (the "**Sri Lanka Sub-Group**") (being the owners of the 13 units of mini-hydroelectric power plants in Sri Lanka with a combined capacity of 43.46 megawatt (the "**Hydro-Power Plants**")), together with their receivables, cash and inventories (including the Hydro-Power Plants) (the "**Remaining Assets**");

3.4.8.2 propose the Scheme to restructure its Past Liabilities;

3.4.8.3 the creation of a fresh debt obligation to the Subscriber and/or its nominee, in consideration for the Subscriber procuring (a) full discharge of all liabilities and debts owing by the Sri Lanka Sub-Group to OCBC; and (b) OCBC's consent to discharge any and all mortgage, charge, pledge, lien or other security interest securing any obligation of the Sri Lanka Sub-Group for the benefit of OCBC (the "**OCBC Loan Restructuring**");

3.4.8.4 agreement on a settlement with holders of the REPS Holders (the "**Bilateral Settlement**"), which is envisaged to comprise a combination of cash and issue of new Shares to such creditors, with such new Shares to be issued under the Scheme and the Bilateral Settlement (together with the Scheme, the "**Proposed Debt Restructuring**". The new Shares to be issued under the Scheme are the "**Scheme Shares**". Collectively, the Scheme Shares and the Shares to be issued under the Bilateral Settlement shall be referred to as the "**Settlement Shares**"); and

3.4.8.5 a share consolidation of all of the issued Shares pursuant to the above transactions ("**Share Consolidation**").

3.4.9 The Company has also entered into a binding termsheet (the "**Termsheet**") with Anchor Marine 2 Inc (a wholly-owned subsidiary of the Company) ("**AM2**"), CES Hydro Power (SL) Limited (a wholly-owned subsidiary of the Company) ("**CES Hydro**") and the Subscriber on 18 January 2023 for a convertible loan of principal amount of approximately S\$10,860,800<sup>1</sup>, being the balance of loan purchased by the Subscriber from OCBC after the Capitalised Debt (the "**Proposed Convertible Loan**").

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<sup>1</sup> Under the terms of the Termsheet, the final principal amount of the Proposed Convertible Loan will be determined at a subsequent date but as soon as possible to facilitate the submission of the applications by the Company as required under the New CSA to the relevant authorities for the Proposed Transactions and the Proposed Convertible Loan.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

3.4.10 The actions contemplated at paragraphs 3.4.1 to 3.4.9 above are collectively referred to herein as the “**Group Restructuring**”.

3.4.11 Upon completion of the Proposed Subscriber Transactions, the following financial conditions shall be met by the Company (the “**Financial Conditions**”):

3.4.11.1 the aggregate loans and liabilities of the Sri Lanka Sub-Group excluding any debts owing to the Subscriber, shall not be more than US\$2,400,000 (approximately S\$3,258,240);

3.4.11.2 the Completion AP<sup>2</sup> (which definition is set out in the footnote herein) shall not be more than US\$2,500,000 (approximately S\$3,394,000); and

3.4.11.3 the aggregate cash liabilities of the Company pursuant to the Proposed Debt Restructuring (assuming that the Yichang Divestment (as defined below) is completed), shall not be more than S\$1,357,600.

In connection with the Group Restructuring, the Company intends to undertake the divestment of its 80% equity interest in Yichang Smartpower Green Electricity Co. Ltd (“**Yichang**”), under which the Company’s shares in Yichang will be sold to a third-party buyer, (“Yichang Divestment”).

3.4.12 There is an amount owing by Yichang to a local lender, Huaneng Tiancheng Finance Lease Co Ltd (“**Huaneng Leasing**”). As security to the loan of approximately RMB107 million (as at 31 December 2022), Huaneng Leasing holds a charge over Yichang’s assets located in China. The Company is a corporate guarantor to the loan. Huaneng Leasing’s loan is currently in technical default.

3.4.13 In addition, the Company has extended a shareholder’s loan of US\$3.5 million to Yichang (“**Yichang Loan**”).

3.4.14 As part of the terms of the New CSA:

3.4.14.1 In the event of the refinancing of Yichang such that Yichang is able to fulfil its obligations under its existing loans and working capital obligations for its operations on or prior to Completion (in lieu of the Yichang Divestment), the Company further undertakes to the Subscriber, as a post-Completion undertaking, that it will use all reasonable endeavours to procure that Yichang meets its obligations under the refinanced loans.

3.4.14.2 In the event of default under the refinanced loans, the Company has undertaken to use all reasonable endeavours to facilitate the Yichang Divestment within 18 months of the Completion Date of the New CSA.

3.4.15 The Yichang Divestment is expected to include an agreement with the potential buyer and Huaneng Leasing to release the Company from the corporate guarantee

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<sup>2</sup> Means the estimated cash liabilities of the Group (less the Sri Lanka Sub-Group), being the operating expenses and overheads as well as transaction costs to be incurred by the Group after the Cut-off Date of 31 December 2022 till Completion and net of cash balance.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

extended to Huaneng Leasing. Hence, Huaneng Leasing's loan is not included under the Scheme.

3.4.16 85% of the proceeds from the Yichang Divestment and recovery of Yichang Loan, net of transaction expenses, ("**Yichang Proceeds**") will be applied to a further distribution of cash to the Participating Creditors in Category A of the Scheme (defined below).

3.4.17 The Company will highlight, for the avoidance of doubt, that there is no certainty of recovery from the Yichang Divestment or Yichang Loan, given the first priority charge held by Huaneng Leasing over the assets of Yichang.

3.4.18 Following the completion of the Group Restructuring, the Company will be cleared of debt, save for the Completion AP and the Proposed Convertible Loan, and will retain its Remaining Assets held by the Sri Lanka Sub-Group.

3.4.19 Under the New CSA, the long-stop date for the completion of the Group Restructuring is on or around 17 October 2023, unless further extended by the Company and the Subscriber.

3.4.20 Following the completion of the Group Restructuring (including the issue of the Scheme Shares and the Share Consolidation), the Subscriber is expected to hold 64.9% of the Company's enlarged share capital, before any exercise of Options / conversion of loan. Existing shareholders will hold 5% of the Company's enlarged share capital.

3.4.21 The Scheme Shares to be issued will comprise 26.2% of the Company's enlarged share capital:

3.4.21.1 Participating Creditors in Category A will be issued Scheme Shares amounting to a cumulative total of 22% of the Company's enlarged share capital;

3.4.21.2 Participating Creditors in Category B will be issued Scheme Shares amounting to a cumulative total of 4.2% of the Company's enlarged share capital.

3.4.22 The REPS holders will hold 3.9% of the Company's enlarged share capital.

**3.5 Conditions Precedent**

The Scheme is subject to the following conditions precedent being met:

**Conditions Precedent Relating to the Court Proceedings**

3.5.1 leave being granted by the Court to convene a meeting (the "**Scheme Meeting**") of the Company's Creditors under Section 210(1) of the Companies Act;

3.5.2 the Participating Creditors at the Scheme Meeting having approved the terms of the



**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

Scheme;

3.5.3 the sanction by the General Division of the High Court in relation to the Scheme;

3.5.4 a copy of the order of Court made under subsection 210(3AB)(c) of the Companies Act 1967 is lodged with the Registrar.

**Conditions Precedent Before the Scheme Effective Date**

3.5.5 the full discharge by OCBC of any and all liabilities and debts owing by the Sri Lanka Sub-Group to OCBC;

3.5.6 OCBC having agreed to the full discharge of any and all mortgage, charge, pledge, lien or other security interest securing any obligation of the Sri Lanka Sub-Group for the benefit of OCBC;

3.5.7 the creation of a fresh debt obligation to the Subscriber (the principal amount of which is approximately S\$10,860,800 pursuant to the New CSA) in consideration for the Subscriber having procured the fulfilment of the Conditions set out in subparagraphs (a) and (b) above pursuant to the OCBC Loan Restructuring;

3.5.8 the fulfilment of the Financial Conditions;

3.5.9 the in-principle approval of the SGX-ST being obtained by the Company in relation to the listing and quotation of the Subscription Shares and the Option Shares;

3.5.10 the in-principle approval of SGX-ST being obtained by the Company in relation to the resumption of trading of the Shares on the SGX-ST;

3.5.11 the grant by the SIC (and the SIC not having revoked or repealed such grant) of the waiver of the obligation of the Subscriber to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers for the Shares not held by the Subscriber following the issue of the Subscription Shares pursuant to the Proposed Subscription under the New CSA and the Option Shares pursuant to the exercise of the Options under the New CSA, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Subscriber (the "**Whitewash Waiver**"); and (ii) the independent Shareholders approving at a general meeting of the Company the proposed ordinary resolution of the Company which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Subscriber in connection with the issue of the Subscription Shares and the Option Shares (the "**Whitewash Resolution**");

3.5.12 Shareholders' approval being obtained at an extraordinary general meeting of the Company to be duly convened for, *inter alia*, the Proposed Subscriber Transactions, the allotment and issue of the Subscription Shares and the Option Shares (pursuant to the exercise of the Options), the transfer of controlling interest in the Company to the Subscriber, the Whitewash Resolution, the Proposed Divestments (if necessary), the Proposed Share Consolidation and the Proposed Debt Restructuring (including

the allotment and issue of the Settlement Shares<sup>3</sup> thereunder (the “**Proposed Issue of Settlement Shares**”)); and

3.5.13 such consents, approval or waiver as may be required (or deemed necessary by the parties) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the transactions contemplated in the New CSA and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties.

### 3.6 **Classification of Creditors in the Scheme**

Subject to adjudication, the Participating Creditors will be separated and voting in the following two classes:

3.6.1 **Category A:** Creditors with unsecured Claims against the Company; and

3.6.2 **Category B:** PERPS Holders.

### 3.7 **Distribution under the Scheme**

The Participating Creditors will agree to compromise their claims under the Scheme in consideration for receiving the following distribution under the terms of the Scheme, with their respective entitlements being the proportion of their Approved Claim in the respective category to the total Approved Claims in their respective category:

3.7.1 **Category A:** The distribution of (a) cash of SGD 1.15 million<sup>4</sup> to the creditors of this class in accordance with the terms of this Scheme, being approximately an estimated recovery of 1.8% of the total debt in this class; (b) 85% of the total of the proceeds (net of expenses) from the Yichang Divestment and Yichang Loan recovery (collectively, the “**Yichang Proceeds**”) to the Participating Creditors in accordance with their respective entitlements under the terms of this Scheme within 14 Business Days of the receipt of the Yichang Proceeds in Singapore by the Company, being approximately an estimated recovery of 3.7% of the total debt in this class if the Yichang Proceeds amounts to US\$2 million; and (c) the issue of Scheme Shares to Participating Creditors in this class, being approximately an estimated recovery of 7.4% of the total debt in this class based on valuation at the investor’s subscription price. In summary, the total recovery is estimated to amount to approximately 13% of the total debt in this class;

3.7.2 **Category B:** The issue of Scheme Shares to the creditors of this class in accordance with the terms of this Scheme, being approximately an estimated recovery of 7% of the total debt in this class based on valuation at the investor’s subscription price.

3.7.3 The distributions of cash to the Participating Creditors in Category A above are envisaged to be carried out in two tranches:

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<sup>3</sup> The Proposed Issue of Settlement Shares is subject to the terms and conditions of the Proposed Share Consolidation (which is subject to existing shareholders’ approval).

<sup>4</sup> Being 85% of the sum of S\$1,357,600 from the Subscription Proceeds to be used towards the satisfaction of liabilities pursuant to the Proposed Debt Restructuring.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

- 3.7.3.1 The distribution of SGD 1.15 million to the Participating Creditors in accordance with their respective entitlements under the terms of this Scheme within 14 Business Days of the Completion Date ("**Tranche 1 Distribution**");
- 3.7.3.2 Following the Tranche 1 Distribution, the distribution of the Yichang Proceeds, if any, within 14 Business Days of the receipt of the Yichang Proceeds in Singapore by the Company and/or its affiliates and/or its authorised representatives (including but not limited to the appointed Scheme Managers, as the case may be) ("**Tranche 2 Distribution**").
- 3.7.4 The Scheme Shares shall be issued to Participating Creditors within 30 Business Days of the Scheme Effective Date. The number of Scheme Shares issued under this Scheme will be rounded down to the nearest whole Share with fractional entitlements to be disregarded.
- 3.7.5 Following the issue of the Scheme Shares, the Company will also undertake the Share Consolidation exercise described at paragraph 3.4.8.5 above.

**3.8 Key Timelines for the Scheme**

- 3.8.1 **Proof of Debt Voting Cut-Off Date (last day for lodgment of the Proof of Debt Form and the Proxy Form for the purposes of voting in the Scheme):** 26 April 2023 not later than 4:00 pm.
- 3.8.2 **Proof of Debt Long Stop Date (last day for lodgment of the Proof of Debt Form for the purposes of participating in the Scheme):** 6 June 2023 not later than 4:00 pm.
- 3.8.3 **Scheme Meeting:** 7 June 2023 at 10:00 am.
- 3.8.4 **Court hearing for the sanction of the Scheme:** To be announced.
- 3.8.5 **Scheme Effective Date:** To be announced.

**3.9 Discharge and Extinguishment of Claims**

- 3.9.1 Unless otherwise expressly provided for in the Scheme, the Participating Creditors shall accept the payments and benefits under this Scheme given to them in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith.
- 3.9.2 Upon receiving the Cash Distribution and issuance of the Scheme Shares (as the case may be) ("**Scheme Completion**"), all Claims from the Creditors shall forever be waived, released, discharged and extinguished.
- 3.9.3 Where the Company has granted Corporate Guarantees (as defined in the Scheme) to various Creditors (the "**Relevant Creditors**"), the Relevant Creditors also agree that the Company's obligations under the Corporate Guarantees are deemed to be fully discharged, and the Company and the Relevant Creditors shall take all

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

necessary steps to effect the termination and discharge of the Corporate Guarantees.

**3.10 Interest**

3.10.1 All claims for any interest (whether contractual, default, penalty or otherwise), costs, fees and expenses accruing after the Ascertainment Date (as defined in the Scheme) arising from, in connection with or relating to any Claims shall not be payable by the Company.

3.10.2 Upon Scheme Completion, all such claims for interest, costs, fees and expenses shall be waived by the Creditors and shall be deemed to be forever extinguished.

**3.11 Termination of the Scheme**

3.11.1 The Scheme shall terminate immediately and absolutely upon any events set out in Clause 11 of the Scheme.

3.11.2 Unless expressly stated otherwise in the Scheme, in the event of any breach or non-compliance of any terms of the Scheme, the Company shall rectify such breach or non-compliance within thirty (30) Business Days from the date of such breach or non-compliance. No breach of the Scheme shall be regarded as having occurred if rectified within such time period.

**4. RATIONALE FOR THE SCHEME**

4.1 The Scheme is proposed as part of the Company's broader effort to restructure all its existing liabilities in connection with the Proposed Subscriber Transactions and the Group Restructuring.

4.2 The Company is of the view that the investment by the Subscriber through the Proposed Transactions and the Proposed Convertible Loan is beneficial to the Company and the Group as the Proposed Transactions and the Proposed Convertible Loan, if completed, will allow for a reduction of its liabilities (through the capitalisation of debts) and a capital injection which will provide the required funding for the Company to restructure, which is vital for the continuity of the Company in relation to the Remaining Assets. Further, the Group will then have access to funds to improve its cashflows, reduce its other outstanding debt obligations and continue as a going concern.

4.3 Specifically, the Proposed Subscription will result in the Group being able to reduce its liabilities (through the capitalisation of debts) and also provide the Group with the necessary funds to partially address its other outstanding liabilities and provide funding for its continued operations of the Remaining Assets. Separately, the Proposed Grant of Options will allow the Group to have access to additional funds as and when the Subscriber exercises its Options. The proceeds from the Proposed Transactions (including pursuant to the exercise of the Options) will be for settlement of liabilities under the Proposed Debt Restructuring, funding of new renewable energy related projects and working capital purposes.

4.4 Further, the OCBC Loan Restructuring through the capitalisation of debts via the allotment and issue of certain Subscription Shares and the Proposed Convertible Loan will also allow the Group the flexibility to manage its repayment of debt thereunder, through a potential conversion of the loan amount into new Shares.

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

4.5 Without the Proposed Transactions, the Proposed Convertible Loan, the Proposed Divestments and the Proposed Debt Restructuring, the Group will not be able to have sufficient working capital to operate as a going concern or have a viable proposal for the resumption of trading of its Shares based on its present bank facilities.

4.6 The Group Restructuring will thus allow the creditors to achieve a better recovery than in a liquidation scenario. The estimated recovery to the Company's creditors in the event of the Company's liquidation is set out at paragraph 6 of this Explanatory Statement.

**5. ACTIONS TO BE TAKEN IN IMPLEMENTING THE SCHEME**

**5.1 Convening of a Meeting of the Company's Creditors**

5.1.1 The Company has applied for leave to convene a meeting of the Company's Creditors ("**Scheme Meeting**") in order for them to vote on the terms of the Scheme.

5.1.2 Once the Scheme Meeting has been convened, the outcome of the Scheme Meeting will be reported to the Court.

5.1.3 Following this, should the terms of the Scheme find statutory approval from the Company's Creditors, the Company shall apply for the Court's approval of the Scheme pursuant to Section 210(4) of the Companies Act 1967, with such date to be announced in due course.

**5.2 Proof of Debt and Proxy**

5.2.1 Creditors who wish to vote in the Scheme must first submit a Proof of Debt in respect of their Claims to the Scheme Manager at the Specified Address or via the Specified Email Address by the Proof of Debt Voting Cut-Off Date.

5.2.2 All Proofs of Debt must be submitted by the Proof of Debt Long Stop Date (i.e. one business day before the Scheme Meeting).

**5.2.3 Any Creditor who fails to submit a Proof of Debt on or before the Proof of Debt Voting Cut-Off Date shall not be entitled to vote (subject to the chairman of the Scheme Meeting discretion). Any Creditor who fails to submit a Proof of Debt on or before the Proof of Debt Long Stop Date shall not be entitled to participate in the Scheme.**

5.2.4 Creditors who wish to appoint a proxy to vote on his or her behalf at the Scheme Meeting should complete the Proxy Form and return the Proxy Form together with the Proof of Debt Form to the Scheme Manager at the Specified Address or via the Specified Email Address by the Proof of Debt Voting Cut-Off Date.

**5.3 Adjudication of Proofs of Debt**

5.3.1 The Proofs of Debt shall be adjudicated by the Scheme Manager for the purposes of determining the Approved Claims. The adjudication shall be carried out as follows:

5.3.1.1 The Scheme Manager shall be entitled to have regard to all relevant information whether supplied by the Creditor or otherwise made available to the Scheme Manager, and where applicable, be entitled to set-off any mutual

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

credits, mutual debits or other mutual dealings between the Company and any Creditor such that only the balance shall be used for the purposes of calculating and determining the value of such Creditor's Claim and/or Approved Claim (if any).

5.3.1.2 By twenty-eight (28) days before the Scheme Meeting, the Scheme Manager shall complete the adjudication of all the proofs of debt filed by Creditors for the purposes of voting at the Scheme Meeting, and send in writing the results of adjudication of the Proofs of Debts to every Creditor who has filed a Proof of Debt for the purposes of voting at the Scheme Meeting.

5.3.1.3 Any Disputing Creditor objecting to the decision of the Scheme Manager as regards its Claim or the value of its Approved Claim (if any):

5.3.1.3.1 shall not later than fourteen (14) days before the date of the Scheme Meeting, send a written request to the Scheme Manager at the Specified Address seeking agreement for the appointment of an Independent Assessor; or

5.3.1.3.2 shall not later than fourteen (14) days before the date of the Scheme Meeting, make an application to the Court for the appointment of an Independent Assessor pursuant to Section 68(9)(b) of the IRDA; and

5.3.1.3.3 shall comply with such determination on costs or order for costs in respect of all costs and expenses incurred and determined to be payable by that Creditor in relation to, pursuant to or arising from such dispute resolution proceedings or application to the Court to determine the dispute;

5.3.1.3.4 agrees that any amount of costs and expenses payable by the Company pursuant to a determination of or an order for costs in relation to or arising from such dispute resolution proceedings or application to the Court to determine the dispute, shall be added to the Approved Claim of the Creditor to be dealt with in accordance with the terms of the Scheme; and

5.3.1.3.5 agrees that the Scheme Manager shall not be liable to that Creditor for any and all costs, fees and expenses incurred by that Creditor in disputing such decision or determination and in relation to or arising from its commencement of dispute resolution proceedings or application to the Court.

5.3.2 Any Creditor who fails to comply with the above provisions shall be deemed to have admitted and accepted the decision or determination of the Scheme Manager as regards its Claim in its Proof of Debt and the amount(s) of its Approved Claim.

5.3.3 Each Creditor shall promptly provide the Scheme Manager with all such information and documents requested by the Scheme Manager (as the case may be) which are relevant to its Claim in its Proof of Debt, or to the determination of the amount of its Approved Claim (if any).

**5.4 Approval by the Court**

- 5.4.1 Provided that the Scheme is approved by the requisite majority of Creditors at the Scheme Meeting, Creditors are also entitled to attend the hearings of the application to the Court to approve the Scheme.
- 5.4.2 Creditors will be informed of the hearing of the application to the Court to approve the Scheme and will be provided with the relevant court papers upon request.
- 5.4.3 The Company may consent to any modification of or addition to the Scheme of any condition which the Court may think fit to approve or impose.
- 5.4.4 When the Scheme becomes effective and binding on the Commencement Date, it will be binding on all Creditors (including Creditors who fail to submit a Proof of Debt on or before the Proof of Debt Long Stop Date in accordance with the terms of the Scheme) whether or not a Creditor voted in favour or against, or abstained from the vote to approve the Scheme.
- 5.4.5 The distribution as contemplated at paragraph 3.7 above shall only commence on the Scheme Effective Date (and not the Commencement Date)

**6. LIQUIDATION SCENARIO**

- 6.1 The Management has considered the potential realization of the Company's assets in a liquidation scenario.
  - 6.1.1 The realization from the Group's investments in subsidiaries and the intercompany receivables are expected to be nil as the subsidiaries are insolvent and / or hold charged assets (namely the Hydro Power Plants in Sri Lanka, the solar plant in China and the two (2) units of anchor handling tug supply vessels which would not be sufficient to discharge the amounts owing to the respective lenders in the event of liquidation.
  - 6.1.2 the Group's investments in quoted securities are currently suspended and in judicial management. Hence, no realization is expected.
- 6.2 Based on management's analysis, there will not be any expected recovery to unsecured creditors of the Company in the event of the Company's liquidation. Accordingly, the Company considers that the adoption of the proposed Scheme by the Creditors would result in a greatly increased realization for the Creditors than would be achieved should the Company be wound up and would represent the best available outcome for Creditors.

**7. RISK FACTORS**

- 7.1 In considering whether to vote in favour of the Scheme, each Creditor should carefully consider all the information contained in this document in particular the matters set out herein. This summary of risk factors is not exhaustive and Creditors should also consider all other risks relevant in the circumstances.
- 7.2 Even if the appropriate level of support is obtained from the Creditors (which cannot be

**CHARISMA ENERGY SERVICES LIMITED**  
**EXPLANATORY STATEMENT DATED 12 APRIL 2023**

assured), approval of the Scheme is at the discretion of the Court. Whilst the Company believe that the relevant statutory formalities have been complied with, the Court could determine that the information contained in the Scheme document is inadequate, that the solicitation of votes was improper due to the inadequacy of disclosure or for other reasons, and/or could determine that the Scheme fails to meet various other requirements, and require amendments or modifications which might not be acceptable to the Company or the Creditors or may not be accomplished in a timely manner. The Court could also differ from the selection and/or classification of creditors of the Company as Creditors.

- 7.3 As of the date of this Explanatory Statement, the Company has not entered into any binding agreement with a third party buyer for the purchase of the Yichang Shares. The amount of cash to be disbursed to the Participating Creditors in Category A of the Scheme under the Tranche 2 Distribution is uncertain, and can only be estimated to the best of the Management's ability.
- 7.4 Further, appeals or requests for other reviews in respect of the Scheme and appeals against the Order of Court sanctioning the Scheme could delay the effectiveness of the Scheme.
- 7.5 The success of the Scheme is also subject to the conditions precedent referenced in paragraph 3.5 herein being met.

**8. CONCLUSION AND RECOMMENDATION**

- 8.1 The proposed Scheme, if approved and implemented, will allow the creditors of the Company to obtain a recovery in the proportion set out in the Scheme in their respective classes, and would result in a better recovery for the Company's creditors than should the Company be wound up.
- 8.2 Accordingly, the Company and the Scheme Managers recommend that the Creditors vote in favour of the Scheme.

Dated this 12<sup>th</sup> day of April 2023

Yours faithfully,

Charisma Energy Services Limited



**APPENDIX A: SCHEME OF ARRANGEMENT**

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**SCHEME OF ARRANGEMENT**

**PURSUANT TO SECTION 210 OF THE COMPANIES ACT 1967**

Between

**CHARISMA ENERGY SERVICES LIMITED**  
(UEN No. 199706776D)

And

**ITS CREDITORS**  
(as defined in the Scheme)

12 April 2023

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

**1. Definitions**

- 1.1 In this Scheme, except where the context or subject matter otherwise indicates or requires, words shall have the same meaning attributed to them by the Companies Act 1967 (the “**Act**”) and/or the Insolvency, Restructuring and Dissolution Act 2018 (where applicable) (the “**IRDA**”).
- 1.2 Words denoting the singular number only shall, where applicable, include the plural number and *vice versa*, and words denoting persons only shall, where applicable, include firms and corporations.
- 1.3 Words importing any gender shall, where applicable, include the other gender and references to any person shall, where applicable, include that person’s successor and permitted assigns.
- 1.4 Any reference to a statutory provision shall include such provision and any regulations made in pursuance thereof as may from time to time be modified or re-enacted whether before or after the date of this Scheme.
- 1.5 Any reference in this Scheme to a time of day shall be a reference to Singapore time, unless otherwise stated.
- 1.6 The following words and phrases in this Scheme (as defined below) shall have the meanings set out opposite them:

<b>Word/Phrase</b>	<b>Definition</b>
<b>“ACRA”</b>	The Accounting and Corporate Regulatory Authority of Singapore.
<b>“Act”</b>	The Companies Act 1967 of Singapore, as amended or modified from time to time.
<b>“Approved Claim”</b>	<p>The Claim of a Creditor against the Company to the extent admitted by the Scheme Managers pursuant to Clause 5.3 of the Scheme, or established by the Creditor in proceedings in accordance with Clause 5.3.3 to 5.3.7 of the Scheme.</p> <p>All claims shall be adjudicated in SGD. All claims originally denominated in USD shall be converted to SGD at the rate of USD1: SGD1.3576.</p>
<b>“Ascertainment Date”</b>	16 February 2023
<b>“Bilateral Settlement”</b>	The settlement to be entered into between the Company and REPS Holders, which is envisaged to comprise a combination of cash and issue of new Shares to such creditors.

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

<b>“Business Day”</b>	A day (other than a Saturday or Sunday or public holiday) on which commercial banks are open for business in Singapore.
<b>“Capitalised Debt”</b>	The amount of S\$10,860,800 shall be paid by way of capitalisation of debts owing by the Company to the Subscriber on the Completion Date.
<b>“Cash Distribution”</b>	An amount of S\$1.15 million to be distributed among Participating Creditors in Category A as partial settlement of the Approved Claims under the Tranche 1 Distribution, and the Yichang Proceeds, if any, from the Yichang Divestment and recovery from the Yichang Loan, (net of expenses), to be distributed among Participating Creditors in Category A as partial settlement of the Approved Claims under the Tranche 2 Distribution.
<b>“Cash Liabilities”</b>	The estimated cash liabilities of the Group (less the Sri Lanka Sub-Group) net of cash balance from 1 July 2022 to the Completion Date of the New CSA.
<b>“Catalist”</b>	The Catalist Board of the SGX-ST.
<b>“Catalist Rules”</b>	The Catalist Rules issued by the SGX-ST.
<b>“CDP”</b>	The Central Depository (Pte) Limited
<b>“Claim”</b>	The claim of a Creditor against the Company or any portion thereof arising from or relating to contracts or transactions entered into with the Company (whether the claim is present or contingent or whether liquidated or sounding only in damages) occurring on or before the Ascertainment Date, including any interest, default interest, fees, commissions, liabilities out of warranties, and penalties arising out of such claim, whether the claim be actual, present, future or contingent or whether liquidated or sounding only in damages, and whether in contract or tort or howsoever arising.
<b>“Category A” and “Category B”</b>	As defined at Clause 3.4 of the Scheme.
<b>“Commencement Date”</b>	The date on which the Scheme, if approved, becomes effective and binding in accordance with the Act, save that in the event of an appeal against the Court’s approval of the Scheme, the Commencement Date shall be such date as the Court of Appeal of the Republic of Singapore may determine for the purpose of the Scheme upon the disposal of such appeal.
<b>“Company”</b>	Charisma Energy Services Limited

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

<b>“Completion” or “Completion Date”</b>	The act of completing and/or the date of the Completion of the Proposed Subscriber Transactions
<b>“Conditions Precedent”</b>	The Conditions Precedent to the Scheme as set out at Clause 4 of the Scheme.
<b>“Conversion Shares”</b>	The Shares to be issued to the Subscriber under the Proposed Convertible Loan.
<b>“Corporate Guarantees”</b>	<ul style="list-style-type: none"><li>- A corporate guarantee dated 18 December 2014 executed in favor of Malayan Banking Berhad, Singapore Branch, for all sums due and owing from Anchor Marine 3 Inc. under a Facility Agreement dated 18 December 2014</li><li>- A corporate guarantee dated 5 January 2018 executed in favor of Etiqa Insurance Pte Ltd in the event of failure of Anchor Marine 3 Inc. to make monthly instalment payments under the Facility Agreement between Anchor Marine 3 Inc. and Malayan Banking Berhad, Singapore Branch, dated 18 December 2014</li></ul>
<b>“Court”</b>	The General Division of the High Court of the Republic of Singapore.
<b>“Court Order”</b>	The order of Court approving the Scheme.
<b>“Creditor”</b>	A creditor of a Company who has a Claim.
<b>“Creditors’ Meeting”</b>	A meeting of Participating Creditors convened in accordance with Clause 12 of the Scheme.
<b>“Designated Address”</b>	8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095.
<b>“Disputed Claim”</b>	Any portion of a Claim stated in a Proof of Debt which is disputed by the Scheme Managers to be due or payable, whether in whole or in part.
<b>“Disputing Creditor”</b>	A Creditor who disputes the decision of the Scheme Managers as regards its Claim or the value of its Approved Claim.
<b>“Excluded Creditors”</b>	The creditors of the Company whose debts do not form part of this Scheme and are not Creditors and/or Participating Creditors for the purpose of the Scheme.
<b>“Explanatory Statement”</b>	The Explanatory Statement to the Scheme.
<b>“Financial Conditions”</b>	The financial conditions to the new CSA:

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

- (a) the aggregate loans and liabilities of the Sri Lanka Sub-Group excluding any debts owing to the Subscriber, shall not be more than US\$2,400,000 (approximately S\$3,258,240);
- (b) the Completion AP shall not be more than US\$2,500,000 (approximately S\$3,394,000); and
- (c) the aggregate cash liabilities of the Company pursuant to the Proposed Debt Restructuring (assuming that the Yichang Divestment is completed), shall not be more than S\$1,357,600.

<b>“Group”</b>	The Company and its subsidiaries.
<b>“Group Restructuring”</b>	As defined in paragraph 3.4.10 of the Explanatory Statement
<b>“Huaneng Leasing”</b>	Huaneng Tiancheng Finance Lease Co Ltd
<b>“Hydro-Power Plants”</b>	13 units of mini-hydroelectric power plants in Sri Lanka with a combined capacity of 43.46 megawatts.
<b>“Independent Assessor”</b>	An assessor appointed under Clause 5.
<b>“IRDA”</b>	The Insolvency, Restructuring and Dissolution Act 2018, as amended or modified from time to time.
<b>“Maybank”</b>	Malayan Banking Berhad.
<b>“New CSA”</b>	The conditional subscription agreement entered into between the Company and the Subscriber on 18 January 2023.
<b>“Notice of Disagreement”</b>	The notice issued by a Disputing Creditor to contest the decision of an Independent Assessor.
<b>“OCBC”</b>	Overseas-Chinese Banking Corporation Ltd.
<b>“Options”</b>	The subscription by the Subscriber of S\$16,291,200 in principal amount of unlisted and freely transferable share options under the New CSA.
<b>“Option Shares”</b>	Shares to be issued under the Options granted to the Subscriber under the terms of the New CSA.
<b>“Ordinary Resolution”</b>	A resolution passed at any Creditors’ Meeting with the support of a majority in number of the Participating Creditors present and voting (either in person or by

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

proxy) on the resolution and whose Approved Claims at that time in aggregate constitute more than fifty percent (50%) of the total Approved Claims of all Participating Creditors present and voting (either in person or by proxy) on the resolution.

<b>“Participating Creditor”</b>	A Creditor who has an Approved Claim.
<b>“Past Liabilities”</b>	The liabilities of the Company and amounts owing to Perpetual Security Holders making up the Scheme Debt.
<b>“PERPS Holders”</b>	Holders of perpetual securities of the Company.
<b>“Proof of Debt”</b>	A proof of debt of a Creditor in respect of its Claim as at 16 February 2023 in the form annexed at <b>Appendix B</b> or in such other form as may be acceptable to the Scheme Managers.
<b>“Proof of Debt Cut-Off Date”</b>	16 February 2023
<b>“Proof of Debt Long Stop Date”</b>	4:00 p.m. on 6 June 2023
<b>“Proof of Debt Voting Cut-Off Date”</b>	4:00 p.m. on 26 April 2023
<b>“Proposed Convertible Loan”</b>	The loan agreement between the Subscriber and the Company for the principal amount of S\$10,860,800 to be capitalised under the New CSA and for the outstanding principal loan amount to be convertible into new Shares of the Company.
<b>“Proposed Debt Restructuring”</b>	This Scheme and the Bilateral Settlement, collectively.
<b>“Proposed Divestments”</b>	Has the meaning ascribed to it in paragraph 3.4 of the Explanatory Statement to the Scheme.
<b>“Proposed Subscriber Transactions”</b>	<p>A subscription by the Subscriber of new Shares in the Company amounting to S\$13,576,000, on the terms and conditions of the New CSA;</p> <p>A subscription by the Subscriber of S\$16,291,200 in principal amount of unlisted and freely transferrable Options, with each option carrying the right to subscribe for one (1) new Share per option on the terms and conditions of the New CSA; and</p> <p>The Proposed Convertible Loan.</p>

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

<b>“Relevant Creditors”</b>	Creditors who are the lenders under the Corporate Guarantees.
<b>“REPS Holders”</b>	Holders of redeemable exchangeable securities in the Company.
<b>“Scheme”</b>	This scheme of arrangement dated 12 April 2023 (or as amended from time to time) proposed in accordance with Section 210 of the Act.
<b>“Scheme Completion”</b>	The completion of the Company’s obligations under the Scheme.
<b>“Scheme Debt”</b>	The total amount of debt to be compromised under the Scheme.
<b>“Scheme Effective Date”</b>	The date on which the Scheme is to be implemented following the fulfilment of the Conditions Precedent listed in the Scheme. The date of completion of the last Conditions Precedent shall be the date of the Scheme Effective Date.
<b>“Scheme Manager” or “Scheme Managers”</b>	Messrs Lin Yueh Hung and Yap Hui Li of RSM Corporate Advisory Pte. Ltd.
<b>“Scheme Period”</b>	The period of time between Commencement Date and Termination Date.
<b>“Scheme Shares”</b>	New shares in the enlarged share capital of the Company to be issued under the Scheme.
<b>“Securities Account”</b>	A valid securities account maintained by a depositor with CDP for the purpose of receiving distribution of the Scheme Shares in accordance with the terms of this Scheme.
<b>“Settlement Shares”</b>	Scheme Shares issued under the Scheme, and Shares to be issued to the REPS Holders under the Bilateral Settlement(s).
<b>“SGX-ST” or “SGX”</b>	The Singapore Exchange Securities Trading Limited
<b>“Shares”</b>	The ordinary shares in the share capital of the Company.
<b>“Share Consolidation”</b>	As described at paragraph 3.4.8.5 of the Explanatory Statement.
<b>“SIC”</b>	The Securities Industry Council of Singapore.
<b>“Specified Address”</b>	8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095.

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

<b>“Specified Email Address”</b>	RF-CharismaEnergy@rsmsingapore.sg
<b>“Sri Lanka Sub-Group”</b>	The Group’s holding entities of the operations in Sri Lanka and the operating companies in Sri Lanka, namely the following entities: CES Green Power S.A. Pte Ltd; Saems Capital II B.V.; Blue Maven Asia Energy (Private) Limited; WKV Hydro Technics (Private) Limited; Falcon Valley Hydro (Private) Limited; Hynford Water Power (Private) Limited; Upcountry Power Supply International (Private) Limited; Thannewatha Mini Hydro Power Holdings (Private) Limited; CES Hydro Power Group Pte. Ltd.; Math Hydro Power (Private) Limited; and CES Hydro Power (SL) Limited, being the owners of the Hydro-Power Plants.
<b>“Subscriber”</b>	Yin Khing Investments Limited.
<b>“Subscription Amount”</b>	S\$13,576,000
<b>“Subscription Shares”</b>	The new Shares issued to the Subscriber under the New CSA, amounting to S\$13,576,000.
<b>“Termination Date”</b>	The date on which the Scheme is terminated pursuant to Clause 11 of the Scheme.
<b>“Tranche 1 Distribution”;</b>	Have the meaning(s) ascribed to them at Clause 3.8 below.
<b>“Tranche 2 Distribution”</b>	
<b>“Upfront Amount”</b>	S\$339,400 (Singapore dollar equivalent of US\$250,000)
<b>“Whitewash Waiver”</b>	The waiver of the obligation of the Subscriber to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers for the Shares not held by the Subscriber following the issue of the Subscription Shares pursuant to the Proposed Subscription under the New CSA and the Option Shares pursuant to the exercise of the Options under the New CSA, subject to any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Subscriber.
<b>“Whitewash Resolution”</b>	The independent Shareholders approving at a general meeting of the Company the proposed ordinary resolution of the Company which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Subscriber in



**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

connection with the issue of the Subscription Shares and the Option Shares.

<b>“Yichang”</b>	Yichang Smartpower Green Electricity Co. Ltd.
<b>“Yichang Divestment”</b>	The divestment of the Company’s 80.0% shareholding interests in Yichang.
<b>“Yichang Proceeds”</b>	85% of the proceeds (net expenses) of the Yichang Divestment and recovery of Yichang Loan.

**Currencies, Units and Others      Definition**

<b>“%”</b>	Per centum or percentage.
<b>“S\$” or “SGD”</b>	Singapore dollars, the lawful currency of Singapore.
<b>“US\$” or “USD”</b>	United States dollars, the lawful currency of the United States of America.

**2. Preamble**

- 2.1 The Company was incorporated in Singapore as a private limited company on 27 September 1997 and was listed on the SGX SESDAQ (now known as the Catalist Board of the SGX-ST) on 6 August 1998. It was previously in the business of covering offshore and onshore oil and gas and marine related businesses and is currently focused on the business of providing services to the energy and power generation sector.. The registered office of the Company is 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095.
- 2.2 The Company has operating and non-operating subsidiaries both in Singapore and elsewhere. Collectively, the Company and its subsidiaries shall be referred to as the **“Group”**.
- 2.3 The Company’s total issued share capital is S\$350,917,663.59 comprising 13,659,328,535 shares (excluding treasury shares). The Company’s 20 largest shareholders as at 29 March 2023 are as follows:

<b>No.</b>	<b>Name</b>	<b>No. of Shares</b>
1	EZION HOLDINGS LIMITED	5,461,932,000
2	PATRICK TAN CHOON HOCK	1,003,083,100
3	HISTORY MAKER LIMITED	490,312,500
4	OCBC SECURITIES PRIVATE LTD	422,243,769
5	SERENE LEE SIEW KIN	339,000,000
6	DBS NOMINEES PTE LTD	294,980,215
7	RAFFLES NOMINEES (PTE) LIMITED	273,021,112
8	SUNSHINE CAPITAL GROUP PTE LTD	250,222,667
9	CHUA AH SUAI	233,968,000
10	ER CHOON HUAT	201,000,000
11	SEAH SOI CHENA	147,800,000
12	MAYBANK SECURITIES PTE. LTD	113,715,551

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

13	CHOW JOO MING	109,000,000
14	PHILLIP SECURITIES PTE LTD	108,215,948
15	SIM ENG KIANG	95,000,000
16	OCBC NOMINEES SINGAPORE PTE LTD	70,956,051
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	66,625,327
18	CITIBANK NOMINEES SINGAPORE PTE LTD	65,154,203
19	WEE PEI TIING	60,110,000
20	YIAP MOI HIANG	59,980,000
<b>Total Top 20 Shareholders</b>		<b>9,866,320,443</b>

*The Company's liabilities and present financial position*

- 2.4 Since 2016, the Group was severely impacted due to the poor performance of the oil and gas business which resulted in the Group recording overall losses from FY2017 onwards. The global oil and gas market globally was depressed for a few years and led to significant reduction in revenue and collection of receivables. The Group was unable to generate sufficient cashflow from the oil and gas assets and this resulted in the default of various debts under the Group. The Group had commenced and managed to secure and / or complete the sale of its oil and gas assets such as Mustang Operations Centre 1 LLC, accommodation module at Port Melville, and four anchor handling tug supply vessels. However, the sale proceeds arising from these disposals were insufficient to fully repay the respective secured borrowings of the Group.
- 2.5 Although the renewable energy and power generation business are profitable and generating positive cashflow, the Group faces challenges in (i) repatriating funds from Sri Lanka due to the country's on-going severe foreign currency crisis (ii) the economic crisis which has seen significant weakening of the Sri Lankan Rupees and (iii) rising costs due to inflation. Further, the Group's solar photovoltaic power plant in China had not received the full entitled government subsidies in the past four years which has accumulated to approximately USD9.7 mil as at 30 September 2022. The Group had only begun to receive progressively some of the outstanding subsidies till June 2018. To further pare down the Group's borrowings, the Group had also disposed of its 140MW Solar Plant in India
- 2.6 The total debt of the Company as at **16 February 2023** is approximately USD 108.4 million.

**3. Scheme Overview**

- 3.1 The Scheme is proposed as part of the Company's broader effort to restructure all its existing liabilities in connection with the Proposed Subscriber Transactions and the Group Restructuring.
- 3.2 Upon the completion of the Proposed Subscriber Transactions and the Proposed Divestments, the remaining assets of the Company would be the Sri Lanka Sub-Group.
- 3.3 The Scheme is proposed to restructure the Past Liabilities being the Participating Creditors' Scheme Debt.
- 3.4 The Scheme proposes that the Creditors shall be separated into the following classes:

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

3.4.1 **Category A:** Creditors with unsecured Claims against the Company; and

3.4.2 **Category B:** PERPS Holders.

3.5 For the purposes of determining whether the statutory majority in value of the Creditors who have voted has been achieved, the Scheme Managers shall only take into account Proof of Debt Forms and Proxy Forms lodged by Participating Creditors. For the avoidance of doubt, all claims shall be adjudicated in SGD. All claims originally denominated in USD shall be converted to SGD at the rate of USD1: SGD1.3576.

3.6 The breakdown of the Participating Creditors in the Scheme, based on the information presently available to the Company, is as follows:

No.	Name	Debt SGD'000 (equivalent)	Debt USD'000 (equivalent)
	<b>Creditors with unsecured claims</b>		
1	Malayan Banking Berhad, Singapore Branch ^	10,854	7,995
2	Etiqa Insurance Pte Ltd	3,433	2,529
3	PrimePartners Corporate Finance Pte. Ltd.	532	392
4	RSM Corporate Advisory Pte Ltd *	250	184
5	Morgan Lewis Stamford LLC *	166	123
6	Yang Lee & Associates	61	45
7	Pareto Securities Pte Ltd	55	40
8	Boardroom Corporate & Advisory Services Pte Ltd	53	39
9	Tricor Singapore Pte Ltd	40	29
10	RSM Risk Advisory Pte Ltd	15	11
11	Rockstar Atelier Pte Ltd	13	10
12	Eversheds Harry Elias LLP	11	8
13	Chew Thiam Keng	34	25
14	Cheng Yee Seng	30	23
15	Lim Chen Yang	30	23
16	Simon de Villiers Rudolph	26	19
17	Eng Chiaw Koon	19	14
18	Patrick Tan Choon Hock	7,928	5,840
19	Ezion Holdings Limited	38,481	28,345
	<b>Total unsecured liabilities</b>	<b>62,031</b>	<b>45,694</b>
	<b>Perpetual Securities (unpaid distributions and face value)</b>		
20	Sunshine Capital Group Pte Ltd	1,320	972
21	Nylect Holdings Pte Ltd	660	486
22	Patrick Tan Choon Hock	6,597	4,859
23	Sim Hee Chew	660	486
24	Tan Kim Seng	2,639	1,944
		<b>11,876</b>	<b>8,747</b>

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

No.	Name	Debt SGD'000 (equivalent)	Debt USD'000 (equivalent)
	<b>Total Scheme Debt</b>	<b>73,907</b>	<b>54,441</b>

*^The amounts owing set out in the table are before realization of security.*

*\* In view of their roles in assisting in the Scheme, RSM Corporate Advisory Pte Ltd and Morgan Lewis Stamford LLC shall abstain from voting in the Scheme.*

3.7 The Participating Creditors will agree to compromise their claims under the Scheme in consideration for receiving the following distribution under the terms of the Scheme, with their respective entitlements being the proportion of their Approved Claim in the respective category to the total Approved Claims in their respective category:

3.7.1 **Category A:** The distribution of (a) cash of SGD 1.15 million<sup>5</sup> to the creditors of this class in accordance with the terms of this Scheme, being approximately an estimated recovery of 1.8% of the total debt in this class; (b) 85% of the sale proceeds (net of expenses) of the Yichang Divestment and Yichang Loan recovery (the "**Yichang Proceeds**") to the Participating Creditors in accordance with their respective entitlements under the terms of this Scheme within 14 Business Days of the receipt of the Yichang Proceeds in Singapore by the Company, being approximately an estimated recovery of 3.7% of the total debt in this class if the Yichang Proceeds amounts to US\$2 million; and (c) the issue of Scheme Shares to Participating Creditors in this class, being approximately an estimated recovery of 7.4% of the total debt in this class based on valuation at the investor's subscription price. In summary, the total recovery is estimated to amount to approximately 13% of the total debt in this class;

3.7.2 **Category B:** The issue of Scheme Shares to the creditors of this class in accordance with the terms of this Scheme, being approximately an estimated recovery of 7% of the total debt in this class.

3.8 The distributions of cash to the Participating Creditors in Category A above are envisaged to be carried out in two tranches:

3.8.1 The distribution of approximately SGD 1.15 million to the Participating Creditors in accordance with their respective entitlements under the terms of this Scheme within 14 Business Days of the the Completion Date ("**Tranche 1 Distribution**"); and

3.8.2 Following the Tranche 1 Distribution, the distribution of the Yichang Proceeds, if any, within 14 Business Days of the receipt of the Yichang Proceeds in Singapore by the Company and/or its affiliates and/or its authorised representatives (including but not limited to the appointed Scheme Managers, as the case may be) ("**Tranche 2 Distribution**").

3.9 Under the Scheme, the Company shall:

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<sup>5</sup> Being 85% of the sum of S\$1,357,600 from the Subscription Proceeds to be used towards the satisfaction of liabilities pursuant to the Proposed Debt Restructuring.

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

- 3.9.1 pay the Cash Distribution to the Participating Creditors in Category A in accordance with their entitlement under the Scheme and in the two separate tranches (being the Tranche 1 Distribution, and the Tranche 2 Distribution); and
  - 3.9.2 issue Scheme Shares to the Participating Creditors in Categories A and B within 30 Business Days of the Scheme Effective Date.
- 3.10 Following the Scheme Effective Date:
- 3.10.1 The Creditors shall accept the payments and benefits under this Scheme given to them in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith.
  - 3.10.2 All Claims from the Creditors shall forever be waived, released, discharged and extinguished.
  - 3.10.3 Where the Company has granted Corporate Guarantees (as defined in the Scheme) to the Relevant Creditors, the Relevant Creditors also agree that the Company's obligations under the Corporate Guarantees are deemed to be fully discharged, and the Company and the Relevant Creditors shall take all necessary steps to effect the termination and discharge of the Corporate Guarantees.
  - 3.10.4 Where the Company has extended warranties of performance under any contract whatsoever, such warranties are deemed to be fully discharged, and the Company shall be forever released from its obligations of performance under the said warranties.
  - 3.10.5 All claims for any interest (whether contractual, default, penalty or otherwise), costs, fees and expenses accruing after the Proof of Debt Cut-Off Date arising from, in connection with or relating to any Claims shall not be payable by the Company.
  - 3.10.6 Upon completion of the Scheme, all such claims for interest, costs, fees and expenses shall be waived by the Creditors and shall be deemed to be forever extinguished.
- 3.11 The following creditors of the Company are Excluded Creditors for the purposes of the Scheme:
- 3.11.1 The Company's legal advisers for the work done in connection with the Group's Restructuring;
  - 3.11.2 The Company's advisers for the work done in connection with the Group's Restructuring and the Company's application under Section 210 of the Companies Act;
  - 3.11.3 Liabilities owed to subsidiaries and joint ventures of approximately USD 28.6 million (before offset against receivables). Under the Group's restructuring plan, the Company intends to enter into bilateral settlement agreements with these related company creditors;
  - 3.11.4 REPS Holders;

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

- 3.11.5 The Singapore Exchange Securities Trading Limited and the Central Depository Pte Ltd;
- 3.11.6 Huaneng Leasing, to the extent the Company has extended a corporate guarantee to Huaneng Leasing in respect of Huaneng Leasing's loan to Yichang;
- 3.11.7 Creditors whose debts do not exceed S\$10,000. Such creditors will be paid in full and shall not be entitled to vote on the Scheme; and
- 3.11.8 Inland Revenue Authority of Singapore.

3.12 The full list of Excluded Creditors is exhibited hereto at **Appendix E**.

**4. Conditions Precedent**

4.1 The Scheme is proposed to the Creditors of the Company whose debts comprise the Scheme Debt and is subject to the following conditions precedent:

**Conditions Precedent Relating to the Court Proceedings**

- 4.1.1 leave being granted by the Court to convene a meeting (the "**Scheme Meeting**") of the Company's Creditors under Section 210(1) of the Companies Act;
- 4.1.2 the Participating Creditors at the Scheme Meeting having approved the terms of the Scheme;
- 4.1.3 the sanction by the General Division of the High Court in relation to the Scheme;
- 4.1.4 a copy of the order of Court made under subsection 210(3AB)(c) of the Companies Act 1967 is lodged with the Registrar;

**Conditions Precedent Before the Scheme Effective Date**

- 4.1.5 the full discharge by OCBC of any and all liabilities and debts owing by the Sri Lanka Sub-Group to OCBC;
- 4.1.6 OCBC having agreed to the full discharge of any and all mortgage, charge, pledge, lien or other security interest securing any obligation of the Sri Lanka Sub-Group for the benefit of OCBC;
- 4.1.7 the creation of a fresh debt obligation to the Subscriber (the principal amount of which shall be no less than S\$10,860,800 pursuant to the New CSA) in consideration for the Subscriber having procured the fulfilment of the Conditions set out in subparagraphs (a) and (b) above pursuant to the OCBC Loan Restructuring;
- 4.1.8 the fulfilment of the Financial Conditions;
- 4.1.9 the in-principle approval of the SGX-ST being obtained by the Company in relation to the listing and quotation of the Subscription Shares and the Option Shares;
- 4.1.10 the in-principle approval of SGX-ST being obtained by the Company in relation to the

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

resumption of trading of the Shares on the SGX-ST;

- 4.1.11 the grant by the Securities Industry Council of Singapore (the “**SIC**”) (and the SIC not having revoked or repealed such grant) of the waiver of the obligation of the Subscriber to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers for the Shares not held by the Subscriber following the issue of the Subscription Shares pursuant to the Proposed Subscription under the New CSA and the Option Shares pursuant to the exercise of the Options under the New CSA, subject to (i) any conditions that the SIC may impose, provided that such conditions are reasonably acceptable to the Subscriber (the “**Whitewash Waiver**”); and (ii) the independent Shareholders approving at a general meeting of the Company the proposed ordinary resolution of the Company which if passed by the independent Shareholders would result in a waiver by the independent Shareholders of their right to receive a mandatory general offer from the Subscriber in connection with the issue of the Subscription Shares and the Option Shares (the “**Whitewash Resolution**”);
- 4.1.12 Shareholders’ approval being obtained at an extraordinary general meeting of the Company to be duly convened for, *inter alia*, the Proposed Subscriber Transactions, the allotment and issue of the Subscription Shares and the Option Shares (pursuant to the exercise of the Options), the transfer of controlling interest in the Company to the Subscriber, the Whitewash Resolution, the Proposed Divestments (if necessary), the Proposed Share Consolidation and the Proposed Debt Restructuring (including the allotment and issue of the Settlement Shares<sup>6</sup> thereunder (the “**Proposed Issue of Settlement Shares**”)); and
- 4.1.13 such consents, approval or waiver as may be required (or deemed necessary by the parties) being obtained from any other person(s), including but not limited to any governmental, regulatory body or competent authority having jurisdiction over the parties in respect of the transactions contemplated in the New CSA and such consents, approvals or waivers not having been amended or revoked and if any such consents, approvals or waivers are subject to conditions, such conditions being reasonably acceptable to the parties.

**5. Proof of Debt; Determination of Entitlement for Voting and Approved Claims**

- 5.1 Each Creditor of the Company shall submit and deliver to the Scheme Managers a Proof of Debt in respect of its Claim on or before the Proof of Debt Voting Cut-Off Date for the purposes of voting on the Scheme; or the Proof of Debt Long Stop Date for the purposes of participating in the Scheme. Creditors who wish to appoint a proxy to vote on his or her behalf at the Scheme Meeting should complete the Proxy Form and return the Proxy Form together with the Proof of Debt to the Scheme Managers at the Specified Address or via the Specified Email Address by the Proof of Debt Voting Cut-Off Date. The Scheme Managers will have discretion to accept Proxy Forms received after the Proof of Debt Voting Cut-Off Date and prior to the Scheme Meeting.
- 5.2 Creditors who have not submitted a Proof of Debt on or before the Proof of Debt Voting Cut-Off Date shall not be entitled to vote on the Scheme (subject to the chairman of the Scheme

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<sup>6</sup> The Proposed Issue of Settlement Shares is subject to the terms and conditions of the Proposed Share Consolidation (which is subject to existing shareholders’ approval).

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

Meeting discretion). Creditors who have not submitted a Proof of Debt on or before the Proof of Debt Long Stop Date shall not be entitled to the receipt of any distribution, payments or benefits under this Scheme. Any Claim of a Creditor against the Company which is not lodged by the Creditor through the submission of a Proof of Debt on or before the Proof of Debt Long Stop Date shall be forever waived, released, discharged and extinguished, and that Creditor shall not have any rights, interests and claims whatsoever against the Company in respect of such Claim.

5.3 The Proofs of Debt shall be adjudicated by the Scheme Managers for the purposes of determining the Approved Claims. The adjudication shall be carried out as follows:

5.3.1 The Scheme Managers shall be entitled to have regard to all relevant information whether supplied by the Creditor or otherwise made available to the Scheme Managers, and where applicable, be entitled to set-off any mutual credits, mutual debits or other mutual dealings between the Company and any Creditor such that only the balance shall be used for the purposes of calculating and determining the value of such Creditor's Claim and/or Approved Claim (if any) as at the Ascertainment Date.

5.3.2 By twenty-eight (28) days before the Scheme Meeting, the Scheme Managers shall complete the adjudication of all the proofs of debt filed by Creditors for the purposes of voting at the Scheme Meeting, and send in writing the results of adjudication of the Proofs of Debts to every Creditor who has filed a Proof of Debt for the purposes of voting at the Scheme Meeting.

5.3.3 Any Disputing Creditor objecting to the decision of the Scheme Managers as regards its Claim or the value of its Approved Claim (if any) (i.e. a Disputed Claim):

5.3.3.1 shall not later than fourteen (14) days before the date of the Scheme Meeting, send a written request to the Scheme Managers at the Specified Address seeking agreement for the appointment of an Independent Assessor; or

5.3.3.2 shall not later than fourteen (14) days before the date of the Scheme Meeting, make an application to the Court for the appointment of an Independent Assessor pursuant to Section 68(9)(b) of the IRDA; and

5.3.3.3 shall comply with such determination on costs or order for costs in respect of all costs and expenses incurred and determined to be payable by that Creditor in relation to, pursuant to or arising from such dispute resolution proceedings or application to the Court to determine the dispute; and

5.3.3.4 agrees that any amount of costs and expenses payable by the Company pursuant to a determination of or an order for costs in relation to or arising from such dispute resolution proceedings or application to the Court to determine the dispute, shall be added to the Approved Claim of the Creditor to be dealt with in accordance with the terms of the Scheme; and

5.3.3.5 agrees that the Scheme Managers shall not be liable to that Creditor for any and all costs, fees and expenses incurred by that Creditor in disputing such decision or determination and in relation to or arising from its commencement of dispute resolution proceedings or application to the Court.



**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

- 5.3.4 The written request mentioned in Clause 5.3.3.1 must nominate a person to be appointed as the Independent Assessor and state the Dispute that the Independent Assessor (if appointed) is to adjudicate.
- 5.3.5 The Independent Assessor shall be appointed:
- 5.3.5.1 By the agreement in writing by all parties to the Dispute; or
- 5.3.5.2 If no such agreement as per Clause 5.3.5.1 can be reached, by the Court on the application of:
- (i) any party to the Dispute; or
  - (ii) the Scheme Manager.
- 5.3.6 The Scheme Managers must, as soon as practicable after the appointment of an Independent Assessor provide the relevant Proof of Debt to the Independent Assessor.
- 5.3.7 The Independent Assessor, shall, not later than seven (7) days after being provided with the relevant Proof of Debt
- 5.3.7.1 make a decision on the Dispute that the Independent Assessor was appointed to adjudicate; and
- 5.3.7.2 send a written notice of the decision, together with the reasons for the decision, to the Scheme Manager and the Disputing Creditor(s).
- 5.3.8 Where a Disputing Creditor, the Company or the Scheme Manager disagree with any decision of an Independent Assessor on the Dispute that the Independent Assessor was appointed to adjudicate, the Scheme Manager or the Disputing Creditor may file a notice of disagreement (the “**Notice of Disagreement**”) regarding that decision, together with a statement of the reason(s) for the disagreement, for consideration by the Court when the Court hears an application for the Court’s approval under Section 210(4) of the Companies Act of the Scheme.
- 5.3.9 The party who files the Notice of Disagreement must send the Notice of Disagreement and the accompanying statement to the Company and the Scheme Manager, unless the Notice of Disagreement is filed by the Scheme Manager together with:
- 5.3.9.1 the agreement of all Disputing Creditors (where the Independent Assessor is appointed by the agreement of those Disputing Creditors); or
- 5.3.9.2 the Court (where the independent Assessor is appointed by the Court).
- 5.3.10 The remuneration of the Independent Assessor is to be:
- 5.3.10.1 fixed by:
- (i) the agreement of all parties to the Dispute (where the Independent Assessor is appointed by the agreement of those parties); or

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

- (ii) the Court (where the Independent Assessor is appointed by the Court); and

5.3.10.2 unless the Court otherwise orders, borne by the Disputing Creditor in relation to the Dispute.

5.3.11 For the avoidance of doubt, the Scheme Manager will not be required to delay or postpone the implementation of this Scheme, or the taking of any necessary steps thereunder, by the fact that there is pending an application to an Independent Assessor or to the Court in respect of any decision of the Scheme Manager or an Independent Assessor.

5.3.12 Any Creditor who fails to comply with the above provisions shall be deemed to have admitted and accepted the decision or determination of the Scheme Manager as regards its Claim in its Proof of Debt and the amount(s) of its Approved Claim.

5.3.13 Each Creditor shall promptly provide the Scheme Manager with all such information and documents requested by the Scheme Manager (as the case may be) which are relevant to its Claim in its Proof of Debt, or to the determination of the amount of its Approved Claim (if any).

5.3.14 For the purposes of adjudicating the Claim that is contingent in nature, the Scheme Manager shall ascertain the Approved Claim by application of a just estimate of the value of the Claim. Where a Creditor has more than one Claim against the Company which relates to a contingent or future debt as at the Ascertainment Date and which has been admitted by the Scheme Manager, it shall be open to the Scheme Manager to make different just estimates of each contingent claim.

**6. Cash Distribution**

6.1 The distribution of the cash under the scheme to the Participating Creditors in Category A shall be in the Tranche 1 and Tranche 2 Distributions as defined in the Scheme at Clause 3.8 above.

6.2 Payment of the Cash Distribution by the Company under this Scheme shall be made by cheque or by bank transfer to a bank account designated by the Participating Creditor, provided that the fees and expenses incurred in connection with such bank transfer shall be borne by the Participating Creditor and will be deducted from any sum payable to the Participating Creditor under this Scheme.

6.3 If for any reason whatsoever, any payment made to a Participating Creditor pursuant to this Scheme is not received by that Participating Creditor and such non-receipt of payment is not the result of any fault on the part of the Company, such Participating Creditor shall be deemed to have waived all its rights in relation to that payment upon the expiry of two (2) months from the date of such payment being made.

**7. Issue of Scheme Shares / Sale of Scheme Shares**

7.1 Within 30 Business Days of the Scheme Effective Date, the Company shall allot the Scheme Shares to each Participating Creditor on a *pari passu* basis according to its entitlement under the Scheme.

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

- 7.2 Each Participating Creditor may, at its discretion, elect in writing to instruct the Company to sell (at any prevailing price during the five Business Days after the lifting of the suspension of trading of the Company's securities), and the Company may make arrangements (at its discretion) for the sale of such number of Scheme Shares such Participating Creditor may be entitled to ("**Elective Sale**").
- 7.3 Should the Participating Creditor elect to proceed as per Clause 7.2 above, the Scheme Managers shall:
- 7.3.1 Inform the Participating Creditor in writing of the completion and the proceeds of such Elective Sale within 7 Business Days of the completion of the Elective Sale; and
- 7.3.2 Will cause the Company to transfer the proceeds of such Elective Sale (after deduction of any applicable brokerage fees and applicable taxes) to a bank account nominated by such Participating Creditor within 14 Business Days of the completion of the Elective Sale.
- 7.4 The Company shall, subject to requisite regulatory approvals having been obtained (including a listing and quotation notice from the SGX-ST in respect of the Scheme Shares), issue the Scheme Shares under its general mandate to each Participating Creditor in Category A and Category B according to its entitlement under the Scheme.
- 7.5 The total number of Scheme Shares to be distributed is 26.2% of the enlarged share capital of the Company. Participating Creditors in Category A will be issued Scheme Shares amounting to a cumulative total of 22% of the Company's enlarged share capital. Participating Creditors in Category B will be issued Scheme Shares amounting to a cumulative total of 4.2% of the Company's enlarged share capital.
- 7.6 The number of Scheme Shares issued under the Scheme will be rounded down to the nearest whole Share with fractional entitlements to be disregarded.
- 7.7 The Scheme Shares will be ordinary shares of the Company and will rank *pari passu* in all respects with the other ordinary shares in the share capital of the Company.
- 7.8 The Scheme Managers shall notify the Participating Creditors in writing of the number of Scheme Shares to be allotted and issued to them within thirty (30) Business Days from the Scheme Effective Date.
- 7.9 The Scheme Shares shall be transferred to each Participating Creditor's securities account held with CDP ("**Securities Account**"). The Creditors are to provide information on the Securities Account held with CDP in accordance with the Proof of Debt Form at Appendix B.
- 7.10 If the holding of Scheme Shares by any Participating Creditor may result in a contravention of any laws of Singapore, or if any Participating Creditor does not wish to have its account with the CDP credited with the Scheme Shares, such Creditor shall be entitled to nominate another party into whose account with the CDP the Scheme Shares may be credited instead, provided that such nomination shall be made in writing in accordance with **Appendix D** and served on the Company no longer than fourteen (14) Business Days after the Scheme Effective Date.
- 7.11 For the avoidance of doubt, the credit of Scheme Shares to such nominated party's account shall have the same effect of fully satisfying and completely discharging the portion of the

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

Participating Creditor's right to such Scheme Shares.

7.12 Following the issue of the Scheme Shares, the Company will also undertake the Share Consolidation exercise described at paragraph 3.4.8.5 of the Explanatory Statement. The Share Consolidation exercise is undertaken for the Company to meet the minimum trading price to resume trading of its Shares.

7.13 If for any reason whatsoever, the issue of the Scheme Shares to a Participating Creditor pursuant to this Scheme is not received by that Participating Creditor and such non-receipt is not the result of any fault on the part of the Company, such Participating Creditor shall be deemed to have waived all its rights in relation to that payment or issue upon the expiry of two(2) months from the date of such payment or issue being made.

**8. Restraint of Proceedings During the Scheme Period**

8.1 During the Scheme Period, no Creditor shall, whether directly or indirectly, take any steps to initiate, commence, procure, or continue any legal or other proceedings against the Company or any of their assets and properties in respect of the indebtedness of the Company in any jurisdiction including, but not limited to, court action (including winding up proceedings, judicial management and any analogous proceedings in any other jurisdiction), arbitration, the appointment of a receiver or receiver and manager, and/or the enforcement of any judgment, court order or arbitral award.

8.2 Unless otherwise expressly provided for in the Scheme, the Creditors shall accept the payments under the Cash Distribution and/or the issuance of the Scheme Shares (as the case may be) given to them in full satisfaction and complete discharge of all Claims and all interest, costs, charges, fees and expenses incurred in connection therewith.

8.3 For the avoidance of doubt, nothing in this Scheme shall affect, fetter or limit the Company's rights that it may have at law in relation to any claims or legal proceedings against any Creditor.

8.4 Any Creditor who receives or recovers, at any time, on or after Commencement Date, from the Company any sum in discharge of any portion of its Approved Claim, shall within two (2) Business Days after it receives or recovers such sum (other than the payments made pursuant to this Scheme), notify the relevant Company of the amount and currency so received, how it was received or recovered and whether it represents principal or interest or other sums. Such Creditor shall, within two (2) Business Days after receiving a request from the Company, pay to the Company an amount equal to the sum so received or recovered (free and clear of all deductions or withholdings) and that Company shall cause such monies from the Creditor to be utilised for the Cash Distribution to be made under Clause 6 of this Scheme.

**9. Extinguishment of Claims and Interest**

9.1 The Participating Creditors agree and accept that the full payment of the Cash Distribution and the issue of the Scheme Shares by the Company shall be in full satisfaction and complete discharge and extinguishment of all Claims (including for the avoidance of doubt any contingent Claims) and all interest, costs, charges, fees and expenses incurred in connection therewith.

9.2 All claims for any interest (whether contractual, default, penalty or otherwise), costs, fees and expenses accruing after the Ascertainment Date arising from, in connection with or relating to

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

any Claims shall not be payable by the Company.

- 9.3 Upon completion of the Scheme, all such claims for interest, costs, fees and expenses shall be waived by the Creditors whensoever accruing and shall be deemed to be forever extinguished.
- 9.4 For the avoidance of doubt, nothing in this Scheme shall affect, fetter or limit the Company's rights that it may have at law in relation to any claims or legal proceedings against any Creditor.
- 9.5 The Participating Creditors in Category A expressly acknowledge and recognise that the sale of the Yichang shares (i.e. the Yichang Divestment) is (i) a future event; and (ii) the Company is unable at this time to state the amount of Yichang Proceeds that will be available for distribution to the Creditors under the Tranche 2 Distribution. Accordingly, the Creditors expressly agree to accept the amounts received from the sale of the Yichang shares (i.e. the Yichang Proceeds) under the aforesaid Tranche 2 Distribution without reservation and expressly subject to the provisions of Clause 9.2 above.

**10. Scheme Managers**

- 10.1 Lin Yueh Hung and Yap Hui Li of RSM Corporate Advisory Pte. Ltd. shall be appointed the Scheme Managers with the duties set out in this Clause 10 herein on and from the Commencement Date until the Termination Date.
- 10.2 The Scheme Managers may at any time and from time to time delegate their powers and functions under this Scheme to any natural person(s).
- 10.3 The Scheme Managers shall oversee the Company's implementation of and compliance with the provisions of this Scheme and shall have the power to do all such things as they may consider necessary or desirable towards that end, including without limitation:
- 10.3.1 the power to appoint an agent to carry out or to assist them in carrying out any of their functions;
- 10.3.2 the power to delegate the performance of any of their duties and the exercise of any of their powers to a suitably qualified person; and
- 10.3.3 the power to engage professional advisors including without limitation accountants, solicitors or counsel, whether practising within Singapore or outside Singapore.
- 10.4 Any natural person(s) to whom the Scheme Managers may delegate their powers under Clause 10.3.2 may likewise exercise the same powers of delegation as are vested in the Scheme Managers by this Clause 10.
- 10.5 In exercising their powers and carrying out their duties under this Scheme, the Scheme Managers shall at all times act independently of the Company and its stakeholders. Nothing in this Scheme shall at any time be construed as creating any obligation on the part of the Scheme Managers to act as agent for or on behalf of the Company or any of the Creditors.
- 10.6 The Company shall pay the professional fees and disbursements of the Scheme Managers and shall at all times indemnify and keep harmless the Scheme Managers and their delegate appointed under Clause 10.3.2 from and against any and all losses, damage, charges, costs

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

and expenses of whatsoever nature which he may at any time and from time to time sustain, incur or suffer at any time, whether before or after the Termination Date, in connection with the exercise of their powers in the performance of their duties under this Scheme unless such losses, damage, charges, costs or expense arise out of the negligence, fraud or wilful default of the Scheme Managers.

- 10.7 To the extent that, in the Scheme Managers' reasonable opinion, there is any doubt as to whether the Scheme Managers may execute, perform or do any act, matter or thing under the powers conferred upon them under the Scheme, then that act, matter or thing may only be executed, performed or done with the authority of such Creditors at a meeting called pursuant to Clause 12 herein.
- 10.8 To the extent that, in the Scheme Managers' reasonable opinion, there is any doubt as to whether the execution, performance or action by the Scheme Managers under the powers conferred upon them give rise to a conflict or potential conflict of interest as between the Company and the Creditors, the Scheme Managers shall as soon as practicable inform the Directors and the Creditors of such conflict or potential conflict of interest and shall not be obliged to take any action until the conflict or potential conflict of interest is resolved between the Company (acting through the Directors) and the authority of such Creditors at a meeting called pursuant to Clause 12 herein.
- 10.9 The Scheme Managers may apply to Court for directions in relation to any particular matter arising in connection with the carrying out of their powers or functions under this Scheme or the interpretation of any specific provision of this Scheme and shall do all such things as the Court may direct.
- 10.10 Nothing herein shall affect the Company's appointment of RSM Corporate Advisory Pte. Ltd. as Corporate Advisor to the Company notwithstanding the expiration or termination or such determination of the Scheme for any reason whatsoever.
- 10.11 A Scheme Manager may resign at any time after the Commencement Date if he gives at least 30 days' prior written notice to the Company. The resignation of the Scheme Manager shall not take effect unless and until a new scheme manager is appointed. The resigning Scheme Manager may appoint a successor scheme manager, who shall have the capacity and experience to undertake the duties undertaken by the Scheme Manager.

**11. Termination of the Scheme**

- 11.1 The Scheme shall terminate by performance when:
- 11.1.1 the Cash Distribution of the S\$1.15m has been effected to the Participating Creditors in accordance with Clause 6 herein (ii) Yichang Divestment is completed and the Cash Distribution of the Yichang Proceeds, if any, has been effected and (iii) the Scheme Shares have been issued to the Participating Creditors in accordance with Clause 7 herein, and the Scheme Managers (acting reasonably) have thereafter certified under hand that the above distributions have been duly made;
- 11.1.2 the Company obtains an order of the Court directing that the Scheme be terminated by performance; or
- 11.1.3 there has been any non-payment to Participating Creditors in accordance with Clauses

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

6 and 7 of this Scheme, and such non-compliance has not been rectified in accordance with Clause 11.3 below or waived pursuant to a Special Resolution passed at a Creditors' Meeting within thirty (30) Business Days of the non-compliance. For the purposes of this sub-clause, "non-payment" includes both non-payment of the Cash Distribution and the issue of the Scheme Shares as contemplated at Clause 7 of the Scheme.

(Each referred to as the "End Date")

11.2 Upon the End Date:

11.2.1 the Scheme shall cease and terminate;

11.2.2 the Scheme Manager shall cease to have any further rights, obligations and liabilities under the Scheme; and

11.2.3 the Participating Creditors' obligations as set out at Clause 7.1 herein shall be discharged and come to an end.

11.3 Unless expressly stated otherwise in this Scheme, in the event of any breach or non-compliance of any terms of the Scheme, the Company shall rectify such breach or non-compliance within thirty (30) Business Days from the date of such breach or non-compliance. No breach of the Scheme shall be regarded as having occurred if rectified within such time period.

11.4 The Company shall have the option to terminate the Scheme should there be a breach or failure by any Creditor to comply with, adhere to and/or perform its obligations under Clauses 8 and/or 9 of this Scheme.

11.5 In the event that the Scheme is terminated other than pursuant to Clause 11.1.1 above, the Scheme shall cease to be binding on the Creditors and each Creditor shall be entitled to exercise any and all of its rights, powers and remedies against the Company as if this Scheme was never proposed but each Creditor in so exercising its rights, power and remedies as aforesaid shall give credit to the Company for all sums and shares received from the Company under this Scheme in reduction or discharge of that Creditor's Claim.

11.6 Clause 11.5 above shall survive the termination of the Scheme.

**12. Creditors' Meetings**

12.1 During the Scheme Period, the Company and/or the Scheme Managers may, whenever it thinks fit or appropriate, convene a Creditors' Meeting to propose an Ordinary Resolution or (if required by its Articles of Association and/or the Act and/or this Scheme) a Special Resolution as the Company and/or the Scheme Managers may in their sole discretion deem fit, in respect of any matters arising in connection with the terms and/or implementation of the Scheme.

12.2 During the Scheme Period, the Company shall convene a Creditors' Meeting upon the submission of a written request from any one or more Creditors whose Approved Claims subsisting at the relevant time in aggregate constitute not less than twenty percent (20%) of the total Approved Claims of its class of Creditors subsisting at such relevant time. In the event that the Company fails to convene and hold a Creditors' Meeting within thirty (30) days after

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

the date of any request of such Creditors, then those requesting Creditors may convene a Creditors' Meeting.

- 12.3 Unless expressly stated that a Special Resolution is required, the Participating Creditors shall have the power by Ordinary Resolution to approve any variation and/or decision to be taken regarding this Scheme.
- 12.4 The following provisions shall apply to any Creditors' Meeting:
- 12.4.1 Any accidental omission to give notice of meeting or the non-receipt of notice by any Participating Creditor shall not invalidate any meeting or the proceedings thereat.
- 12.4.2 Any notice of meeting shall be accompanied by a proxy form to be issued by the Company and each Participating Creditor shall, at least twenty-four (24) hours before the Creditors' Meeting, lodge the proxy form with the Scheme Managers at the Specified Address. If a Participating Creditor fails to lodge a proxy form at least twenty four (24) hours before the Creditors' Meeting, that Participating Creditor shall not be entitled to vote at the Creditors' Meeting unless so admitted to vote at the discretion of the chairman of the Creditors' Meeting.
- 12.4.3 Any Participating Creditor which is not a natural person must appoint a proxy to attend and vote on its behalf at all Creditors' Meetings and any Participating Creditor may appoint any natural person to be its proxy or attorney to attend and vote on its behalf at any or all Creditors' Meetings. No Participating Creditor shall be entitled to appoint more than one (1) proxy or attorney to attend and vote at any Creditors' Meeting and the proxy or attorney shall not be allowed to attend and vote at any Creditors' Meeting except in the absence of its appointor. A Participating Creditor may revoke the appointment of any person as its proxy or attorney by giving written notice thereof to the Scheme Managers.
- 12.4.4 At any such meeting, two (2) Participating Creditors present in person or by proxy shall form a quorum for the transaction of business and no business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.
- 12.4.5 The Scheme Managers shall be entitled to nominate the chairman of the meeting, but if no representative of the Scheme Managers is present within thirty (30) minutes of the time appointed for the holding of the meeting, the Participating Creditors present in person or by proxy shall choose one of their number to be chairman.
- 12.4.6 If within half an hour from the time appointed for any meeting, a quorum of Participating Creditors is not present, the meeting shall stand adjourned to such place and time at the discretion of the chairman, and if at such adjourned meeting, a quorum is still not present, one (1) Participating Creditor shall form a quorum and may transact any business which a Creditors' Meeting is competent to transact.
- 12.4.7 The chairman may, with consent of the Participating Creditors present at the meeting, adjourn the meeting from time to time and from place to place, to a place and time determined by the Scheme Managers.
- 12.4.8 Any meeting at which it is proposed to: (i) pass an Ordinary Resolution shall be called by giving at least fourteen (14) Business Days' notice in writing to the Participating Creditors; and/or (ii) pass a Special Resolution shall be called by giving at least twenty-



**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

one (21) Business Days' notice in writing to the Participating Creditors.

**13. Modifications or Amendments to the Scheme**

- 13.1 All procedural amendments, including any extension or abridgment of time in connection with anything to be done under the Scheme (save in respect of any payment obligations of the Company under the Scheme), shall be approved by Ordinary Resolution passed by the Participating Creditors at a Creditors' Meeting.
- 13.2 All substantive modifications and/or amendments to and decisions to be taken regarding the Scheme shall be approved by Special Resolution passed by the Participating Creditors at a Creditors' Meeting. Any proposed modification, amendment and/or decision to be taken with respect to any payment obligations of the Company under the Scheme shall be regarded as a substantive modification and/or amendment to the Scheme.
- 13.3 Save as provided for under Clauses 13.1 and 13.2 above, any modifications and/or amendments to the terms of the Scheme and any decisions to be taken regarding the Scheme shall be approved by Ordinary Resolution passed by the Participating Creditors at a Creditors' Meeting.
- 13.4 For the avoidance of doubt and subject to Clauses 13.1 and 13.2 above, the Scheme Managers shall determine whether a proposed modification, amendment and/or decision to be taken regarding the Scheme is procedural or substantive in nature or otherwise, and any such determination by the Scheme Managers shall be conclusive and binding on all parties to the Scheme.

**14. Costs**

- 14.1 Save as otherwise ordered by the Court, the Company shall pay in full all of its costs, charges, expenses and disbursements incurred in connection with the negotiation, preparation and implementation of the Scheme as and when they arise, including, but not limited to the cost of holding its respective Creditors' Meeting and obtaining the Court Order.

**15. Performance of obligations on dates other than a Business Day**

- 15.1 If any obligation is to be performed under the terms of the Scheme on a date other than a Business Day, the relevant obligation shall be performed on the next Business Day.

**16. Notices**

- 16.1 Every notice to be given to a Creditor under this Scheme shall be in writing and sent by normal post at the address of the Creditor last known to the Scheme Managers or by electronic mail to the Creditors for whom the Scheme Managers have an e-mail address in their records, which e-mail address the Scheme Managers understand to be the last known e-mail address(es) of that Creditor or any director, employee, agent, solicitor or authorised representative of that Creditor.
- 16.2 Any such notice shall be deemed to have been duly served (if given by electronic mail) immediately via the electronic mail, from the intended recipient (or if given by letter) seven (7) days after posting it shall be sufficient to show that the envelope containing the same was duly addressed, stamped and posted regardless of whether the said notice be actually received and whether the said notice is returned to the Scheme Managers.

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX A: SCHEME OF ARRANGEMENT**

**17. Severability**

17.1 If any provision in this Scheme shall be held to be invalid, illegal or unenforceable, in whole or in part, the provision shall apply with whatever deletion or modification as necessary so that the provision is legal, valid and enforceable and gives effect to the commercial intentions of the Creditors and the Company.

17.2 To the extent it is not possible to delete or modify the provision in whole or in part, under Clause 17.1, then such provision or part of it shall, to the extent that it is invalid, illegal or unenforceable, be deemed not to form part of this Scheme and the validity, legality and enforceability of the remainder of this Scheme shall, subject to any deletion or modification made under Clause 17.1, not be affected.

**18. Proper Law and Jurisdiction**

18.1 This Scheme shall be exclusively governed by the laws of the Republic of Singapore.

18.2 The parties to this Scheme (including the Company, the Scheme Managers and the Creditors) hereby irrevocably submit to the exclusive jurisdiction of the courts of Singapore in relation to any legal actions or proceedings arising out of or in connection with this Scheme.

**19. Contracts (Rights of Third Parties) Act 2001**

19.1 Save as expressly provided for in the Scheme, a person who is not a party to this Scheme has no right under the Contracts (Rights of Third Parties) Act 2001, to enforce any term of this Scheme.

**20. Personal Data Protection Act 2012**

20.1 Each Creditor represents, warrants and undertakes to the Company and the Scheme Managers that any personal data of any individual provided under and in connection with the Scheme has been obtained with such individual's consent and hereby consents on behalf of such individual to the collection, use and disclosure of his personal data by the Company and the Scheme Managers in accordance with the provisions of the Personal Data Protection Act 2012.

20.2 Any consent given under the Scheme in relation to personal data shall survive death, incapacity, bankruptcy or insolvency of any such individual and the termination or expiration of the Scheme. For the purposes hereunder, "personal data" has the meaning ascribed to it in the Personal Data Protection Act 2012.





**CHARISMA ENERGY SERVICES LIMITED  
APPENDIX B: PROOF OF DEBT FORM**

- g. Please provide a brief description on the terms of the interest / late charge and attach copies of documents substantiating the amount.

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***For Official Use Only***

Adjudicated on \_\_\_\_\_ day of \_\_\_\_\_ year \_\_\_\_\_

Admitted as follows:

<i>Preferential</i>	\$ _____
<i>Ordinary</i>	\$ _____
<i>Total Admitted</i>	\$ _____
<i>Amount Rejected</i>	\$ _____
<i>Total Amount of Debt Claimed</i>	\$ _____

\_\_\_\_\_  
*Signature*

**CHARISMA ENERGY SERVICES LIMITED  
APPENDIX B: PROOF OF DEBT FORM**

**DISTRIBUTION UNDER THE SCHEME**

**NOTICE OF ELECTIVE SALE**

Date: \_\_\_\_\_

Charisma Energy Services Limited  
8 Wilkie Road, #03-01  
Wilkie Edge  
Singapore 228095

Dear Sirs

**SCHEME OF ARRANGEMENT OF CHARISMA ENERGY SERVICES LIMITED (“SCHEME”)  
NOTICE OF ELECTIVE SALE**

I, \_\_\_\_\_, hereby exercise my right under Clause 7.2 of the Scheme to instruct the Company to sell (at any prevailing price during the five Business Days after the lifting of the suspension of trading of the Company’s securities) the Scheme Shares to be issued to me under the Scheme (the “**Elective Sale**”).

I request the Company to make arrangements for the sale of such number of Scheme Shares and to hereinafter remit the proceeds from the Elective Sale to the bank account details provided by me within 14 Business Days of the completion of such Elective Sale.

<b>Account Name:</b>	
<b>Account No:</b>	
<b>Beneficiary Bank:</b>	
<b>Bank Address:</b>	
<b>SWIFT Code</b>	
<b>Reference:</b>	
<b>FOR GIRO ONLY</b>	
<b>Account No:</b>	
<b>Bank Code</b>	
<b>Branch Code</b>	

\_\_\_\_\_  
(Signature / Stamp)

Name:

Position:

**CHARISMA ENERGY SERVICES LIMITED  
APPENDIX B: PROOF OF DEBT FORM**

**CATEGORY A CREDITORS  
CASH DISTRIBUTION**

Please provide the Scheme Manager with the following information for the purposes of the Cash Distribution:

**CASH DISTRIBUTION**

- a. The name of the Payee, if the Cash Distribution is to be made by cheque; and

<b>Payee Name:</b>	
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- b. The following details of the designated bank account for the Cash Distribution to be made by bank transfer:

<b>Account Name:</b>	
<b>Account No:</b>	
<b>Beneficiary Bank:</b>	
<b>Bank Address:</b>	
<b>SWIFT Code</b>	
<b>Reference:</b>	
<b>FOR GIRO ONLY</b>	
<b>Account No:</b>	
<b>Bank Code</b>	
<b>Branch Code</b>	

**CHARISMA ENERGY SERVICES LIMITED  
APPENDIX B: PROOF OF DEBT FORM**

**CATEGORY A AND CATEGORY B CREDITORS  
ISSUE OF SCHEME SHARES**

Please provide the Scheme Manager with the following information for the purposes of the issuance of the Scheme Shares:

<b>CDP Account Name:</b>	
<b>CDP Account Number:</b>	
<b>FOR NOMINEES ONLY</b>	
<b>Nominee CDP Account Name:</b>	
<b>Nominee CDP Account Number:</b>	

**IMPORTANT INFORMATION**

The completed Proof of Debt (with the relevant supporting documents) can be submitted in either hard copy or via email to the scheme managers. Email is preferred. A confirmation e-mail will be sent to the sender to acknowledge receipt of the relevant documents sent. Hard copy Proof of Debt are to be sent to 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095.

The deadline for the submission of the completed Proof of Debt (i.e. the Lodgment Date) is 26 April 2023 by 4 p.m.



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**APPENDIX C: PROXY FORM**

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**CHARISMA ENERGY SERVICES LIMITED**  
(UEN No. 199706776D)  
(the “**Company**”)

**PROXY FORM FOR SCHEME MEETING**

*Note: Please refer to the Company’s notice of a scheme meeting (“**Scheme Meeting**”) to be held at 8 Wilkie Road #03-08 Wilkie Edge Singapore 228095 (or such other date or place as may be fixed by the Company and notified to scheme creditors) on 7 June 2023, 10:00 a.m. and at any adjournment thereof, for the purpose of considering and, if thought fit, approving (with or without modification) the scheme of arrangement (the “**Scheme**”) referred to in the said notice convening the Scheme Meeting.*

Capitalised terms used herein but not defined shall have the meanings given to them in the Notice of Scheme Meeting.

We, \_\_\_\_\_, of \_\_\_\_\_, being a Creditor of the Company, hereby appoint the following as our proxy (the “**Proxy**”) to attend the Scheme Meeting or any adjournment thereof:

Name	Address	NRIC / Passport No.

Note: If no name is entered above, the chairman will be appointed as Proxy.

The Proxy is authorised to vote on our behalf in favour of (“**FOR**”) or against (“**AGAINST**”) the Scheme as hereunder indicated.

Note: If you leave both boxes blank, your proxy will have complete discretion as to how to vote on your behalf and such vote, once cast by your proxy, will be binding on you. Where your proxy is the chairman and you leave both boxes blank, such vote will be cast **FOR** the Scheme (for the avoidance of doubt, if the chairman is your proxy and you have voted **AGAINST** the Scheme, such vote will be cast **AGAINST** the Scheme). **DO NOT TICK IN BOTH BOXES AS THIS WILL INVALIDATE YOUR VOTE.**

<b>FOR (Please indicate with a tick)</b>	<b>OR</b>	<b>AGAINST (Please indicate with a tick)</b>

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Print NAME: \_\_\_\_\_

Capacity to sign (i.e. designation) \_\_\_\_\_

**CHARISMA ENERGY SERVICES LIMITED  
APPENDIX C: PROXY FORM**

**IMPORTANT INFORMATION**

The completed Proxy Form can be submitted in either hard copy or via email to (a) 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 or (b) email to RF-CharismaEnergy@rsmsingapore.sg. E-mail is preferred. A confirmation e-mail will be sent to the sender to acknowledge receipt of the relevant documents sent.

The deadline for the submission of the completed Proxy Form for the purpose of voting is 26 April 2023 by 4 p.m. (i.e. the Proof of Debt Voting Cut-Off Date).

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX D: NOMINATION FORM (SCHEME SHARES)**

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**APPENDIX D: NOMINATION FORM (SCHEME SHARES)**

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**CHARISMA ENERGY SERVICES LIMITED**

(UEN No. 199706776D)

(the "**Company**")

**Nomination Form (Scheme Shares)**

\*I / We, hereby confirm that I would like the Company to transfer all Scheme Shares that I am entitled to under the Scheme to:

Name: \_\_\_\_\_

CDP Account No.: \_\_\_\_\_

\*I / We confirm that the Company's transfer of all Scheme Shares to the CDP Account set out above will fully satisfy and completely discharge \*my / our rights to the Scheme Shares that \* I am / we are entitled to under the Scheme.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
(Signature / Stamp)

Name:

Position:

\_\_\_\_\_  
Signature of Witness

Name:

**CHARISMA ENERGY SERVICES LIMITED**  
**APPENDIX E: LIST OF EXCLUDED CREDITORS**

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**APPENDIX E: LIST OF EXCLUDED CREDITORS**

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<b>No.</b>	<b>Name</b>
1	Anchor Marine 2 Inc
2	Anchor Offshore Services Inc
3	Aus Am Pte Ltd
4	CES Green Power S.A. Pte. Ltd
5	CES Hydro Power Group Pte. Ltd.
6	CESL Investments Pte Ltd
7	CLA Global Public Accounting Corporation
8	Cushman & Wakefield VHS Pte Ltd
9	DBS Bank Ltd
10	Evia Growth Opportunities III Ltd
11	Huaneng Tiancheng Finance Lease Co Ltd
12	Impetus Conceptus Pte Ltd
13	Inland Revenue Authority of Singapore
14	KPMG Sri Lanka
15	Mitsui-Soko (Singapore) Pte Ltd
16	Morgan Lewis Stamford LLC ( <i>for continuing work done in respect of its engagement in HC/OA 149/2023</i> )
17	Moore Stephens LLP
18	Ooi Chee Bing
19	Orion Information Systems Pte Ltd
20	Stone Forest Accountserve Pte Ltd
21	SAEMS CAPITAL II BV
22	SBA Stone Forest Corporate Advisory (Shanghai) Co. Ltd
23	ShareInvestor Pte Ltd
24	Singapore Business Federation
25	Singapore Exchange Securities Trading Limited
26	Tan Ser Ko
27	The Central Depository Pte Ltd
28	Venstar Investments III Ltd

**APPENDIX F: NOTICE OF SCHEME MEETING**

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**IN THE GENERAL DIVISION OF THE HIGH COURT OF THE REPUBLIC OF SINGAPORE**

HC/OA No. 149/2023

In the matter of Section 210 of the Companies Act 1967

And

In the matter of **CHARISMA ENERGY SERVICES LIMITED**  
(Singapore UEN No. 199706776D)

... Applicant

**NOTICE IS HEREBY GIVEN** that a meeting (the “**Scheme Meeting**”) of the Creditors (as defined in the scheme of arrangement dated 12 April 2023 proposed by Charisma Energy Services Limited (the “**Company**”) (the “**Scheme**”) will be held at **8 Wilkie Road #03-08 Wilkie Edge Singapore 228095** (or such other place as may be fixed by the Company and notified to its Creditors) on **7 June 2023 at 10:00 a.m.** for the purpose of considering and, if thought fit, agreeing (with or without modification) the Scheme pursuant to Section 210 of the Companies Act 1967 (the “**Companies Act**”).

The Scheme Meeting is convened pursuant to an Order of Court dated 11 April 2023 and Mr Lin Yueh Hung, c/o RSM Corporate Advisory Pte Ltd, shall act as the chairperson of the Scheme Meeting (the “**Chairman**”) and report the results of the Scheme Meeting to the Court.

The Scheme, the Explanatory Statement and the Proxy Forms (as defined in the Scheme) required to be furnished pursuant to Section 211 of the Companies Act are incorporated into the Scheme Document of which this Notice forms part of. Copies of the Scheme Document have been despatched to each Creditor via email, and are also available in hard copy for collection by any Creditor at 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 during normal business hours on any day prior to 6 June 2023, or in soft copy from the Chairman on request by sending an email to RF-CharismaEnergy@rsmsingapore.sg requesting for the same.

Creditors are to file their proofs of debt (“**Proof(s)**”) by **4:00 p.m. on 26 April 2023**. For the purpose of voting at the Scheme Meeting, every Creditor shall lodge a Proof in respect of the financial obligations owed to it by the Company in accordance with the instructions in the relevant Proof form, either in hard copy or via email to RF-CharismaEnergy@rsmsingapore.sg. Hard copies of Proofs are to be sent to Mr Lin Yueh Hung, c/o RSM Corporate Advisory Pte Ltd, of 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095 .

Creditors who do not file their Proofs by 4:00 p.m. on 26 April 2023 will (subject to the Chairman’s discretion) not be entitled to vote at the Scheme Meeting. If a Creditor does not intend to vote on the Scheme and merely wishes to receive distributions thereunder (if the Scheme is duly passed and comes into effect), the Creditor may submit its completed Proof (with relevant supporting documents) by 6 June 2023.

If a Creditor does not file a Proof, it may not be entitled to any payments or distributions made pursuant to the Scheme. In such event, all their claims against the Company as well as obligations the Company has towards them will be forever varied, waived, released, discharged and/or extinguished in accordance with the Scheme terms, and the Creditor shall not have any rights, interests and claims whatsoever against the Company in respect of any such claims.

A Creditor may vote in person at the Scheme Meeting or appoint one proxy to attend and vote on his behalf, using the appropriate Proxy Form contained in the Scheme Document. Proxy Forms must be lodged either in hard copy and sent to Mr Lin Yueh Hung c/o RSM Corporate Advisory Pte Ltd, of 8 Wilkie Road, #03-08 Wilkie Edge, Singapore 228095, or via [RF-CharismaEnergy@rsm싱apore.sg](mailto:RF-CharismaEnergy@rsm싱apore.sg) by **4:00 p.m. on 26 April 2023**. Any submission of Proxy Forms after this date will only be processed at the Chairman's discretion.

Dated this 12<sup>th</sup> day of April 2023

CHARISMA ENERGY SERVICES LIMITED

APPENDIX G: CONDENSED INTERIM UNAUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2022

**APPENDIX G: CONDENSED INTERIM UNAUDITED FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2022**

	Group 30.09.2022 US\$'000	Company 30.09.2022 US\$'000
<b>Non-current assets</b>		
Property, plant and equipment	7,057	–
Right-of-use assets	13,286	–
Subsidiaries	–	25,788
Joint ventures	138	–
Deferred tax assets	738	–
Trade and other receivables	536	–
	<b>21,755</b>	<b>25,788</b>
<b>Current assets</b>		
Inventories	383	–
Trade and other receivables	16,074	974
Amounts due from subsidiaries	–	6,088
Amounts due from joint ventures	155	155
Cash and cash equivalents	3,041	42
	<b>19,653</b>	<b>7,259</b>
<b>Total assets</b>	<b>41,408</b>	<b>33,047</b>
<b>Equity</b>		
Share capital	274,553	274,553
Perpetual securities	6,811	6,811
Redeemable exchangeable preference shares	7,042	–
Other reserves	(15,108)	(1,276)
Accumulated losses	(317,544)	(330,995)
<b>Deficit in equity attributable to owners of the Company</b>	<b>(44,245)</b>	<b>(50,907)</b>
Non-controlling interests	2,149	–
<b>Net deficit in equity</b>	<b>(42,096)</b>	<b>(50,907)</b>
<b>Non-current liabilities</b>		
Trade and other payables	65	–
Deferred tax liabilities	608	–
	<b>673</b>	<b>–</b>
<b>Current liabilities</b>		
Trade and other payables	15,769	9,826
Amounts due to joint ventures	146	146
Amounts due to related parties	29,001	29,001
Amounts due to subsidiaries	–	26,916
Financial liabilities	37,773	18,065
Provision for tax	142	–
	<b>82,831</b>	<b>83,954</b>
<b>Total liabilities</b>	<b>83,504</b>	<b>83,954</b>
<b>Total equity and liabilities</b>	<b>41,408</b>	<b>33,047</b>