CHARISMA ENERGY

ANNUAL REPORT 2020

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THE GROUP CONTINUES TO FOCUS ON ITS BUSINESS OPERATIONS IN RENEWABLE ENERGY DURING THE YEAR.

LETTER TO SHAREHOLDERS

THE BUSINESS OPERATIONS OF THE GROUP'S RENEWABLE PROJECTS ARE RUNNING SMOOTHLY AND HAVE CONTRIBUTED POSITIVE OPERATING CASHFLOW TO THE GROUP THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW.

DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, we present to you the annual report of Charisma Energy Services Limited (the "Company", or together with its subsidiaries, the "Group") for the financial year ended 31 December 2020 ("FY2020").

The Group continues to focus on its business operations in renewable energy during the year. The business operations of the Group's hydro power plant in Sri Lanka and the photovoltaic power plant in Hubei, China under the Group's subsidiaries, are running smoothly and have contributed positive operating cashflow to the Group throughout the financial year under review.

In December 2020, the Group successfully completed the disposal of the photovoltaic power plant of the Group's joint venture in Rajasthan, India ("India Solar Disposal"). The India Solar Disposal had raised proceeds of approximately US$13.0 million to date, which were largely applied towards the reduction of the Group's financial liabilities. The Group will continue to follow up closely on completing the remaining conditions required to receive the 6% retention proceeds.

The Group's revenue in FY2020 decreased by 8% to US$12.3 million mainly due to lower rainfall during the year that resulted in lower revenue from the hydro power plants in Sri Lanka, as well as the weakening of Sri Lankan Rupee against United States Dollar. The Group carried out an assessment on impairments of its assets and other financial assets in FY2020, and recognised impairment charges amounting to US$0.6 million. The above factors materially contributed to the net loss of US$2.0 million reported for FY2020. The Group generated approximately US$8.1 million of net operating cash flows during the year.

LETTER TO SHAREHOLDERS

As disclosed previously, the Group is currently in a net liability position and there are uncertainties that may cast doubt on the Group's ability to continue as a going concern. The Company, through its external consultant, is currently in the midst of negotiations with an interested investor to secure new cash funding for the Group as part of the Company's strategy to improve the situation of the Group.

THE GROUP GENERATED APPROXIMATELY US$8.1 MILLION OF NET OPERATING CASH FLOWS DURING THE YEAR.

We are appreciative to our fellow directors for their continued guidance and support. To our bankers, we are grateful for every dispensation of grace and kindness. We are also much indebted to our consultants and the professional team that have been assisting us through this difficult period.

Last but not least, we thank you for your patience and keeping faith with us.

We thank God for his grace upon us for the last twelve months. May the peace of the Lord be with you all.

MR. TAN SER KO
Chief Executive Officer & Executive Director

MR. CHEW THIAM KENG
Non-Executive Chairman

BOARD OF DIRECTORS

MR. CHEW THIAM KENG

Non-Executive Chairman & Non-Executive Director

Mr. Chew Thiam Keng was appointed to the Board as Non-Executive Chairman of the Board on 20 February 2013 and was last re-elected on 26 April 2018. Mr. Chew is currently the Chief Executive Officer and Executive Director of Ezion Holdings Limited ('Ezion') and he was appointed to the Board of Ezion on 1 March 2007. Prior to this, he was the Managing Director / Chief Executive Officer of KS Energy Services Limited for about five years and was an Executive Director of Kian Ann Engineering Limited between 1996 and November 2001. Before that, he was with the Development Bank of Singapore Limited for nine years working in areas of banking such as corporate finance and retail banking. Mr. Chew holds a Master Degree in Business Administration from the University of Hull and Bachelor Degree (Honours) in Mechanical Engineering from the National University of Singapore. He previously served as Independent Non-Executive Director of Pharmesis International Limited.

MR. TAN SER KO

Chief Executive Officer & Executive Director

Mr. Tan Ser Ko was first appointed to the Board as Non-Executive and Independent Director of the Company on 29 July 2011 and was re-designated as Executive Director on 1 March 2012. Mr. Tan was appointed Chief Executive Officer of the Company on 1 October 2014 and was last re-elected as Executive Director on 30 April 2019. As Chief Executive Officer, he is responsible for overseeing the strategic planning, corporate management, daily operations, business development and performance of the Group. Mr. Tan has 21 years of experience in banking, finance and investment. After serving his scholarship bond with the Singapore Armed Forces, he started his banking career in consumer and enterprise banking. His past directorships in companies listed on the SGX-ST include Contel Corporation Limited, M Development Limited, Alpha DX Group Ltd and Surface Mount Technology (Holdings) Limited. Mr. Tan holds a Bachelor of Engineering Degree from the National University of Singapore.

MR. ENG CHIAW KOON

Non-Executive Director

Mr. Eng Chiaw Koon has over 27 years of senior management, business development and mergers and acquisitions experience across various industries. Mr. Eng is currently the Deputy Chief Executive Officer of Ezion Holdings Limited. He was previously the Managing Director and Executive Director of AusGroup Limited. Prior to that, he was the Chief Executive Officer of Aqua-terra Supply Co. Ltd. where he grew and led the company to be listed on the Singapore Exchange, and was the Chief Operating Officer of KS Distribution Pte Ltd, a subsidiary of KS Energy Limited. With a background in the electronics industry specialising in process audit, vendor quality and management, Mr. Eng set up Aero-Green Technology (S) Pte Ltd in 1996 to pioneer the commercialisation of aeroponic technology, with the Company winning the first Asian Innovation Award from the Far Eastern Economic Review in 1998 and a UN Urban Agriculture Award in 2000. Mr. Eng holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.

MR. SIMON DE VILLIERS RUDOLPH

Independent Non-Executive Director

Mr. Simon de Villiers Rudolph was appointed as Independent Non-Executive Director of the Company on 1 July 2013 and was last re-elected on 22 June 2020. He currently serves as the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. Mr. Rudolph had retired from the asset manager, Franklin Templeton, having worked as a portfolio manager for nearly 18 years. He has nearly 32 years of extensive knowledge and experience of business across the world, notably in Asia Pacific, Middle East and North Africa in particular, with specific focus on fund management. Mr. Rudolph holds a degree in Economic History from the University of Durham in the United Kingdom and is a Chartered Accountant and member of the Institute of Chartered Accountants in England and Wales (ICAEW). Mr. Rudolph previously served as Independent Non-Executive Director of Giordano International Limited, a company listed on the Hong Kong Stock Exchange.

MR. CHENG YEE SENG

Independent Non-Executive Director

Mr. Cheng Yee Seng was appointed as Independent Non-Executive Chairman of the Board and Independent Non-Executive Director of the Company on 16 May 2011. He stepped down as the Chairman of the Board on 20 February 2013 and remains on the Board as an Independent Director. He currently serves as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. He was last re-elected as a Director on 22 June 2020. Prior to joining the Group, he was an Executive Director of Penguin International Ltd and Non-Executive Chairman and an Independent Director of Enzer Corporation Ltd. Mr. Cheng has varied experience working in the areas of investment, mergers and acquisitions, finance, company secretarial work, contracts and legal matters. Currently, he is a businessman having his main operations based in China. Mr. Cheng holds a Bachelor of Laws (Honours) degree from the University of London, a Bachelor of Accountancy degree from the Singapore University, and a Master degree in Business Administration from the University of Hull.

MR. LIM CHEN YANG

Independent Non-Executive Director

Mr. Lim Chen Yang was appointed as an Independent Non-Executive Director of the Company on 26 July 2011 and was last re-elected on 26 April 2018. He currently serves as the Chairman of the Nominating Committee, as well as a member of the Audit and Remuneration Committees. Mr. Lim is also a Director of Urban Harvest Pte Ltd. Mr. Lim has more than 15 years of experience in banking and administration. He started his banking career with Maybank Singapore after graduation. Mr. Lim holds a Bachelor of Arts Degree from the National University of Singapore.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chew Thiam Keng
Mr. Tan Ser Ko
Mr. Eng Chiaw Koon
Mr. Simon de Villiers Rudolph
Mr. Cheng Yee Seng
Mr. Lim Chen Yang

AUDIT COMMITTEE

Mr. Simon de Villiers Rudolph
(Chairman)
Mr. Cheng Yee Seng
Mr. Lim Chen Yang

REMUNERATION COMMITTEE

Mr. Cheng Yee Seng *(Chairman)*
Mr. Simon de Villiers Rudolph
Mr. Lim Chen Yang

NOMINATING COMMITTEE

Mr. Lim Chen Yang *(Chairman)*
Mr. Cheng Yee Seng
Mr. Simon de Villiers Rudolph

COMPANY SECRETARY

Mr. Tan Wee Sin

REGISTERED OFFICE

438B Alexandra Road #05-08/09
Alexandra Technopark
Singapore 119968
Tel: (65) 6571 0200
Fax: (65) 6571 0202

SHARE REGISTRAR AND SHARE TRANSFER AGENT

Tricor Barbinder
Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

AUDITORS

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building Singapore 048581
Partner-in-charge:
Loo Kwok Chiang, Adrian
(Appointed since financial year ended 31 December 2019)

SPONSOR

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

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
Malayan Banking Berhad
DBS Bank Limited
CIMB Bank Berhad

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Charisma Energy Services Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") recognise the importance of and are committed to maintaining a high standard of corporate governance within the Group. Good corporate governance provides the framework for an ethical and accountable corporate environment, which will protect the interests of the Company's shareholders and promote investors' confidence.

This report outlines the Company's corporate governance practices that were in place during the financial year ended 31 December 2020 ("**FY2020**") with references to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), the accompanying practice guidance (the "**Guide**") issued on 6 August 2018 by the Monetary Authority of Singapore and guidelines from the Code of Corporate Governance 2012 ("**Code 2012**") which are still in effect. The Company has complied with the principles and guidelines as set out in the Code and the Guide, where appropriate. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code.

The Company did not adopt any alternative corporate governance practices in FY2020.

(A) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

The Company is led by an effective Board of Directors (the "**Board**") comprising a majority of Non-Executive Directors. Each Director brings to the Board his skills, experience and insights, which together with strategic networking relationships, serve to further the interests of the Company. At all times, the Directors are collectively and individually obliged to act in good faith, provide insight and consider at all times the best interests of the Company.

The Board oversees the business affairs of the Group and works with the Management to achieve the objectives set for the Group. To ensure smooth operation and facilitate decision-making, and at the same time ensure proper controls, the Board has delegated some of its powers to the board committees and the Management. The board committees and the Management remain accountable to the Board.

As at date of this report, the Board has six members and comprises the following:

Name of Director	Designation
Mr. Chew Thiam Keng	Non-Executive Chairman
Mr. Tan Ser Ko	Executive Director and Chief Executive Officer ("**CEO**")
Mr. Simon de Villiers Rudolph	Independent Non-Executive Director
Mr. Cheng Yee Seng	Independent Non-Executive Director
Mr. Lim Chen Yang	Independent Non-Executive Director
Mr. Eng Chiaw Koon	Non-Executive Director

The main responsibilities of the Board are:

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

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

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

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

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

(vi) to review and appoint CEO and Directors as well as Board Committees; and

(vii) sets the tone in respect of ethics, values, culture and standards, and ensuring proper accountability within the Company.

Matters and transactions that require the approval of the Board include, amongst others, the following:

(i) matters in relation to the overall strategy and management of the Group;

(ii) material changes to the Group's management and control structure;

(iii) matters involving financial reporting and dividends;

(iv) major/strategic acquisitions and disposal of investments not in the ordinary course of business; and

(v) matters which require approval as specified under Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**"), Companies Act, Chapter 50 of Singapore (the "**Companies Act**") or other relevant laws and regulations.

The Board has established three (3) board committees, namely the Audit Committee ("**AC**"), the Remuneration Committee ("**RC**") and the Nominating Committee ("**NC**") (collectively, the "**Board Committees**"). These Board Committees function within clearly defined terms of reference and operating procedures, which were approved by the Board.

The Board held four (4) meetings in FY2020. Ad-hoc meetings are convened as and when warranted by circumstances. Dates of Board meetings, Board Committee meetings, Annual General Meeting ("**AGM**") and Extraordinary General Meeting ("**EGM**") are scheduled in advance in consultation with the Directors to assist them in planning their attendance. A Director who is unable to attend a Board or Board Committee meeting physically may participate via telephone conference or other electronic and telegraphic means. The Constitution of the Company provide for the meetings to be held via telephone conference and other electronic or telegraphic means. In addition, matters requiring decisions of the Board are approved by way of written resolutions of the Board.

The attendance of the Directors at the AGM as well as meetings of the Board and Board Committees during FY2020 is disclosed below:

Type of Meetings	AGM	EGM	Board	AC	NC	RC
Total No. Held	1	2	4	4	1	1
Name of Director			**No. of Meetings Attended**			
Mr. Chew Thiam Keng	1	2	4	4*	1*	1*
Mr. Tan Ser Ko	1	2	4	4*	1*	1*
Mr. Simon de Villiers Rudolph	1	2	4	4	1	1
Mr. Cheng Yee Seng	1	2	4	4	1	1
Mr. Lim Chen Yang	1	2	4	4	1	1
Mr. Eng Chiaw Koon [(1)]	1	2	4	4*	1*	1*
Mr. Wong Bheet Huan [(2)]	–	–	–	–	–	–

* by way of invitation.

(1) Mr. Eng Chiaw Koon was appointed as a Non-Executive Director with effect from 1 February 2020.

(2) Mr. Wong Bheet Huan resigned as an Executive Director on 31 January 2020.

The Company believes that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge of its duties effectively. The Management provides members of the Board with quarterly management accounts, as well as relevant background and explanatory information relating to the matters that would be discussed in the Board meetings, prior to the scheduled meetings. All Directors are also furnished with timely updates on the financial position and any material development of the Group as and when necessary.

All newly appointed Directors will be briefed on the business activities, strategic directions, policies and corporate governance practices of the Group. A formal letter of appointment is provided to all new Directors setting out, among other things, a Director's duties and obligations.

In addition, as required under the Catalist Rules, a new Director who has no prior experience as a director of a company listed on the SGX-ST must undergo training as prescribed by the SGX-ST. Such training will be completed within one year of the appointment. There was no appointment of first time Directors in FY2020.

Mr. Eng Chiaw Koon was appointed as a Non-Executive Director with effect from 1 February 2020. Mr. Eng Chiaw Koon, being a director of a company listed on the Singapore Stock Exchange, is not required to attend the Listed Entity Directors Programme conducted by the Singapore Institute of Directors under Rule 406(3)(a) of the Catalist Rules.

Directors are also provided with briefings and updates from time to time by professional advisors, auditors and Management on relevant practices, new laws, rules and regulations, directors' duties and responsibilities, corporate governance, changes in accounting standards and risk management issues applicable or relevant to the performance of their duties and responsibilities as Directors. The CEO updates the Board at each meeting on business and strategic developments of the Group and industry. Informal meetings are held for Management to brief Directors on prospective deals and potential developments in the early stages before formal Board approval is sought.

Directors are informed and encouraged to attend relevant training programmes organised by the Singapore Institute of Directors and may suggest training topics, the funding of which will be provided by the Company.

During FY2020, Directors were briefed by the external auditors on the developments in financial reporting, governance standards and issues which have a direct impact on financial statements so as to enable them to discharge their duties and responsibilities as Board members or Board Committee members.

CORPORATE GOVERNANCE REPORT

The Board has separate and independent access to the Company Secretary and the Management. The role of the Company Secretary include responsibility for ensuring the Board's procedures are followed and that the applicable rules and regulations are complied with. The Company Secretary attends and prepares minutes of meetings of the Board, Board Committees and shareholders. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Each member of the Board also has direct access to the Group's independent professional advisors as and when necessary to enable each member to discharge his responsibility effectively. Any cost of obtaining professional advice will be borne by the Company.

The Company has adopted internal guidelines setting forth matters which requires Board approval. Matters which are specifically reserved to the full Board for decision are those involving interested party transactions ("**IPTs**") (including among others, conflict of interest issues in relation to substantial shareholders and directors of the Company), material acquisitions and disposal of companies or assets, corporate or financial restructuring, share issuance and dividends and financial results and corporate strategies. All Directors are required to notify the Company promptly of all conflicts of interest as soon as practicable as well as when required. Each Board member makes decision objectively in the interests of the Group. Directors facing conflicts of interest, if any, would recuse themselves from discussions and decisions involving the issue of conflict.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

As at the date of this Annual Report, the Board comprises six (6) directors, of whom five (5) are Non-Executive Directors, of which three (3) are independent. Mr. Chew Thiam Keng is the Non-Independent Non-Executive Chairman.

The Board is of the view that the present board size of six (6) directors is adequate to provide for a diversity of views, facilitate effective decision-making and that the Board has an appropriate balance of executive, non-independent and independent directors, taking into account the scope and nature of operations of the Group. Five (5) out of the six (6) Directors are non-executive, and hence, majority of the Board is made up on Non-Executive Directors, which satisfies the requirements of Provision 2.3 of the Code.

While independent directors make up at least one-third of the Board as required under Guideline 2.1 of Code 2012, the Board notes that Provision 2.2 of the Code requires the independent directors to make up majority of the Board when the Chairman is not independent. The Board has assessed and is satisfied that there is a strong and independent element to contribute to effective decision making on the Board given the size of the Board and scale of operations.

The Board considers the existence of relationships or circumstances, including those identified by the Code and Catalist Rules, that are relevant to determine whether a Director is independent. In addition, the NC reviews the individual director's declaration in their assessment of independence.

The NC had reviewed the declaration of independence provided by each of the Independent Directors in accordance with the Code and Catalist Rules. The NC and Board consider a Director as independent if he has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere or be reasonably perceived to interfere with the exercise of the Director's independent business judgement with a view to the best interests of the Company. Under the Catalist Rules, a director will not be independent if (i) he is employed or has been employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and (ii) he has an immediate family member who is employed or has been employed by the Company or any of its related corporations for any of the past three (3) financial years, and whose remuneration is or was determined by the remuneration committee of the Company.

The NC, taking into consideration the above, determined that Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang are independent according to the Code and Catalist Rules. The Independent Directors have also confirmed their independence in accordance with the Code and Catalist Rules.

CORPORATE GOVERNANCE REPORT

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

In accordance with Catalist Rules that set out specific circumstances in which a director is deemed non-independent, effective 1 January 2022, the requirement for directors wishing to remain as independent after serving more than nine (9) years is to seek two-tier voting by shareholders.

As Mr. Cheng Yee Seng and Mr. Lim Chen Yang have served the Company for a period of more than nine (9) years since the date of their respective appointments, the NC (with Mr. Cheng Yee Seng and Mr. Lim Chen Yang abstaining from deliberation on their own continued appointment) and the Board have perform a particularly rigorous review to assess the independence of Mr. Cheng Yee Seng and Mr. Lim Chen Yang using a holistic approach and taking into account their respective contributions in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in their engagement with all relevant parties, rather than solely and arbitrarily on basis of length of service alone.

Having performed a rigorous review of their independence, the NC (with Mr. Cheng Yee Seng and Mr. Lim Chen Yang abstaining from deliberation on their own continued appointment) and the Board are of the view that Mr. Cheng Yee Seng and Mr. Lim Chen Yang continue to be independent notwithstanding their length of service, because they have consistently demonstrated strong independence of judgement and integrity of character in discharging their responsibilities. Mr. Cheng Yee Seng and Mr. Lim Chen Yang's vast experiences enable them to provide the Board and the various Board Committees on which they serve, with pertinent experiences and competence to facilitate sound decision-making. Their length of service does not in any way interfere with their exercise of independent judgement nor hinder their ability to act in the best interest of the Company. Additionally, they have fulfilled the role of an Independent Director as defined in the Catalist Rules and the Code. The Board trust that they are able to continue to discharge their duties independently with integrity and competency.

Information regarding the Directors seeking Two-Tier Voting by shareholders, including the information required under Appendix 7F of the Catalist Rules is given in the Board of Directors section and on pages 135 to 141 of the Annual Report.

In the determination of the independence of Mr. Cheng Yee Seng and Mr. Lim Chen Yang by the NC, they have recused themselves from the discussion and decision-making on the matter.

Pursuant to Catalist Rule 406(3)(d)(iii) (effective from 1 January 2022), to ensure that the independence designation of a director who has served for more than nine (9) years as at and from 1 January 2022 is not affected, the NC has recommended the nomination of Mr. Cheng Yee Seng and Mr. Lim Chen Yang to be re-elected as Independent Directors at the forthcoming AGM of the Company and such approval to be sought by way of separate resolutions by (A) all shareholders; and (B) shareholders, excluding the Directors, CEO, and associates of such Directors and the CEO (the "**Ordinary Resolutions**"), such resolutions to remain in force until the earlier of (i) the retirement or resignation of the Director; or (ii) the conclusion of the third annual general meeting of the Company following the passing of the resolution.

If the Ordinary Resolutions are not passed at the forthcoming AGM, Mr. Cheng Yee Seng and Mr. Lim Chen Yang will no longer be independent with effect from 1 January 2022, and they shall continue as Non-Independent Directors of the Company.

Rule 406(3)(c) of the Catalist Rules (effective from 1 January 2022), states that Independent Directors must comprise of at least one-third of the Board. In the event the Ordinary Resolutions are not passed at the forthcoming AGM which renders the Company unable to meet this requirement, the Company shall endeavour to fill the vacancy in the Board to comply with Rules 406(3) and 704(7) of the Catalist Rules.

After careful consideration of the relevant factors and to avoid an abrupt loss of a member with experience and institutional memory, the Board has determined that the tenure of Mr. Cheng Yee Seng and Mr. Lim Chen Yang have not affected their independence or ability to bring judgment to bear in their discharge of their duties as a Board and Board Committees member respectively. As such, the Board has accepted the NC's recommendation.

The Directors come from different background and possess different core competencies, qualifications and skills. The Board comprises members with vast management experience, industry knowledge, strategic planning experience and includes professionals with financial, accounting and legal backgrounds. They bring with them a wealth of experience that enhances the overall quality of the Board.

The NC reviews and considers the size and composition of the Board and the Board Committees annually to ensure that there is an appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as age, so as to avoid group think and foster constructive debate. The NC considers the present Board size and composition appropriate, taking into account the business and scale of operations of the Group. The NC is of the view that the Board and Board Committees comprises Directors who have the relevant skills and knowledge, expertise and experiences as a group for discharging the Board's duties. There is no formal diversity policy adopted by the Company as it is in the midst of restructuring its loans and operations. The Board may consider adopting a formal diversity policy once it has completed its restructuring.

The Board and Management engage in open and constructive debate for the furtherance and achievement of strategic objectives. All Board members are provided with relevant and sufficient information on a timely basis and Non-Executive Directors may challenge Management's assumptions and also extend guidance to Management, in the best interest of the Group.

The Non-Executive Directors meet as warranted, in the absence of key management personnel, to discuss concerns or matters such as the effectiveness of Management. The Non-Executive Directors met informally and communicated among themselves without the presence of the Management, once in FY2020.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(i) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and

(ii) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

Chairman and CEO

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The offices of the Chairman and CEO are separate. The Chairman of the Board, Mr. Chew Thiam Keng ("**Mr. Chew**"), is a Non-Executive Director. Mr. Chew leads the Board and ensures that the Board members engage the Management in constructive discussions on various strategic issues. The CEO, Mr. Tan Ser Ko ("**Mr. Tan**"), is an Executive Director. Mr. Tan is responsible for the day-to-day operations with the assistance of key management personnel, business directions and operational decisions of the Group. The Chairman and the CEO are not related to each other.

CORPORATE GOVERNANCE REPORT

The responsibilities of the Chairman are as follows:

(i) ensures that Board meetings are held as and when necessary;

(ii) leads the Board to ensure the effectiveness of each Board meeting;

(iii) sets the agenda for Board meetings in consultation with the CEO/Executive Director;

(iv) monitors communications and relations between the Company and its shareholders, between the Board and Management, and between Executive and Non-Executive Directors, with a view to encourage constructive relations and dialogue among them;

(v) works to facilitate the effective contribution of Non-Executive Directors; and

(vi) assists to ensure proper procedures are introduced to comply with the Code.

In consideration of the strong independent element on the Board, with the Independent Directors making up half of the Board, whom voices out their concerns and challenges Management's assumptions, the Board is of the view that it is able to exercise independent and objective judgement on the corporate affairs of the Group.

The Board is of the view that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is based on collective decision of the directors, without any concentration of power or influence residing in any individual. In view thereof, there is no need for the Company to have a lead independent director. The Board is of the view that the Independent Directors are available to shareholders during the general meetings where they have concern and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following three (3) directors, all whom including the Chairman, are Non-Executive Independent Directors:

Mr. Lim Chen Yang	Chairman
Mr. Cheng Yee Seng	Member
Mr. Simon de Villiers Rudolph	Member

The principal duties of the NC, as set out in its terms of reference include:

(i) identifying candidates and making recommendations for all Board appointments and re-nomination or continuation in office of any Director;

(ii) reviewing the Board structure, size and composition, and making recommendations to the Board with regard to any adjustments that are deemed necessary;

(iii) determining the independence of Directors annually;

(iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations, and proposing internal guidelines in relation to multiple board representations;

(v) deciding how the performance of the Board may be evaluated and proposing objective performance criteria; and

(vi) recommending process and procedures for assessing the effectiveness of the Board as a whole, its Board Committees and the contributions by each individual Director to the effectiveness of the Board.

The NC acknowledged the importance of succession planning for Directors and CEO and was satisfied with the existing board composition. In view of the ongoing debts and organisational restructuring of the Group, the Board has assessed and concurred with the NC's recommendation that the Board and CEO succession plans will be on hold and will be reviewed at a later stage. There is currently no succession plan in place for key management personnel. The NC and the Board will consider implementing such succession plan upon the completion of the Group's restructuring plan.

Directors are informed of and encouraged to attend relevant training programmes organised by the Singapore Institute of Directors and may suggest training topics, the funding of which will be provided by the Company. Directors are encouraged to attend relevant training programmes. During FY2020, Directors were briefed by the external auditors on the developments in financial reporting, governance standards and issues which have a direct impact on financial statements so as to enable them to discharge their duties and responsibilities as Board members or Board Committee members. News released issued by the SGX-ST which are relevant to the Directors are also circulated to the Board for information.

For selection and appointment of new Directors, the NC, in consultation with the Board, would identify the current needs of the Board in terms of skills, experience and knowledge to complement and strengthen the Board. The search and nomination process for new Directors will be through search companies, contacts and recommendations that go through the normal selection process, to cast its net as wide as possible for the right candidates. The NC would meet and interview the shortlisted candidates to assess their suitability. The NC will review and recommend the selected candidate to the Board for consideration and approval. The NC ensures that newly appointed directors are aware of their duties and obligations. Newly appointed Directors during the year shall hold office only until the next AGM of the Company and shall be eligible for re-election.

The existing Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Pursuant to Article 95 of the Company's Constitution and the Catalist Rules, one-third of the Board are to retire from office by rotation and these Directors are eligible to offer themselves for re-election at the AGM. The NC would assess the performance of the incumbent Director due for re-election in accordance with the performance criteria set by the Board; and consider the current needs of the Board. Subject to the NC's satisfactory assessment, the NC would propose the re-nomination of the Director to the Board for its consideration and approval.

Information in respect of the academic and professional qualification, and directorship or chairmanship, both present and those held over the preceding three (3) years in other listed companies, of the Directors are set out in the "Board of Directors" section of the Annual Report. In addition, information on shareholdings in the Company and its related companies held by each Director is set out in the "Directors' Statement" section of the Annual Report.

The dates of initial appointment and last re-election of each of the Directors are set out as follows:

Name of Director	Designation	Date of initial appointment	Date of last re-election
Mr. Chew Thiam Keng	Non-Executive Chairman	20 February 2013	26 April 2018
Mr. Tan Ser Ko	Executive Director and CEO	29 July 2011	30 April 2019
Mr. Simon de Villiers Rudolph	Independent Non-Executive Director	1 July 2013	22 June 2020
Mr. Cheng Yee Seng	Independent Non-Executive Director	16 May 2011	22 June 2020
Mr. Lim Chen Yang	Independent Non-Executive Director	26 July 2011	26 April 2018
Mr. Eng Chiaw Koon	Non-Executive Director	1 February 2020	22 June 2020

CORPORATE GOVERNANCE REPORT

Pursuant to Article 95 of the Company's Constitution, Mr. Chew Thiam Keng and Mr. Lim Chen Yang, will be retiring by rotation at the forthcoming AGM and both being eligible, have consented to stand for re-election as Directors at the forthcoming AGM. Mr. Chew Thiam Keng and Mr. Lim Chen Yang had abstained from participating in the discussion and recommendation on their respective nominations.

The NC had recommended that the abovementioned Directors be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC had considered and is satisfied with the Directors' overall contributions and performance. The Board has assessed and concurred with the NC's recommendation.

Mr. Chew Thiam Keng will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company. Mr. Lim Chen Yang will, upon re-election as a Director of the Company, remain as the Chairman of the NC, and a member of the AC and RC. Mr. Lim Chen Yang will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Information regarding the Directors nominated for re-election/re-appointment, including the information required under Appendix 7F of the Catalist Rules is given in the "Board of Directors" section and on pages 135 to 141 of the Annual Report.

The Board has not capped the maximum number of listed company board representations each Director may hold. The NC and the Board are of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many factors such as whether they were in full time employment and their other responsibilities and commitments. The NC does not wish to omit considering any outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments effectively while serving on the Board.

In assessing the capacity of Directors, the NC considers, amongst others, the following:

(i) Expected and/or competing time commitments of Directors, including whether such commitment is in a full-time or part-time employment capacity;

(ii) Geographical location of Directors;

(iii) Size and composition of the Board;

(iv) Nature and scope of the Group's operations and size; and

(v) Capacity, complexity and expectations of the other listed directorships and principal commitments held, if any.

The measures and tools in place to assess the performance and consider competing time commitments of the Directors include the following:

- Declarations by individual Directors of their other listed company board directorships and principal commitments; and

- Attention to the Company's affairs, having regard to his other commitments.

Based on the attendance of the Directors and their contributions at meetings of the Board and Board Committees and their time commitment to the affairs of the Company, the NC is satisfied that the Directors continue to meet the demands of the Group and are discharging their duties adequately.

As of date of this report, the Company does not have any alternate Director.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.

The performance of the Board is ultimately reflected in the long-term performance of the Company.

The Board, through the delegation of its authority to the NC, had made its best efforts to ensure that each Director possesses the experience, knowledge and skills critical to the Group's business. This is necessary to enable the Board to make sound and well-considered decisions. The NC, in considering the nomination of any Director for re-election, will evaluate the performance of the Director involved. Renewal or replacement of Directors does not necessarily reflect their contribution to-date, but may be driven by the need to position and shape the Board in line with the needs of the Group and its business.

The NC has in place a formal evaluation process for assessing the Board as a whole, the Board Committees and contribution of individual Directors to the effectiveness of the Board. The performance criteria for the Board evaluation are in respect of Board composition, procedures, training, strategy and performance. The Nominating Committee also undertook an evaluation of the Board Committees based on, amongst others, the size, training and their performance in relation to discharging their responsibilities as set out in their respective terms of reference. Individual directors are evaluated based on performance criteria such as competency of the Director, attendance and contribution at Board meetings and ability to work with other Directors.

The NC would review the criteria on a periodic basis to ensure that the criteria used is able to provide an accurate and effective performance assessment, taking into consideration factors such as industry standards and the industry operating environment, with the objective to enhance long term shareholders value, and thereafter propose amendments if any, to the Board for approval.

The NC did not propose any changes to the performance criteria for FY2020 as compared to the previous financial year as the economic climate, Board composition and the Group's principal business activities remained the same.

The NC meets at least once a year, and as warranted by circumstances, to discharge its functions. There was one (1) NC meeting held in FY2020.

The process for the evaluation of the Board, Board Committees and individual Directors involves the completion of a questionnaire by Board members annually to seek their views on various aspects of board performance such as Board composition, information, Board process, internal controls and risk management and accountability. A summary of the findings is prepared based on the completed questionnaire and is reviewed and deliberated by the NC and thereafter tabled to the Board for further discussion and implementation if required.

No external facilitator was used in the evaluation process for FY2020.

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

The NC had conducted its assessments of the Board as a whole, its Board Committees and the individual Directors in respect of FY2020. The Chairman of the NC confers with the Chairman of the Board on the findings and ensures appropriate follow-up actions are taken as necessary. The Board is satisfied that all Directors have discharged their duties adequately in FY2020 and during the ongoing debts and organisational restructuring exercise of the Group.

CORPORATE GOVERNANCE REPORT

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the following three (3) directors, all whom including the Chairman, are Non-Executive Directors:

Mr. Cheng Yee Seng	Chairman
Mr. Simon de Villiers Rudolph	Member
Mr. Lim Chen Yang	Member

The principal duties of the RC, as set out in its terms of reference include:

(i) reviewing and recommending a framework of remuneration for the Directors and key management personnel, determining specific remuneration packages for each Executive Director, the CEO and key management personnel and the implementation of any appropriate performance-related elements to be incorporated in the remuneration framework;

(ii) reviewing the remuneration packages of employees in the Company or any of its principal subsidiaries who are related to any of the Directors or the CEO (if any);

(iii) administering the Charisma Energy Employee Share Option Scheme (the "Scheme"); and

(iv) administering and recommending to the Board the performance share plan or any long-term incentive schemes which may be set up from time to time.

No Director is involved in deciding his own remuneration, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC reviews the terms of compensation and employment for Executive Directors and key management personnel at the time of their respective employment or renewal (where applicable) including considering the Company's obligations in the event of termination of services to ensure such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC's review covers all aspects of remuneration, including salaries, fees, allowances, bonuses and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. The RC has access to external professional advice on remuneration matters, if required. In the event of such advice being sought, existing relationship, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. No remuneration consultants were engaged by the Company in FY2020.

The RC meets at least once a year, and as warranted by circumstances, to discharge its function. There was one (1) RC meeting held in FY2020.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objective of the company.

The Company's remuneration policy, which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, benefits-in-kind, bonuses, options, sharebased incentives and awards, is one that seeks to attract, retain and motivate talent to achieve the Company's business vision and create sustainable value for its stakeholders. The remuneration received by the Executive Directors and key management personnel comprises a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Director and key management personnel, "clawback" provisions in the service agreements may not be relevant or appropriate.

The short-term incentives are based largely on the Group's performance and the responsibilities and performance of each individual personnel. The remuneration policy of the Company is based on an annual appraisal system using the criteria of core values, competencies, key results areas, performance rating and potential. Long-term incentive schemes are put in place to motivate and reward employees and align their interests to maximise long-term shareholder value. The Scheme is a long-term incentive plan, and is intended to achieve the objective of aligning the interests of holders with those of the shareholders of the Company.

The RC is the committee administering the Scheme. The Scheme recognises the fact that the services of the Group's employees, including the Group's Executive and Non-Executive Directors are important to the success and continued well-being of the Group. By implementing the Scheme, the Company hopes to inculcate in all participants a stronger and more lasting sense of identification with the Group and align their interest with that of the Group. Information on the Scheme is set out on page 31 to page 32 of this Annual Report.

The Independent and Non-Executive Directors are paid directors' fees, taking into account factors such as effort and time spent, and their responsibilities. The Non-Executive Directors received a base director's fees. The Independent Directors are not over-compensated to the extent that their independence may be compromised. Directors' fees are recommended by the Board for approval at the Company's AGM.

Disclosure in Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board has, taking note of the competitive pressures in the industry and the talent market, decided to disclose the remuneration of the Directors in bands with a breakdown of the components in percentage. The names, breakdown of the remuneration earned and total remuneration paid to the Company's key management personnel were also not disclosed as such confidential and sensitive information could be exploited by competitors.

Information on the remuneration of each Director for FY2020 are as follows:-

Remuneration Bands and Name of Directors	Salary %	Bonus %	Other benefits %	Fees %	Total %
Below S$250,000					
Mr Tan Ser Ko	100	–	–	–	100
Mr. Chew Thiam Keng	–	–	–	100	100
Mr. Simon de Villiers Rudolph	–	–	–	100	100
Mr. Cheng Yee Seng	–	–	–	100	100
Mr. Lim Chen Yang	–	–	–	100	100
Mr. Eng Chiaw Koon[(1)]	–	–	–	100	100
Mr. Wong Bheet Huan[(2)]	100	–	–	–	100

(1) Mr. Eng Chiaw Koon was appointed on 1 February 2020.

(2) Mr. Wong Bheet Huan resigned as Executive Director on 31 January 2020.

In FY2020, there were three (3) key management personnel in the Company. The key management personnel each received remuneration of less than S$250,000. Information on the remuneration of key management personnel can be found on page 108 of this Annual Report.

There were no termination, retirement and post-employment benefits granted to Directors, the CEO and key management personnel other than the payment in lieu of notice in the event of termination in their respective employment contracts in FY2020.

There were no employees within the Group who were substantial shareholders of the Company, immediate family members of a Director, the CEO or a substantial shareholder of the Company whose remuneration exceeded S$100,000 in FY2020.

The Scheme as mentioned in Principle 7 is a long-term incentive plan, and is intended to achieve the objective of aligning the interests of holders with those of the shareholders of the Company. Information on the Scheme is set out on page 31 to page 32 of this Annual Report.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance.

The AC oversees risk governance and the related roles and responsibilities of the AC include the following:

(i) proposing the risk governance approach and risk policies for the Group to the Board;

(ii) reviewing the risk management methodology adopted by the Group;

(iii) reviewing the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by Management; and

(iv) reviewing Management's assessment of risks and Management's action plans to mitigate such risks.

To facilitate the governance of risks and monitoring the effectiveness of internal controls, the Group has in place a formal Enterprise Risk Management policy. Management reports annually to the AC and the Board on the Group's risk profile, the risk mitigation action plans and the results of various assurance activities carried out on the effectiveness and adequacy of Group's risk management and internal controls systems including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessments performed by Management, internal, external audits and external certifications conducted by various external professional service firms.

In respect of FY2020, the Board has received assurance from the CEO and the Financial Controller ("**FC**"):

(i) that financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) that the Company's risk management and internal control systems are adequate and effective.

Based on the internal controls established and maintained by the Group, assurance received from the CEO and FC, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board (with concurrence of the AC) are of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management system, were adequate and effective for FY2020.

CORPORATE GOVERNANCE REPORT

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee ("AC")
Principle 10: The Board has an Audit Committee with discharges its duties objectively.

The AC comprises the following three (3) directors, all whom including the Chairman, are Independent Non-Executive Directors:

Mr. Simon de Villiers Rudolph	Chairman
Mr. Cheng Yee Seng	Member
Mr. Lim Chen Yang	Member

The Board is of the view that the AC members have the relevant accounting or related financial management expertise and experience to discharge their duties.

None of the AC members are former partners or directors of the Company's external audit firm within the last two (2) years and none of the AC members hold any financial interest in the external audit firm.

The AC meets at least four (4) times a year to perform the duties as set out in its terms of reference which include:

(i) reviewing with the external auditors the scope and results of the audit, their evaluation of the system of internal accounting controls, their Management letter and Management's response;

(ii) reviewing the financial statements including annual budget and any forecast, before submission to the Board for approval;

(iii) reviewing the adequacy and effectiveness of and the procedures for the internal audit function, including the staffing of and resources made available for the internal audit function, and to make such recommendations as it may think fit;

(iv) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems;

(v) reviewing and making recommendations to the Board on the appointment and re-appointment of the external auditors and the remuneration and terms of engagements of the external auditors;

(vi) reviewing the scope and results of the external audit, the independence and objectivity of the external auditors and the cost-effectiveness of the audit;

(vii) reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

(viii) reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow up actions to be taken;

(ix) reviewing interested person transactions, if any; and

(x) overseeing risk governance.

The AC has full access to and obtained the co-operation of the Management. The AC has the explicit authority to investigate any matter within its terms of reference. It also has full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC met with the external and internal auditors without the presence of Management at least once annually. In FY2020, the AC met once with the external and internal auditors without the presence of Management.

The external auditors were also invited to be present at AC meetings, as and when required, held during the year to inter alia, answer or clarify any matter on accounting and auditing or internal controls.

The Group has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Messrs. KPMG LLP as the external auditors of the Company and its significant subsidiaries. The Company does not have any significant Singapore-incorporated associated companies.

The AC has reviewed the non-audit services provided by the external auditors in FY2020 and is of the view that the nature and extent of non-audit services does not compromise the independence of the external auditors given that the non-audit services rendered during FY2020 were not substantial. Details of the aggregate amount of fees paid to the external auditors in FY2020 and a breakdown of the fees paid in total for audit and non-audit services respectively, can be found on page 101 of this Annual Report.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy, details of which have been made available to all employees. The public can access the details of the whistle blowing policy via the Company's corporate website at https://charismaenergy.com This policy provides welldefined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group directly to either any of the Executive Directors or the AC Chairman, as appropriate. No whistle blowing reports have been received during FY2020.

During FY2020, the AC reviewed the quarterly and full-year financial statements prior to approving or recommending their release to the Board, the external audit plan and the results of the external audit performed and the internal audit report of the Group.

During FY2020, the AC and the Board were briefed by the external auditors on the developments in financial reporting and governance standards.

The Group outsources its internal audit function to Messrs. Yang Lee & Associates ("**IA**"). Internal control weaknesses identified during the internal audit reviews and the implementation status of the recommended corrective actions are reported to the AC periodically.

The AC approves the hiring, removal, evaluation and compensation of the corporation to which the internal audit function is outsourced.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function. The AC annually reviews the adequacy and effectiveness of the risk management and internal audit function to ensure that the internal audits are performed effectively. The AC has reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced.

The IA reports directly to the AC and administratively to the CEO. The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. The IA has unfettered access to all the Company's documents, records, properties and personnel, including access to the AC. As such, the AC is satisfied that the IA is staffed by qualified and experienced personnel, and has appropriate standing in the Company to discharge its duties effectively.

The IA completed one (1) review in FY2020 in accordance with the internal audit plan approved by the AC.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company give shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is committed to providing clear and full information on the Group to shareholders through the publication of notices, announcements, circulars, quarterly and full-year financial results. The Company does not practise selective disclosures and releases its financial results and other material information to the shareholders on a timely basis in accordance with the requirements of the Catalist Rules, via the SGXNet.

Shareholders are encouraged to attend the upcoming AGM of the Company which will be held through electronic means in accordance with COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to the attendance at the upcoming AGM via electronic means include arrangements by which the meeting can be electronically accessed via live audio-video webcast or live audio-only stream, submission of questions to the Chairman of the meeting in advance of the meeting, addressing of substantial and relevant questions at, prior to, the meeting and voting by appointing the Chairman of the meeting as proxy at the AGM, will be put in place at the upcoming AGM.

Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business-related matters at the AGM. The Group believes in regular, effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

An independent polling agent is appointed by the Company for general meetings who will explain the rules, including voting procedures that govern the AGM. The Company will not be issuing printed copies of the notice of AGM, proxy forms and annual reports to its shareholders. Instead, the notice, proxy form and annual report are accessible by electronic means via the Company's website at https://charismaenergy.com and on SGXNet.

To facilitate participation by the shareholders, the Company's Constitution allow a shareholder to appoint not more than two (2) proxies to attend and vote at general meetings. As the authentication of shareholder identity information and other related security issues still remains a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate. In the event of interdependent and linked resolutions, the reasons and material implications of the "bundled" resolutions will be explained.

CORPORATE GOVERNANCE REPORT

At the general meetings, the external auditors as well as all the Directors, in particular the Chairman of the Board and the respective Chairman of the AC, NC and RC, are in attendance to answer queries from shareholders. The attendance of the Directors at general meetings held during FY2020 is set out in page 12 of this Annual Report. Shareholders are given the opportunity to query the Directors and Management on matters relating to the Group and its operations. Minutes of general meetings, which include substantial comments or queries from shareholders and responses from the Board and Management will be uploaded to the SGXNet and the Company's website within one (1) month from the AGM.

All resolutions are put to vote by poll and the voting results of all votes cast for, or against, each resolution and the respective percentages are announced at the meeting and via SGXNet upon the conclusion of the general meetings.

Dividend Policy

The Company does not have a specific dividend policy. Nonetheless, Management will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration. No dividend has been declared or recommended for FY2020 as the Group was loss-making for FY2020.

Engagement with Shareholders

Principle 12: ***The company communicates regularly with its shareholders and facilities the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their view on various matters affecting the Company.***

The Company's primary avenue to solicit and understand the views of shareholders is via general meetings.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, as well as any information that is necessary to avoid the establishment of a false market in the Company's shares, through announcements via SGXNet. Such announcements are communicated on an immediate basis or on a timely basis as required under the Catalist Rules. Shareholders are provided with updates on the Group's performance position and prospects through the Company's annual report and its unaudited financial results announced quarterly.

The Company's quarterly and full year results announcements are issued via SGXNet. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make same disclosure publicly to all others promptly.

The Company does not have a formal investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. Pertinent information is regularly disseminated to the shareholders through SGXNet and the Company's website. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arise.

CORPORATE GOVERNANCE REPORT

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: ***The Board adopts an inclusive approach by considering and balancing the needs and interests of materials stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.***

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, community, government and regulators and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company maintains a corporate website at https://charismaenergy.com to communicate and engage with stakeholders. Shareholders can submit their feedback and raise any questions to the Company as provided in the Company's corporate website at enquiries@charismaenergy.com.

SUSTAINABILITY REPORTING

The Company upholds the high standards of responsible, sustainable and socially aware business practices. We are committed to instilling sustainability in our corporate culture and improving the economic, environmental and social wellbeing of our stakeholders. We prudently balance economic viability with sustainability and social progress for future generations.

The Company has assigned a sustainability task force for our sustainability reporting, to monitor our sustainability performance and the implementation of our sustainability policies and measures. We endeavour to streamline our business operations to improve efficiency and conserve resources.

Below is a summary table of the key topics in line with the Global Reporting Initiative standards that are relevant to the Group and our stakeholders.

Economic	Environmental	Social
Economic Performance	Energy	Employment
Market Presence	Emissions	Diversity and Equal Opportunity
Indirect Economic Impacts	Biodiversity	Non-discrimination
Anti-Corruption	Environmental Compliance	Local Communities
		Socioeconomic Compliance

More information on the Group's efforts on sustainability management in FY2020 can be found in our 2020 Sustainability Report which will be published by 14 June 2021 through SGXNet and the Company's website.

DEALINGS IN SECURITIES

The Company has adopted an internal code in line with the SGX-ST's best practices with regards to dealings in securities to provide guidance for its Directors and employees.

The internal code provides that the Company, its Directors and employees are prohibited from dealing in securities of the Company when they are in possession of any unpublished material price-sensitive information of the Group. The internal code also prohibits the Company, its Directors and employees from dealing in the Company's securities during the period commencing one month and two weeks before the date of announcement of the Company's full-year and quarterly financial results respectively and ending on the date of announcement of the relevant results.

CORPORATE GOVERNANCE REPORT

The Company, its Directors and employees are also required to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company, its Directors and employees are expected not to deal in the Company's securities for short-term considerations.

DISCLOSURE OF MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of the CEO, each Director or controlling shareholder, either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS ("IPTS")

The Company has established procedures to ensure that transactions with interested persons are properly reviewed and approved, are conducted at arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders.

The Group had on 21 April 2014 obtained a general mandate from shareholders for IPTs which was last renewed on 22 June 2020.

Save as disclosed below, there were no IPTs of S$100,000 and above entered into during the financial year reported on.

Details of IPTs transacted during FY2020 are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$
Ezion Holdings Limited Management fee expenses	Controlling shareholder of the Company	Nil	208,293
Ezion Holdings Limited Interest expenses	Controlling shareholder of the Company	Nil	1,075,099

NON-SPONSOR FEES

No non-sponsor fees were paid/payable to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. for FY2020.

UTILISATION OF PROCEEDS

There are no outstanding proceeds raised from IPO or any offerings pursuant to Chapter 8 of the Catalist Rules.

DIRECTORS' STATEMENT

We hereby submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 38 to 123 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regards to the matters set out in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Chew Thiam Keng
Tan Ser Ko
Simon de Villiers Rudolph
Cheng Yee Seng
Lim Chen Yang
Eng Chiaw Koon

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct	
Name of directors and corporation in which interests are held	**Holdings at beginning of the year/date of appointment**	**Holdings at end of the year**
Charisma Energy Services Limited		
- Ordinary shares		
Simon de Villiers Rudolph	10,000,000	10,000,000
Eng Chiaw Koon	1,000,000	1,000,000
- Warrants to subscribe for ordinary shares		
Simon de Villiers Rudolph	1,000,000	1,000,000
Eng Chiaw Koon	850,000	850,000

DIRECTORS' STATEMENT

Except as disclosed in this statement, no other director who held office at the end of the financial year had interests in shares, debentures or warrants of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

Except as disclosed under the "Share options" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

Employee Share Option Scheme

The Company's Employee Share Option Scheme (the "Scheme") was approved and adopted by its members at an Extraordinary General Meeting held on 24 April 2013. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Cheng Yee Seng, Simon de Villiers Rudolph and Lim Chen Yang.

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at market price or at a discounted price not exceeding 20% of the market price (or such other percentage or amount prescribed or permitted by the SGX-ST) and approved by the shareholders at a general meeting in a separate resolution in respect of that option.

- The options shall be exercised in whole or in part 1 year (if exercise price of option is set at market price) or 2 years (if exercise price of option is set at a discount to market price) after the grant date.

- All options are settled by physical delivery of shares.

- The options granted expire after 10 years from date of grant or upon cessation of the employment of employees.

DIRECTORS' STATEMENT

At the end of the financial year, details of the options granted under the Scheme on unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share S$	Options outstanding at 1 January 2020 '000	Options exercised '000	Options forfeited '000	Options outstanding at 31 December 2020 '000	Number of option holders at 31 December 2020	Exercise period
10/5/2016	0.009	58,100	–	(100)	58,000	6	10/5/2018 to 10/5/2026
9/5/2017	0.006	56,000	–	(3,000)	53,000	6	9/5/2019 to 9/5/2027

Except as disclosed above, there were no other share options forfeited, expired, cancelled or exercised since commencement of the Scheme to 31 December 2020.

No options were granted to the following:

(i) participants who are controlling shareholders of the Company and their associates;
(ii) participants, other than those as set out in (i) above and those directors disclosed below, who received 5% or more of the total number of options available under the Scheme; and
(iii) directors or employees of the holding company and its subsidiaries as the Company does not have a holding company.

Details of options granted to the directors of the Company are as follows:

Name of director	Options granted for financial year ended 31 December 2020 '000	Aggregate options granted since commencement of Scheme to 31 December 2020 '000	Aggregate options exercised since commencement of Scheme to 31 December 2020 '000	Aggregate options cancelled since commencement of Scheme to 31 December 2020 '000	Aggregate options outstanding as at 31 December 2020 '000
Chew Thiam Keng	–	–	–	–	–
Tan Ser Ko	–	52,500	–	–	52,500
Simon de Villiers Rudolph	–	10,000	–	–	10,000
Cheng Yee Seng	–	10,000	–	–	10,000
Lim Chen Yang	–	10,000	–	–	10,000
Eng Chiaw Koon	–	–	–	–	–
	–	82,500	–	–	82,500

The above options were granted at a 20% discount to the average of the last dealt prices per share on SGX-ST over the 5 consecutive market days immediately preceding the date of grant of options.

The options granted under the Scheme do not entitle the holders of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

DIRECTORS' STATEMENT

AUDIT COMMITTEE

The Audit Committee of the Company comprises three independent non-executive directors and at the date of this statement are:

Simon de Villiers Rudolph (Chairman)
Cheng Yee Seng
Lim Chen Yang

The Audit Committee performs the functions specified in Section 201B of the Act, the Catalist Rules and the Code of Corporate Governance.

The Audit Committee held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Catalist Rules).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of external auditors and reviews the level of audit and non-audit fees.

In appointing our auditors for the Company and subsidiaries, we have complied with Rules 712 and 715 of the Catalist Rules.

DIRECTORS' STATEMENT

AUDITORS

The retiring auditors, KPMG LLP has expressed that they will not be seeking re-appointment as auditors of the Company at the forthcoming Annual General Meeting of the Company.

The Company proposed the appointment of Nexia TS Public Accounting Corporation as the auditors of the Company and Nexia TS Public Accounting Corporation has expressed its willingness to accept appointment as auditors, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

On behalf of the Board of Directors

Tan Ser Ko
Director

Eng Chiaw Koon
Director

14 June 2021

INDEPENDENT AUDITORS' REPORT

Members of the Company
Charisma Energy Services Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of Opinion

We were engaged to audit the financial statements of Charisma Energy Services Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 123.

We do not express an opinion on the accompanying consolidated financial statements of the Group or the statement of financial position of the Company. Because of the significance of the matters described in the 'Basis for Disclaimer of Opinion' section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

(i) Deficiencies in shareholders' equity and net working capital

The Group incurred net loss of US$2,021,000 for the year ended 31 December 2020. As at that date, the Group and the Company had net current liabilities of US$45,894,000 and US$70,658,000 respectively; and net liabilities of US$22,067,000 and US$42,781,000, respectively. As at the date of this report, there is no re-capitalisation plan to improve the working capital and shareholders' equity positions.

(ii) Loans and borrowings with lenders

Notes 2 and 22 to the financial statements state that the Group has outstanding financial obligations of US$30,319,000 that were classified as "current liabilities" as at 31 December 2020. Of these obligations, US$14,769,000 has been restructured with progressive repayments over 84 months since November 2019, but for the remaining US$14,590,000 that were in default and callable on demand, the repayment obligations owing to lenders have not been restructured yet. The financial statements do not include any adjustments that would result from a failure to obtain such support and/or restructuring of the outstanding financial obligations.

(iii) Loans from shareholders

Owing to the defaults on certain bank loans by the Group as described in Note 2 to the financial statements, the loans from shareholders of US$25,723,000 were classified as "current liabilities". The Group plans to seek continuous financial support from these shareholders, despite the cross-default clause present in the shareholder loan agreements. There is however no formal agreement reached with the shareholders to extend this financial support for at least another 12 months from the reporting date.

(iv) Asset divestment plans

Note 2 to the financial statements states the Group's on-going plan to divest certain assets in the near-term to raise the necessary funding to meet its debt obligations. At the date of this report, we are unable to obtain sufficient evidence to support the expected realisation of these asset divestment plans.

(v) Cash flows from operating activities

Note 2 to the financial statements states the Group's expectation of generating positive cash flows from the Group's continuing businesses to meet its working capital needs, and part of its debt obligations as and when fall due at least in the next 12 months from the reporting date. Taking into consideration the economic challenges and regulatory matters described in Notes 5, 25 and 33, the timing of generation of the Group's operating cash flows is uncertain.

(vi) Cash flows from potential investor

Note 2 to the financial statements states the Group is in discussion with a potential investor to raise fresh funds for the Group to meet its debt obligations and capital needs. At the date of this report, we are unable to obtain sufficient evidence to assess the outcome of the ongoing discussions with the potential investor.

(vii) New financial guarantee issued by the Company

Note 22 to the financial statements describes the issuance of a financial guarantee by the Company in favour of a lessor for the re-scheduling of lease payments committed by an overseas subsidiary. The Company has assessed that there is no invocation of this financial guarantee according to local laws and business practices and intent of the terms and conditions set out by the lessor as included in the financial guarantee agreement; and accordingly, this financial guarantee has been measured based on its initial fair value. The financial statements do not include any expected credit loss associated with this financial guarantee.

These conditions set out in the preceding paragraphs reflect the presence of multiple material uncertainties that are significant to the financial statements as a whole. The financial statements do not include any adjustments, including re-classifications that may be necessary as a result of these uncertainties.

The comparative financial statements similarly disclaimed were caused by presence of multiple material uncertainties.

INDEPENDENT AUDITORS' REPORT

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing (SSAs) and to issue an auditors' report. However, because of the matters described in the *'Basis for Disclaimer of Opinion'* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, in view of the significance of the matters referred to in the *'Basis for Disclaimer of Opinion'* section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang, Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 June 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group 2020 US$'000	Group 2019 US$'000	Company 2020 US$'000	Company 2019 US$'000
Non-current assets					
Property, plant and equipment	5	25,971	28,369	3	–
Right-of-use assets	6	16,675	16,202	–	–
Intangible assets	7	–	–	–	–
Investment in subsidiaries	8	–	–	8,982	8,988
Loan to subsidiaries	8	–	–	21,956	45,745
Joint ventures	9	–	4,948	–	5,965
Other investments	10	–	–	–	–
Deferred tax assets	23	840	–	–	–
Trade and other receivables	11	603	7,564	–	6,990
		44,089	57,083	30,941	67,688
Current assets					
Inventories		547	565	–	–
Trade and other receivables	11	18,539	13,409	6,416	5,894
Assets held for sale	12	7,186	6,429	–	–
Cash and cash equivalents	13	3,315	5,246	114	470
		29,587	25,649	6,530	6,364
Total assets		73,676	82,732	37,471	74,052
Equity					
Share capital	14	274,545	274,545	274,545	274,545
Perpetual securities	15	6,811	6,811	6,811	6,811
Redeemable exchangeable preference shares	16	7,042	7,042	–	–
Warrants	17	2,384	2,384	2,384	2,384
Other reserves	18	(6,428)	(6,480)	(1,276)	(1,276)
Accumulated losses		(307,543)	(304,807)	(325,245)	(290,352)
Deficit in equity attributable to owners of the Company		(23,189)	(20,505)	(42,781)	(7,888)
Non-controlling interests	19	1,122	705	–	–
Net deficit in equity		(22,067)	(19,800)	(42,781)	(7,888)
Non-current liabilities					
Trade and other payables	20	186	152	–	–
Financial liabilities	22	17,590	16,444	3,064	–
Deferred tax liabilities	23	2,486	1,288	–	–
		20,262	17,884	3,064	–
Current liabilities					
Trade and other payables	20	43,902	38,997	35,769	32,606
Amounts due to subsidiaries	21	–	–	24,073	21,716
Financial liabilities	22	31,072	45,279	17,346	27,618
Provision for tax		507	372	–	–
		75,481	84,648	77,188	81,940
Total liabilities		95,743	102,532	80,252	81,940
Total equity and liabilities		73,676	82,732	37,471	74,052

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Revenue	25	12,262	13,310
Cost of sales		(4,033)	(6,661)
Gross profit		8,229	6,649
Administrative and marketing expenses		(3,142)	(4,034)
Other expenses, net		(657)	(20,176)
Result from operating activities		4,430	(17,561)
Finance income		102	194
Finance cost		(5,448)	(7,782)
Net finance cost	26	(5,346)	(7,588)
Share of results of joint ventures, net of tax	9	667	(167)
Loss before income tax	27	(249)	(25,316)
Income tax expense	28	(1,772)	(1,433)
Loss for the year		(2,021)	(26,749)
Loss attributable to:			
Owners of the Company		(2,365)	(25,250)
Non-controlling interests	19	344	(1,499)
Loss for the year		(2,021)	(26,749)
Loss per share			
Basic loss per share (US cents)	29	(0.02)	(0.19)
Diluted loss per share (US cents)	29	(0.02)	(0.19)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Loss for the year		(2,021)	(26,749)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net change in fair value		–	(2,970)
Net change in fair value of actuarial gain or loss		(11)	(33)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange differences on monetary items forming part of net investment in foreign operations		–	(916)
Foreign currency translation differences relating to financial statements of foreign operations		116	723
Effective portion of changes in fair value of cash flow hedges		9	(35)
Other comprehensive income for the year, net of tax		114	(3,231)
Total comprehensive income for the year		(1,907)	(29,980)
Total comprehensive income attributable to:			
Owners of the Company		(2,324)	(28,459)
Non-controlling interests	19	417	(1,521)
Total comprehensive income for the year		(1,907)	(29,980)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to owners of the Company										
Group	**Note**	**Share capital US$'000**	**Perpetual securities US$'000**	**Redeemable exchangeable preference shares US$'000**	**Warrants US$'000**	**Foreign currency translation reserves US$'000**	**Fair value reserve US$'000**	**Hedging reserve US$'000**	**Accumulated losses US$'000**	**Total US$'000**	**Non-controlling interests US$'000**	**Net (deficit in equity)/equity US$'000**
At 1 January 2019		272,670	6,811	7,042	2,384	(2,329)	(958)	16	(279,270)	6,366	2,226	8,592
Total comprehensive income for the year												
Loss for the year		–	–	–	–	–	–	–	(25,250)	(25,250)	(1,499)	(26,749)
Other comprehensive income												
Equity investments at FVOCI – net change in fair value		–	–	–	–	–	(2,970)	–	–	(2,970)	–	(2,970)
Net change in fair value of actuarial gain or loss		–	–	–	–	–	(33)	–	–	(33)	–	(33)
Exchange differences on monetary items forming part of net investment in foreign operations		–	–	–	–	(916)	–	–	–	(916)	–	(916)
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	–	745	–	–	–	745	(22)	723
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	–	(35)	–	(35)	–	(35)
Total comprehensive income for the year		–	–	–	–	(171)	(3,003)	(35)	(25,250)	(28,459)	(1,521)	(29,980)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

Group (continued)	Note	Share capital US$'000	Perpetual securities US$'000	Redeemable exchangeable preference shares US$'000	Warrants US$'000	Foreign currency translation reserves US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Net (deficit in equity)/ equity US$'000
		Attributable to owners of the Company										
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Issue of ordinary shares	14	1,875	–	–	–	–	–	–	–	1,875	–	1,875
Accrued perpetual securities distributions	15	–	–	–	–	–	–	–	(332)	(332)	–	(332)
Equity-settled share-based payment transaction	24	–	–	–	–	–	–	–	45	45	–	45
Total transactions with owners		1,875	–	–	–	–	–	–	(287)	1,588	–	1,588
At 31 December 2019		274,545	6,811	7,042	2,384	(2,500)	(3,961)	(19)	(304,807)	(20,505)	705	(19,800)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

Group	Note	Share capital US$'000	Perpetual securities US$'000	Redeemable exchangeable preference shares US$'000	Warrants US$'000	Foreign currency translation reserves US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Net (deficit in equity)/ equity US$'000
		Attributable to owners of the Company										
At 1 January 2020		274,545	6,811	7,042	2,384	(2,500)	(3,961)	(19)	(304,807)	(20,505)	705	(19,800)
Total comprehensive income for the year												
Loss for the year		–	–	–	–	–	–	–	(2,365)	(2,365)	344	(2,021)
Other comprehensive income												
Net change in fair value of actuarial gain or loss		–	–	–	–	–	–	–	(11)	(11)	–	(11)
Foreign currency translation differences relating to financial statements of foreign operations		–	–	–	–	43	–	–	–	43	73	116
Effective portion of changes in fair value of cash flow hedges		–	–	–	–	–	–	9	–	9	–	9
Total comprehensive income for the year		–	–	–	–	43	–	9	(2,376)	(2,324)	417	(1,907)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to owners of the Company										
Group (continued)	Note	Share capital US$'000	Perpetual securities US$'000	Redeemable exchangeable preference shares US$'000	Warrants US$'000	Foreign currency translation reserves US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Accumulated losses US$'000	Total US$'000	Non-controlling interests US$'000	Net (deficit in equity)/ equity US$'000
Transactions with owners of the Company, recognised directly in equity												
Contributions by and distributions to owners												
Accrued perpetual securities distributions	15	–	–	–	–	–	–	–	(360)	(360)	–	(360)
Total transactions with owners		–	–	–	–	–	–	–	(360)	(360)	–	(360)
At 31 December 2020		274,545	6,811	7,042	2,384	(2,457)	(3,961)	(10)	(307,543)	(23,189)	1,122	(22,067)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Cash flows from operating activities			
Loss before income tax		(249)	(25,316)
Adjustments for:			
Depreciation of property, plant and equipment	5	1,690	3,932
Depreciation of right-of-use assets	6	722	1,027
Amounts due from joint ventures written off	27	655	–
Impairment loss on:			
- property, plant and equipment	5	550	10,139
- right-of use asset	6	–	6,633
- intangible assets	7	–	1,306
- other receivables	34	–	288
Net change in fair value of investments at FVTPL	10	–	1,816
Interest income	26	(102)	(194)
Interest expense	26	5,411	7,782
Equity-settled share-based payment transaction	24	–	45
Gain on disposal of joint ventures (net)	9	(75)	–
Share of results of joint ventures, net of tax	9	(667)	167
		7,935	7,625
Changes in:			
- inventories		18	(117)
- trade and other receivables		2,406	(3,722)
- trade and other payables		(1,175)	(764)
Income tax paid		(1,054)	(933)
Net cash from operating activities		8,130	2,089
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(126)	(209)
Advances received for assets held for sale		1,549	1,749
Proceeds from disposal of joint ventures	9	5,353	–
Interest income received		102	194
Net cash from investing activities		6,878	1,734
Cash flows from financing activities			
Non-trade amounts due to joint ventures		5	38
Non-trade amounts due to a related party		209	382
Proceeds from borrowings		338	134
Repayment of borrowings		(14,846)	(2,963)
Repayment of loan from a shareholder		–	(450)
Loan from a shareholder		398	–
Decrease in restricted cash		1,445	362
Payment of lease liability		(45)	(40)
Interest expense paid		(3,000)	(1,547)
Net cash used in financing activities		(15,496)	(4,084)
Net decrease in cash and cash equivalents		(488)	(261)
Cash and cash equivalents at 1 January		590	844
Effect of exchange rate fluctuations on cash held		2	7
Cash and cash equivalents at 31 December	13	104	590

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 14 June 2021.

1. DOMICILE AND ACTIVITIES

Charisma Energy Services Limited (the "Company") is incorporated in Singapore. The address of the Company's registered office is 438B Alexandra Road, #05-08/09 Alexandra Technopark, Singapore 119968.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in joint ventures.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries. The principal activities of the significant subsidiaries are set out in Note 8 to the financial statements.

2. GOING CONCERN

The Group incurred a net loss of US$2,021,000 for the year ended 31 December 2020. As of that date, the Group and Company were in net liabilities positions of US$22,067,000 and US$42,781,000, respectively; and in net current liabilities positions of US$45,894,000 and US$70,658,000, respectively. In the assessment of the appropriateness of going concern assumption used in the preparation of the financial statements, the directors of the Company have considered existing re-financing arrangements reached with lenders, other restructuring plans to be negotiated with lenders, continuous financial support from shareholders, fresh investment funds from potential investor as well as the expected cash flows from the Group's continuing operations and asset divestment plans.

(i) Loans and borrowings and re-financing arrangements with lenders

As at 31 December 2020, the Group has outstanding bank loans of US$30,319,000 (2019: US$44,431,000) that were classified as "current liabilities", of which US$17,503,000 (2019: US$21,949,000) is expected to be settled in the next 12 months. Of these outstanding obligations,

- US$14,769,000 (2019: US$17,769,000) was restructured in 2019 to be repaid progressively over 84 months commencing from November 2019 ("Loan A");
- US$1,052,000 (2019: US$2,402,000) was fully settled in March 2021 ("Loan B");
- US$2,165,000 (2019: US$3,000,000) is recallable on demand following expiry of the standstill agreement in October 2020 ("Loan C"); and
- US$11,373,000 (2019: US$20,483,000) has been in default since 2017 ("Loan D").

As Loan A continues to carry similar financial covenants that were breached, the entire loan obligation has been classified as "current liabilities". Loan C and Loan D are subject to restructuring plans to be reached between the Group and the lenders. Such restructuring plans involve extension of debt moratorium period for at least another 12 months from October 2020 for Loan C, and extension of loan repayment dates and/or maturity date beyond the next 12 months from 31 December 2020 for Loan D. As at the date of this report, lenders for Loan A, Loan C and Loan D have not issued any demand for immediate repayment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. GOING CONCERN (CONT'D)

(ii) Loans from shareholders

As at 31 December 2020, the Group has loans from shareholders of US$25,723,000 (2019: US$24,021,000) that were classified as "current liabilities" following the trigger of a cross default clause when the Group had defaulted on certain bank loans. The Group is seeking continuous financial support from the shareholders. To-date, the shareholders have not demanded for immediate repayment of these loans.

(iii) Assets divestment

The Group is in discussions with interested parties to divest certain assets. The Group believes that the divestment of these assets would bring in the necessary funding to meet part of its debt obligations.

(iv) Cash flows from operating activities

The Group expects to generate positive operating cash flows from its energy and power services segment to meet its working capital needs and part of its debt obligations at least in the next 12 months from the reporting date.

(v) Cash flows from potential investor

The Group is engaged in discussions with a potential investor to provide fresh investment funds to the Group to meet its debt obligations and capital needs.

Notwithstanding the directors' belief that the use of going concern assumption in the preparation of the financial statements remains appropriate, there are material uncertainties about:

(a) the lenders' and shareholders' commitment to continue provide funding to the Group and Company;
(b) the execution and timing of the Group's asset divestment plans to raise additional funding;
(c) the level of operating cash flows to be generated from the Group's continuing businesses given the economic challenges and regulatory landscape faced by the Group's energy and power segment; and
(d) the outcome of discussions with the potential investor.

These conditions may affect the Group's ability to meet debts as and when they fall due, at least in the next 12 months from the reporting date. If for any reason the Group and Company are unable to continue as a going concern, it could have an impact on the Group's and Company's classification of assets and liabilities and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). The related changes to significant accounting policies are described in Note 3.5.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

These financial statements are presented in United States dollars ("US$"), which is the Company's functional currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

3.4 Use of estimates and judgements

The preparation of financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed as follows:

Cash flow forecast

The Group reviews its forecasts of future cash flows in the foreseeable future and the availability of positive cash flows to repay its lenders in the next 12 months. Such an assessment requires the Group to review its operations, including future market demand for its services and its cash deployment in different locations. Significant judgement is required in deriving the Group's forecasts.

3. BASIS OF PREPARATION (CONT'D)

3.4 Use of estimates and judgements (Cont'd)

Valuation of non-financial assets

The Group assesses the impairment of non-financial assets, including property, plant and equipment, right-of-use assets and intangible assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that could trigger an impairment review include (but are not limited) to the following:

- Extended periods of idle capacity;
- Significant decline in market prices;
- Inability to renew contracts upon expiry; and
- Significant adverse industry, regulatory or economic trends.

The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent in the application of the Group's accounting estimates in relation to the non-financial assets could affect the amounts reported in the financial statements. If business conditions were different, or if different assumptions were used in the application of this and other accounting estimates, it is likely that materially different amounts could be reported in the Group's financial statements.

Valuation of investments in subsidiaries

The Company determines whether there is impairment on the investments in subsidiaries where events or changes in circumstances indicate that the carrying amount of the investments may be impaired. If any such indications exist, the recoverable amount is estimated. The level of allowance is evaluated by the Company on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities, and market estimates in order to calculate the present value of the future cash flows. The valuation of the investments in subsidiaries are dependent on the outcome of these factors affecting management's forecasts of future cash flows. Actual events that result in deviations from management's estimation may result in higher impairment losses on the investments.

3.5 Changes in significant accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations is not expected to have a material effect on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 3.5 which addresses the changes in accounting policies.

4.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (Cont'd)

(i) Business combinations (Cont'd)

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Investment in joint ventures (equity-accounted investees)

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Basis of consolidation (Cont'd)

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries and joint ventures in the separate financial statements

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

4.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an equity investment designated at FVOCI; and
- qualifying cash flow hedges to the extent that the hedges are effective.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Foreign currency (Cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US$ at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US$ at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

4.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

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

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, capitalised borrowing costs and the Group's obligation to remove the asset or remove the site based on an estimate of the costs of dismantling and removing and restoring the site on which they are located.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Property, plant and equipment

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land is not depreciated.

Depreciation is recognised from the date that property, plant and equipment are completed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Power generation equipment	5 - 30 years
Vessels	15 years
Accommodation modules	12 - 15 years
Furniture and computer equipment	3 - 5 years
Motor vehicles	3 years

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 4.1(i).

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Land use rights

Intangible assets acquired in a business combination relate to land use rights and are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets from the date that they are available for use. The estimated useful life of the land use rights is 25 years.

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

Upon the adoption of SFRS(I) 16 Leases in 2019, land use rights were classified from "intangible assets" to "right-of-use assets" (see Note 4.12). The Group was not required to make any adjustments at the date of initial application of SFRS(I) 16, other than changing the captions for the balances.

4.5 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by reference to weighted average cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and locations. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Assets held for sale

Assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories and financial assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of joint ventures ceases once classified as held for sale.

4.7 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL if they qualify for such classification.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

4. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.7 **Financial instruments (Cont'd)**

(ii) **Classification and subsequent measurement (Cont'd)**

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (Cont'd)

(ii) Classification and subsequent measurement (Cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses (Cont'd)

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (Cont'd)

(iv) Offsetting

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

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, cash deposits pledged by the Group as securities for banking facilities are excluded from cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution subject to the term and conditions of the securities issued. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issued and the perpetual capital securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

Redeemable exchangeable preference shares

The Group's redeemable preference shares are classified as equity, because the redemption is at the issuer's discretion, they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (Cont'd)

(vii) Intra-group financial guarantees contracts (FGCs)

FGCs are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

FGCs issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

Expected Credit Losses (ECLs) are a probability-weighted estimate of credit losses. ECLs are measured for FGCs issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Liabilities arising from FGCs are included within 'financial liabilities'.

(viii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Financial instruments (Cont'd)

Cash flow hedge

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amounts accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

4.8 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- lease receivables; and
- intra-group financial guarantee contracts (FGCs).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (Cont'd)

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

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding beyond management's expected range of past due days taking into consideration past payment trends, macroeconomic and industry conditions.

The Group considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (Cont'd)

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

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default (as defined above);
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognised.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Impairment (Cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's obligation in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is measured annually using the projected unit credit method calculated use the gratuity formula. The present value of the defined benefit obligation is determined by discounting the estimated future benefit that employee have earned in return for their services in the current and prior periods.

Gains and losses arising from changes in the assumptions, current service cost and interest are recognised in the statement of comprehensive income in the period in which they arise.

The retirement benefit obligation is not externally funded.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Share-based payment transactions

The grant date fair value of equity-settled share-based payment awards granted to employee is recognised as an employee benefit expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

4.10 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Revenue

Rendering of services and sale of energy and power generation services

Revenue from rendering of services and sale of energy and power generation services is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative standalone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the POs if it relates specifically to those POs.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue from rendering of services is recognised over time on straight line basis over the period when service is rendered.

Revenue from sale of energy and power generation services is recognised as and when clean energy is generated and delivered to the customer, and all criteria for acceptance have been satisfied (i.e. at a point in time).

4.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Leases (cont'd)

As a lessee (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "right-of-use assets" and lease liabilities in "financial liabilities" in the statement of financial position.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 4.8(i)). The Group further regularly reviews estimated unguaranteed residual values, if any, used in calculating the gross investment in the lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Finance income and costs

Finance income comprises interest income on bank deposits. Finance costs comprise interest expenses on borrowings that are recognised in profit or loss. Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.14 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income tax expense (cont'd)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

4.15 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants, perpetual securities, redeemable exchangeable preference shares and share options granted to employees.

4.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the Chief Operating Decision Maker), to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

4.17 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The new SFRS(I)s, interpretations and amendments to SFRS(I)s are as follows:

- *SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

The Group is currently assessing the impact of the new SFRS(I)s, interpretations and amendments to SFRS(I)s and plans to adopt the new standards on the recognised effective date.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land US$'000	Power generation equipment US$'000	Vessels US$'000	Accommodation modules US$'000	Furniture and computer equipment US$'000	Motor vehicle US$'000	Assets under construction US$'000	Total US$'000
Cost								
At 1 January 2019	398	108,955	56,023	12,590	153	131	4	178,254
Foreign exchange translation	7	664	–	(464)	4	8	–	219
Additions	–	130	–	–	23	56	–	209
Reclassification to right-of-use assets (Note 6)	–	(22,997)	–	–	–	–	–	(22,997)
Reclassification to assets held for sale (Note 12)	–	–	–	(12,126)	–	–	–	(12,126)
Disposal	–	(40)	–	–	(73)	(1)	(4)	(118)
At 31 December 2019	405	86,712	56,023	–	107	194	–	143,441
Foreign exchange translation	(10)	(727)	–	–	(5)	(14)	–	(756)
Additions	–	91	–	–	14	21	–	126
At 31 December 2020	395	86,076	56,023	–	116	201	–	142,811
Accumulated depreciation and impairment losses								
At 1 January 2019	–	47,189	54,763	5,871	92	34	–	107,949
Foreign exchange translation	–	168	–	(226)	3	7	–	(48)
Depreciation	–	3,657	129	52	37	57	–	3,932
Impairment losses	–	9,833	306	–	–	–	–	10,139
Reclassification to right-of-use assets (Note 6)	–	(1,112)	–	–	–	–	–	(1,112)
Reclassification to assets held for sale (Note 12)	–	–	–	(5,697)	–	–	–	(5,697)
Disposal	–	(18)	–	–	(72)	(1)	–	(91)
At 31 December 2019	–	59,717	55,198	–	60	97	–	115,072
Foreign exchange translation	–	(457)	–	–	(4)	(11)	–	(472)
Depreciation	–	1,505	91	–	32	62	–	1,690
Impairment losses	–	550	–	–	–	–	–	550
At 31 December 2020	–	61,315	55,289	–	88	148	–	116,840
Carrying amounts								
At 1 January 2019	398	61,766	1,260	6,719	61	97	4	70,305
At 31 December 2019	405	26,995	825	–	47	97	–	28,369
At 31 December 2020	395	24,761	734	–	28	53	–	25,971

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Computer equipment US$'000
Company	
Cost	
At 1 January 2019 and 31 December 2019	86
Additions	3
At 31 December 2020	89
Accumulated depreciation	
At 1 January 2019	82
Depreciation	4
At 31 December 2019	86
Depreciation	*
At 31 December 2020	86
Carrying amounts	
At 1 January 2019	4
At 31 December 2019	–
At 31 December 2020	3

* Amount is less than US$1,000

Transfer to assets held for sale

In 2019, the Group entered into an agreement with the former customer that had leased the accommodation module ("Accommodation Module Buyer") to dispose of the accommodation module to the latter. Upon full receipt of the consideration, all legal title and interests in the accommodation module will be transferred to Accommodation Module Buyer. As at 31 December 2019, the carrying amount of the accommodation module was reclassified to assets held for sale (see Note 12).

Security

At 31 December 2020, property, plant and equipment of the Group with carrying amounts of US$25,018,000 (2019: US$27,355,000) are pledged as security to secure bank loans obtained by the Group entities (see Note 22).

Impairment loss

The Group continues to face challenging market conditions and uncertain financial performances in the businesses of the respective cash-generating units. In the current year, the Group identified indicators of impairment on the following cash-generating units, where the first two belong to the Energy and Power segment:

- Mini hydro power plants ("Hydro Plants CGUs");
- Solar photovoltaic power plant ("Solar Plant CGU"); and
- Vessels on lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Hydro Plants CGUs and Solar Plant CGU belong to the Group entities operating in Sri Lanka and China, respectively. There are 13 mini hydro power plants and 1 solar photovoltaic power plant (collectively "power generation equipment") in the Hydro Plants CGUs and Solar Plant CGU, respectively. For the purpose of impairment assessment, each individual hydro power plant is a stand-alone CGU and the non-financial assets (before impairment loss) allocated to the Hydro Plants CGUs and the Solar Plant CGU are as follows:

	Hydro Plants CGUs		Solar Plant CGU	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Property, plant and equipment	25,258	36,912	480	465
Rights of use assets – power generation equipment	–	–	14,464	20,559
Rights of use assets – land use rights	–	–	2,211	2,155
Rights of use assets – office premises	–	121	–	–
Goodwill	–	–	–	1,306
	25,258	37,033	17,155	24,485

Management has estimated the recoverable amounts of the Hydro Plants CGUs and Solar Plant CGU based on their value-in-use calculations.

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

	Hydro Plants CGUs		Solar Plant CGU	
	2020	2019	2020	2019
Projection period	24 years	25 years	23 years	24 years
Tariff rates				
- During existing contracted period	Actual FY2020 tariff rates with an average annual upward revision of 5%	Actual FY2019 tariff rates with an average annual upward revision of 6%	Actual contracted tariff rates	Actual contracted tariff rate
- Post-contractual renewal period	Renewal tariff rate recommended by authority	Renewal tariff rate recommended by authority	Actual industry tariff rates	N.A.
Projected utilisation rate	Average of past 7 years historical plant factor	Average of past 6 years historical plant factor	N.A.	N.A.
Timing of receipt of subsidies	N.A.	N.A.	Estimated to receive in 2023	Estimated to receive in 2023
Projected efficiency rate	N.A.	N.A.	Average 23 years projected efficiency rate	Average 24 years projected efficiency rate
Pre-tax discount rate	29%	24%	16%	18%

The cash flow projections were based on forecasts prepared by the management taking into account past experience, current and expected weather conditions and legislation. The discount rates applied to the cash flow projections were estimated based on weighted average cost of capital with inputs from market comparables.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Based on the derived recoverable amounts, the impairment losses were identified and allocated to the individual assets of the Hydro Plants CGUs and Solar Plant CGU as follows:

		Hydro Plants CGUs		Solar Plant CGU	
		2020	2019	2020	2019
	Note	US$'000	US$'000	US$'000	US$'000
Property, plant and equipment	5	550	9,833	–	–
Right-of use assets	6	–	121	–	6,512
Intangible assets	7	–	–	–	1,306
		550	9,954	–	7,818

In estimating the recoverable amounts of the mini-hydro power plants, the Group assumed the concessions will continue beyond the existing contract periods. However, the assumed tariff rates as well as the plant factor are subject to estimation uncertainties that may result in material adjustments on the mini-hydro power plants' recoverable amounts in future periods.

In estimating the recoverable amounts of the solar photovoltaic power plant, the tariff rates include the Group's entitlement to government subsidies which account for a major portion of total tariff. The timing of settlement of tariff premium, and the collection of such subsidies is subject to allocation of funds by the relevant local government authorities that could take a longer time to settle. The assumed tariff rates, timing of receipt of subsidies as well as the efficiency rate are therefore subject to estimation uncertainties that may result in material adjustments on the solar photovoltaic power plant's recoverable amount in future periods.

Sensitivity analysis

Management has identified that a reasonably possible change to one of the relevant assumptions, holding other assumptions constant, would have affected the recoverable amounts of the CGUs by the amounts shown below.

	Hydro Plants CGUs US$'000	Solar Plant CGUs US$'000
2020		
- 1% increase in discount rate	(1,188)	(1,713)
- 1% decline in tariff rate annual increment	(365)	(14)
- 1% decline in average utilisation rate	(1,449)	N.A.
- One-year delay in receipt of subsidies	N.A.	(1,537)
- 1% increase in degradation rate	N.A.	(1,539)
2019		
- 1% increase in discount rate	(1,145)	(905)
- 1% decline in tariff rate annual increment	(323)	(414)
- 1% decline in average utilisation rate	(1,323)	N.A.
- 1% increase in degradation rate	N.A.	(1,056)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Vessels on leased arrangements

The Group leases vessels under operating lease arrangement to a customer. The Group identified that there are indicators of impairment on the carrying amount of the vessels. Management has estimated the recoverable amounts of its vessels based on their fair value less costs to sell with reference to recent market scrap prices. The fair value measurement was categorised as Level 2 fair value based on the inputs in the valuation technique used.

Subsequent to year end, the Group entered into a settlement agreement with the customer to settle the claims arising from the arbitration award against the customer through the sale and purchase of the vessels for a total consideration of $4,000,000, which is payable over 20 instalments. However, in view of the past credit experience with the customer and the long settlement period of the consideration, there is a risk that the sale may not be completed. Hence, the vessels continue to be classified as property, plant and equipment and carried at the scrap steel value as at 31 December 2020.

6. RIGHT-OF-USE ASSETS

	Land use rights US$'000	Leases of premises US$'000	Leases of power generation equipment US$'000	Total US$'000
Group				
Cost				
At 1 January 2019	–	173	–	173
Reclassification from property, plant and equipment (Note 5)	–	–	22,997	22,997
Reclassification from intangible assets (Note 7)	2,582	–	–	2,582
Effects of movements in exchange rate	(55)	3	(496)	(548)
At 31 December 2019	2,527	176	22,501	25,204
At 1 January 2020	2,527	176	22,501	25,204
Effects of movements in exchange rate	193	–	1,716	1,909
At 31 December 2020	2,720	176	24,217	27,113
Accumulated depreciation and impairment loss				
At 1 January 2019	–	–	–	–
Reclassification from property, plant and equipment (Note 5)	–	–	1,112	1,112
Reclassification from intangible assets (Note 7)	277	–	–	277
Depreciation	101	56	870	1,027
Impairment loss	–	121	6,512	6,633
Effects of movements in exchange rate	(6)	(1)	(40)	(47)
At 31 December 2019	372	176	8,454	9,002
At 1 January 2020	372	176	8,454	9,002
Depreciation	103	–	619	722
Effects of movements in exchange rate	34	–	680	714
At 31 December 2020	509	176	9,753	10,438
Carrying amounts				
At 1 January 2019	–	173	–	173
At 31 December 2019	2,155	–	14,047	16,202
At 31 December 2020	2,211	–	14,464	16,675

6. RIGHT-OF-USE ASSETS (CONT'D)

Impairment loss

The Group's right-of-use assets are deployed in the Hydro Plants CGUs and Solar Plant CGU. As the Group continues to face challenging market conditions and uncertain financial performances in the businesses of the CGUs, the Group tested the carrying amount of the right-of-use assets for impairment. In 2019, under this assessment, the Group recognised impairment losses towards the non-financial assets deployed in the Hydro Plants CGUs and Solar Plant CGU, and impairment loss of US$6,633,000 had been allocated to right-of-use assets. No additional impairment loss was recognised in 2020. Further information about management's impairment assessment is included in Note 5.

Security

At 31 December 2020, the underlying power generation equipment, as represented in the right-of-use assets with carrying amounts of US$14,464,000 (2019: US$14,047,000), acquired under lease arrangements are pledged as security to secure borrowings obtained by the Group entities (see Note 22).

7. INTANGIBLE ASSETS

	Goodwill US$'000	Land use rights US$'000	Total US$'000
Group			
Cost			
At 1 January 2019	1,306	2,582	3,888
Reclassification to right-of-use assets (Note 6)	–	(2,582)	(2,582)
At 31 December 2019 and 2020	1,306	–	1,306
Accumulated amortisation and impairment loss			
At 1 January 2019	–	277	277
Reclassification to right-of-use assets (Note 6)	–	(277)	(277)
Impairment loss	1,306	–	1,306
At 31 December 2019 and 2020	1,306	–	1,306
Carrying amounts			
At 1 January 2019	1,306	2,305	3,611
At 31 December 2019	–	–	–
At 31 December 2020	–	–	–

Impairment loss

The Group's intangible assets are part of the Solar Plant CGU. The Group continues to face challenging market conditions, evolving government legislation and uncertain financial performance in the business of the CGU. The Group tested the carrying amount of the intangible assets for impairment. In 2019, under this assessment, the Group recognised impairment losses towards the non-financial assets deployed in the Solar Plant CGU and impairment loss of US$1,306,000 had been allocated in full to goodwill. No reversal of impairment loss previously recognised was necessary during 2020. Further information about management's impairment assessment is included in Note 5.

8. SUBSIDIARIES

	Company	
	2020	2019
	US$'000	US$'000
Unquoted equity investments, at cost	20,410	17,223
Impairment losses	(11,428)	(8,235)
	8,982	8,988
Loans to subsidiaries	72,447	71,623
Impairment losses	(50,491)	(25,878)
	21,956	45,745
	30,938	54,733

The loans to subsidiaries form an extension of the Company's interest in subsidiaries. They are interest-free, unsecured and the settlement of the amount is neither planned nor likely to occur in the foreseeable future.

Impairment losses

The change in impairment loss in respect of equity investments in subsidiaries was as follows:

	Company	
	2020	2019
	US$'000	US$'000
At 1 January	8,235	1,573
Impairment losses	3,193	6,662
At 31 December	11,428	8,235

The change in impairment loss in respect of loans to subsidiaries was as follows:

	Company	
	2020	2019
	US$'000	US$'000
At 1 January	25,878	24,368
Impairment losses	24,613	1,510
At 31 December	50,491	25,878

The impairment losses amounting to US$3,193,000 (2019: US$6,662,000) and US$24,613,000 (2019: US$1,510,000) in 2020 were recognised in respect of the Company's investments in and loans to subsidiaries as a result of recurring losses incurred by these subsidiaries. Management assessed the recoverable amounts which are determined using the value in use calculations of the Hydro Plants CGUs and Solar Plant CGUs as described in Note 5.

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Year ended 31 December 2020

8. SUBSIDIARIES (CONT'D)

Details of the significant subsidiaries are as follows:

Name of significant subsidiaries	Principal activities	Place of business/ Country of incorporation	Equity held by the Group 2020 %	Equity held by the Group 2019 %
Held by the Company				
Anchor Marine 2 Inc. [1]	Ship owner and provision of ship chartering services	Mauritius	100	100
Anchor Marine 3 Inc. [1]	Ship owner and provision of ship chartering services	Mauritius	100	100
Anchor Offshore Services Inc. [1]	Shipping agent and provision of ship chartering services	Mauritius	100	100
Aus Am Pte. Ltd. [2]	Owning and leasing of accommodation modules	Singapore	100	100
Yichang Smartpower Green Electricity Co. Ltd [3]	Owning and operating of solar power plant	China	80	80
CES Hydro Power Group Pte Ltd [2]	Investment holding company	Singapore	100	100
CES Green Power S.A. Pte Ltd [2]	Investment holding company	Singapore	100	100
Held through CES Hydro Power Group Pte Ltd				
CES Hydro Power (SL) Limited [4]	Owning and leasing of hydropower generation equipment	Malaysia	100	100
Held through CES Green Power S.A. Pte Ltd				
WKV Hydro Technics (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Math Hydro Power (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Hynford Water Power (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Upcountry Power Supply International (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100
Thannewatha Mini Hydro Power Holdings (Private) Limited [5]	Generation and supply of hydroelectric power	Sri Lanka	100	100

1 Audited by KPMG Mauritius.
2 Audited by KPMG LLP, Singapore.
3 Audited by Moore Stephens, Da Hua Certified Public Accountants.
4 Audited by PKF, Malaysia.
5 Audited by KPMG Sri Lanka.

A subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more than the Group's consolidated pre-tax profits.

9. JOINT VENTURES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Interests in joint ventures	1,144	6,092	1,540	7,311
Impairment loss	(1,144)	(1,144)	(1,540)	(1,540)
	–	4,948	–	5,771
Loans to joint ventures	–	–	–	194
	–	4,948	–	5,965

The loans to joint ventures are interest-free and unsecured. As the amounts are not expected to be repaid by the joint ventures in the next 12 months, they are classified as non-current. During the current financial year, loans to joint ventures of US$153,000 were written off as they were deemed irrecoverable and the remaining US$41,000 was reclassified to amount due from joint ventures (non-trade) (see Note 11).

Disposal of Rising Sun Energy Pvt. Ltd.

On 27 May 2020, the Group's direct equity interest in Rising Sun Energy Pvt. Ltd. ("RSE") decreased from 43% to 27% due to issuance of 5,318,416 shares upon capital injection from a new third party investor ("RSE Investor").

On 24 December 2020, the Group sold its entire direct interest in RSE of US$5,559,000 to RSE Investor for a net cash consideration of US$6,401,000, which is payable as follows:

- US$5,353,000 upon completion of sale of RSE, which was received on 24 December 2020; and
- US$1,048,000 upon satisfying all post-completion obligations, where management assessed this as deferred consideration receivable from RSE Investor as at 31 December 2020 (see Note 11 – Deferred consideration receivable).

A gain on disposal of US$174,000, which included the reclassification of cumulative gain in translation reserve of US$43,000 to profit or loss and net of transaction costs amounting to US$711,000, was recognised.

Along with the disposal of RSE, the Group also transferred all of its economic and beneficial rights and interest in another joint venture with indirect equity interest in RSE of 21% to a shareholder of the joint venture. The Group recognised a loss on disposal of US$99,000, which included the reclassification of cumulative loss in translation reserve of US$43,000 to profit or loss.

As at 31 December 2020, the Group has no material joint venture following the disposal of RSE and another joint venture. The other joint ventures, which are in the process of striking off, are individually immaterial to the Group. All joint ventures are equity-accounted.

The following was the Group's material joint venture in 2019:

	Rising Sun Energy Pvt. Ltd. ("RSE")
Nature of relationship with the Group	Development of 140 megawatt solar photovoltaic power plant in Rajasthan, India
Country of incorporation	India
Direct ownership interest	43%

The following table summarises the financial information of RSE, based on its financial statements prepared to align with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on the amounts reported in the Group's consolidated financial statements.

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Year ended 31 December 2020

9. JOINT VENTURES (CONT'D)

	RSE US$'000
31 December 2020	
Revenue^	17,909
Profit from operations^	938
Other comprehensive income^	–
Total comprehensive income^	938
Non-current assets^	107,566
Current assets^	10,235
Non-current liabilities^	(89,368)
Current liabilities^	(7,883)
Net assets^	20,550

^ Up to, and as at date of disposal

Includes:	
Cash and cash equivalents	7,228
Current financial liabilities (excluding trade and other payables and provisions)	6,184
Non-current financial liabilities (excluding trade and other payables and provisions)	89,349
Depreciation and amortisation	4,489
Interest income	70
Interest expense	9,112
Income tax expense	459

	RSE US$'000	Immaterial joint ventures US$'000	Total US$'000
31 December 2020			
Group's interest in net assets of investee at beginning of the year	5,234	(286)	4,948
Group's share of:			
- profit from operations	325	342	667
Disposal of interest in investee	(5,559)	(56)	(5,615)
Carrying amount of interest in investee at end of the year	–	–	–

9. JOINT VENTURES (CONT'D)

	RSE US$'000
31 December 2019	
Revenue	18,062
Loss from operations	(215)
Other comprehensive income	–
Total comprehensive income	(215)
Non-current assets	114,990
Current assets	2,817
Non-current liabilities	(89,582)
Current liabilities	(16,053)
Net assets	12,172
Includes:	
Cash and cash equivalents	39
Current financial liabilities (excluding trade and other payables and provisions)	14,710
Non-current financial liabilities (excluding trade and other payables and provisions)	81,089
Depreciation and amortisation	4,703
Interest income	131
Interest expense	10,215
Income tax expense	53

	RSE US$'000	Immaterial joint ventures US$'000	Total US$'000
31 December 2019			
Group's interest in net assets of investee at beginning of the year	5,625	(212)	5,413
Group's share of:			
- loss from operations	(93)	(74)	(167)
Foreign currency translation differences	(298)	–	(298)
Carrying amount of interest in investee at end of the year	5,234	(286)	4,948

10. OTHER INVESTMENTS

	Group and Company	
	2020	2019
	US$'000	US$'000
Equity investments – at FVOCI		
- quoted equity securities	–	–
Debt investments – at FVTPL	–	–
	–	–

As at 31 December 2020 and 2019, the Group held investments in two companies listed on the Singapore Exchange ("SGX"). The Group classifies the quoted equity investments measured at FVOCI and the convertible perpetual securities as debt investments held at FVTPL.

In 2019, the carrying amounts of the investments were deemed to be US$Nil due to the trading halt and suspension of the shares of the two companies. Accordingly, the Group recognised fair value losses of US$1,816,000 (for debt securities at FVTPL) and US$2,970,000 (for equity investments at FVOCI) to the income statement and other comprehensive income, respectively, in relation to those investments.

No investments were disposed of during 2019 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Equity investments designated at FVOCI

The Group designated the equity investments at FVOCI because the Group intends to hold them for longer-term strategic purpose.

Security

At 31 December 2020, other investments of the Group and Company were pledged as security to secure bank loans obtained by Group entities (see Note 22).

Credit and market risks, and fair value measurement

Information about the Group's and the Company's fair value measurement is disclosed in Note 33.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Non-current				
Amounts due from joint ventures (non-trade)	–	6,990	–	6,990
Prepayments	574	534	–	–
Other receivables	29	40	–	–
	603	7,564	–	6,990
Current				
Trade receivables – third parties	8,318	6,715	–	–
Trade receivables – amounts due from subsidiaries	–	–	3,853	3,637
Allowance for impairment loss	(2,306)	(2,306)	(1,090)	–
Net trade receivables	6,012	4,409	2,763	3,637
Accrued trade receivables	7,362	4,800	–	–
Amounts due from joint ventures (non-trade)	59	1,823	59	1,479
Prepayments	652	296	7	9
Tax recoverable	736	851	–	–
Deferred consideration receivable	1,048	–	1,048	–
Other receivables	2,670	1,230	2,539	769
	18,539	13,409	6,416	5,894
	19,142	20,973*	6,416	12,884

* In 2019, amount is net of loss allowance of US$323,000 recognised on other receivables, excluding accrued trade receivables, prepayments and tax recoverable.

In 2019, included in the above receivable balances were loans to RSE Group of US$9,139,000 comprising (i) non-current non-trade amount from joint venture of US$6,990,000, (ii) current non-trade amounts from joint venture of US$1,478,000 and (iii) other receivables of US$671,000.

During the current financial year, the Group recovered US$6,398,000 of these receivable balances and wrote off US$312,000 which the Group forgave as part of the sale of RSE (see Note 9). As at 31 December 2020, the remaining balances of US$2,429,000 are recognised in other receivables as follows:

- US$1,125,000, which will be receivable from former joint venture partners of RSE Group; and
- US$1,304,000, which will be receivable from RSE Group.

During the financial year, the Group further wrote off additional bad debts from other receivables, and amounts due from joint ventures, totalling US$343,000 as there is no realistic prospect of recovery caused by the challenging market conditions.

Deferred consideration receivable relates to an amount of US$1,048,000, which is due from RSE Investor upon the satisfaction of all post-completion obligations by the Group (see Note 9).

Non-trade amounts due from joint ventures of US$59,000 (2019: US$345,000) are unsecured, interest-free and repayable on demand.

Credit and currency risks, and impairment losses

The Group's and the Company's exposures to credit and currency risks, and impairment losses for trade and other receivables are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

12. ASSETS HELD FOR SALE

Disposal of accommodation module

In February 2019, the Group entered into an agreement with Accommodation Module Buyer to dispose an accommodation module for a cash consideration of AU$9,820,000 (approximately US$6,927,000). The consideration will be settled in 20 monthly repayments of AU$220,000 (approximately US$155,000) with a final settlement of AU$5,420,000 (approximately US$3,827,000) in October 2020. Upon full receipt of the consideration, all legal title and interests in the accommodation module will be transferred to Accommodation Module Buyer.

In 2020, Accommodation Module Buyer requested for deferment of certain payments due to cash flow issues arising from disruptions in operations caused by the COVID-19 pandemic. Subsequent to year-end, the Group and Accommodation Module Buyer formally agreed to an one-year extension in the final settlement date. Based on the revised arrangement, all legal title and interests in the accommodation module will be transferred to Accommodation Module Buyer upon final settlement in October 2021.

Accordingly, at 31 December 2020, the accommodation module, with carrying amount of US$7,186,000 (2019: US$6,429,000) continues to be classified as assets held for sale.

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Cash at bank and in hand in the statements of financial position	3,315	5,246	114	470
Less: Restricted cash	(3,211)	(4,656)	(10)	(449)
Cash at bank and in hand in the statement of cash flows	104	590	104	21

Restricted cash are earmarked by banks for various facilities granted. The Group is obliged to seek approval for disbursement of payments made from the secured lenders of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

14. SHARE CAPITAL

	Group and Company	
	2020 No. of shares '000	2019 No. of shares '000
Issued and fully paid, with no par value		
At 1 January	13,656,698	13,166,385
Shares issued during the year	–	490,313
At 31 December	13,656,698	13,656,698

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

On 30 December 2019, the Company issued 490,312,500 new ordinary shares for the acquisition of WKV Hydro Technics (Private) Limited and Blue Maven Asia Energy (Private) Limited.

Capital management

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value. In order to maintain or adjust the capital structure, the Group may issue new shares, buy back issued shares, obtain new borrowings, reduce its borrowings or dispose of its assets.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as financial liabilities and trade and other payables less cash and cash equivalents and loan from shareholders. Total capital includes issued capital, perpetual securities, redeemable exchangeable preference shares, reserves and retained earnings.

	Group	
	2020 US$'000	2019 US$'000
Financial liabilities	48,662	61,723
Trade and other payables	44,088	39,149
Less: Cash and cash equivalents	(3,315)	(5,246)
Less: Loan from shareholders	(25,723)	(24,021)
Net debt	63,712	72,005
Deficit in equity attributable to owners of the Company	(23,189)	(20,505)

The Group's management reviews the capital structure on a periodic basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

There were no changes in the Group's approach to capital management during the year. The Company and its subsidiaries are subject to externally imposed capital requirements in the form of loan covenants for the financial years ended 31 December 2020 and 31 December 2019. For details on the default of secured bank loans and financial guarantees and breach of loan covenants, please see Note 22.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15. PERPETUAL SECURITIES

On 28 March 2013, the Company completed the placement of S$30,000,000 (equivalent to US$23,710,000) 5% convertible perpetual capital securities at an issue price of 100 per cent (the "Capital Securities").

The securities are perpetual, subordinated and the cumulative distribution interest of 5% per annum may be deferred at the sole discretion of the Company. The perpetual securities do not have a maturity date. These perpetual securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position. Transaction costs incurred in connection with the issuance of perpetual securities amounted to US$224,000.

Each Capital Securities will, at the option of the holders of the Capital Securities, be converted into fully paid shares of the Company at a conversion price of S$0.025 per share. For the year ended 31 December 2020 and 31 December 2019, no new ordinary shares in the capital of the Company had been allotted and issued by the Company pursuant to the conversion of convertible perpetual capital securities by Capital Securities holders.

For the financial year ended 31 December 2020, the Group has accrued perpetual securities distribution of US$360,000 (2019: US$332,000).

16. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES

	Group	
	2020	2019
	US$'000	US$'000
At 1 January and 31 December	7,042	7,042

In 2015, 7,299,270 redeemable exchangeable preference shares ("REPS") were issued by a subsidiary of the Company at an issue price of US$1.00 per share. All issued preference shares were fully paid. The main terms and conditions of the agreement are as follows:

(a) The REPS are convertible into certain number of ordinary shares in the share capital of the Company based on the exchange price of US$0.01394 ("Exchange Price"). The conversion ratio will be subject to anti-dilution adjustments.

(b) The holders of REPS shall have the right to convert:

(i) the first 50% of their holdings of the REPS into ordinary shares of the Company ("Exchange Shares") at the Exchange Price at any time beginning from the first anniversary of the date of issuance of REPS and up to one business day before the date falling on the third anniversary of the date of issuance of REPS ("Maturity Date"); and

(ii) the next 50% of their holdings of REPS into Exchange Shares at the Exchange Price at any time beginning from the second anniversary of the date of issuance of REPS and up to one business day before the Maturity Date.

16. REDEEMABLE EXCHANGEABLE PREFERENCE SHARES (CONT'D)

(c) The subsidiary of the Company shall redeem all outstanding REPS not exchanged into Exchange Shares ("Redemption Shares") by the holders at US$1.4125 for each Redemption Share upon the occurrence of any of the following events prior to the Maturity Date:

(i) where Ezion Holdings Limited ceases to hold at least 25% of the Company's shares; or

(ii) where the subsidiary of the Company is insolvent, or is unable to pay its debts as they fall due, or is involved in any legal proceedings as a defendant; or

(iii) where there is a material breach to any term, condition or provision of the agreement.

Such number of Exchange Shares is to be determined in accordance with the exchange formula.

Within five business days immediately after the Maturity Date, the subsidiary of the Company has the option to redeem any number of Redemption Shares at Maturity Date at US$1.2625 for each Redemption Share ("Redemption Price"). In the event that the subsidiary of the Company does not exercise its option to redeem in part or in whole the Redemption Shares, such Redemption Shares shall be automatically exchanged ten business days after the Maturity Date into Exchange Shares at the Exchange Price. The holders of REPS do not have the right to redeem the REPS for cash.

The REPS had matured on 13 August 2018 and the Company had entered into a standstill agreement and variation agreements with the holders of the REPS to extend the maturity period from the standstill period till and including 30 September 2021 (2019: 30 June 2020).

In 2020 and 2019, no REPS in the subsidiary was exchanged by the holders for shares in the Company. There is no distribution on redeemable exchange preference shares for the financial years ended 31 December 2020 and 31 December 2019.

17. WARRANTS

On 29 November 2016, the Company completed the allotment and issuance of 2,196,411,885 new listed warrants at an issue price of S$0.002 per warrant, with each warrant entitling the holder to subscribe for one new ordinary share in the capital of the Company at the exercise price of S$0.002 per warrant (the "2016 Warrants"). The 2016 Warrants which amounted to US$2,514,000 are classified as equity instruments. Transaction costs incurred in connection with the issuance of the 2016 Warrants amounted to S$710,000 (equivalent to US$541,000). In 2017, a total of 115,421,000 warrants, amounting to US$130,000, were exercised and converted into share capital of the Company.

No warrants were issued for the years ended 31 December 2020 and 31 December 2019.

18. OTHER RESERVES

The reserves of the Group comprise the following balances:

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Fair value reserve	(3,961)	(3,961)	(1,276)	(1,276)
Foreign currency translation reserve	(2,457)	(2,500)	–	–
Hedging reserve	(10)	(19)	–	–
	(6,428)	(6,480)	(1,276)	(1,276)

Fair value reserve

The fair value reserve comprises the cumulative net change in fair value of equity investments designated at FVOCI.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

(a) foreign exchange differences arising from the translation of the financial statements of subsidiaries whose functional currencies are different from the functional currency of the Company; and

(b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative change (net of taxes) in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

19. NON-CONTROLLING INTERESTS

The following subsidiary has non-controlling interest (NCI) that is material to the Group.

Name	Principal places of business/Country of incorporation	Ownership interests held by NCI	
		2020	**2019**
		%	**%**
Yichang Smartpower Green Electricity Co. Ltd	China	20	20

The following summarised financial information for the above subsidiary is prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2020 US$'000	**2019 US$'000**
Revenue	3,302	3,547
Profit/(Loss) for the year	1,721	(7,496)
OCI	365	(110)
Total comprehensive income for the year	2,086	(7,606)
Attributable to NCI:		
- Profit/(Loss) for the year	344	(1,499)
- OCI	73	(22)
Total comprehensive income for the year	417	(1,521)
Non-current assets	18,568	17,200
Current assets	8,586	6,619
Non-current liabilities	(17,191)	(18,910)
Current liabilities	(4,350)	(1,382)
Net assets	5,613	3,527
Net assets attributable to NCI	1,122	705
Cash flows from operating activities	902	1,410
Cash flows from investing activities	2	2
Cash flows used in financing activities	(1,085)	(1,660)
Net decrease in cash and cash equivalents	(181)	(248)

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Non-current				
Derivative financial liabilities – Interest rate swaps used for hedging	10	20	–	–
Staff retirement liabilities	176	132	–	–
	186	152	–	–
Current				
Trade payables	15	16	–	–
Loans from shareholders [(1)]	25,723	24,021	25,723	24,021
Non-trade amounts due to:				
- a related party [(2)]	1,671	1,461	1,634	1,424
- joint ventures [(2)]	119	114	119	114
Accrued operating expenses	1,513	1,174	598	55
Accrued interest payable	9,048	7,600	6,908	5,795
Other payables [(3)]	5,813	4,611	787	1,197
	43,902	38,997	35,769	32,606
Total trade and other payables	44,088	39,149	35,769	32,606

(1) Loan from a shareholder of the Group, amounting to US$25,323,000 (2019: US$23,621,000), is unsecured and bears principal interest at a fixed rate of 5.0% (2019: 5.0%) per annum.

The remaining loan from another shareholder of the Group, amounting to US$400,000 (2019: US$400,000), bears interest at 2.5% (2019: 2.5%) per month during the loan tenure and 20% (2019: 20%) per month on overdue balances. The loan is secured against the Group's investment in a subsidiary.

In 2019, the Group classified the entire loan obligations as "current liabilities" having breached covenants imposed by the shareholders.

The Group continues to negotiate with the shareholders to refinance these loans. The shareholders had not issued any notice of statutory demand for repayments at the date of issuance of these financial statements.

(2) Non-trade amounts due to a related party and joint ventures are unsecured, interest-free and are repayable on demand.

(3) Included in other payables are advances of US$3,664,000 (2019: US$1,743,000) received from Accommodation Module Buyer for the accommodation module that is classified as assets held for sale.

Market and liquidity risks

The Group's and the Company's exposures to currency risks and liquidity risk related to trade and other payables are disclosed in Note 33.

21. AMOUNTS DUE TO SUBSIDIARIES

	Company	
	2020	2019
	US$'000	US$'000
Current		
Non-trade amounts due to subsidiaries	24,073	21,716

The non-trade amounts due to subsidiaries are interest-free, unsecured, and are repayable on demand.

22. FINANCIAL LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	US$'000	US$'000	US$'000	US$'000
Non-current				
Secured bank loans	380	554	–	–
Lease liabilities	17,210	15,890	–	–
Intra-group financial guarantees	–	–	3,064	–
	17,590	16,444	3,064	–
Current				
Secured bank loans	30,319	44,431	2,165	3,000
Lease liabilities	753	848	–	–
Intra-group financial guarantees	–	–	15,181	24,618
	31,072	45,279	17,346	27,618
Total financial liabilities	48,662	61,723	20,410	27,618

Secured bank loans

All the bank loans are secured by corporate guarantees from the Company, first legal charge on the Group's assets with carrying amounts of US$25,018,000 (2019: US$27,355,000), legal assignment of the rental proceeds from the Group's assets, assignment of insurances in respect of the Group's assets in bank's favour and all monies standing to the credit of the Group's receiving operating accounts in respect of the assets maintained by the Group with the banks.

Lease liabilities

The lease liabilities are secured by the Group's assets with carrying amounts of US$14,464,000 (2019: US$14,047,000).

22. FINANCIAL LIABILITIES (CONT'D)

Default of secured bank loans and financial guarantees and breach of loan covenants

In prior years, the Group had not met its loan obligations and/or breached its loan covenants for certain secured term loans. As the affected loans can be called for repayment upon notification by the banks, those term loans were classified to current liabilities. In 2020, the Group remains in default for these secured term loans. As at the date of this report, there were no notifications from banks for the affected loans to be settled on demand basis. As stated in Note 2, the Group had secured extended loan repayment schedule for an existing loan facility and/or is in negotiation with other lenders to revise repayment and maturity terms for other financial obligations.

On 31 October 2020, a standstill agreement in relation to the obligations for a financial guarantee amounting to US$2,165,000 issued by a financial institution expired and remained unpaid. The financial institution did not extend the standstill agreement which expired on 31 October 2020. The Group is currently in negotiation with the financial institution to seek another debt moratorium for a period of at least one year from 31 October 2020. Accordingly, the financial guarantee obligation remains classified as current liabilities as at 31 December 2020.

On 22 December 2020, the Company issued a financial guarantee to a third party lessor in relation to certain asset lease obligations amounting to US$17,893,000, committed by an overseas subsidiary. The financial guarantee as provided by the Company was a pre-requisite for the reschedule of lease payments due in the current year. Based on the revised lease payment terms, the lease liabilities are scheduled to be paid over 32 quarterly payments till 2029. Included in the terms of the financial guarantee agreement are certain default clauses of which the Company is required to comply. The Company has assessed these default clauses and concluded that there is no breach of the terms of the financial guarantee, as those loan defaults occurred prior to the conclusion of the financial guarantee agreement. As such, the financial guarantee are measured based on its initial fair value and there were no additional losses recognised. The Company's assessment of this financial guarantee obligation has been supported with an external legal advice. As at the date of this report, the Company has not received invocation of this financial guarantee.

Terms and debt repayment schedule

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

	Nominal interest rate %	Year of maturity	Face value/ Carrying amount 2020 US$'000	Face value/ Carrying amount 2019 US$'000
Group				
USD secured floating rate loans	3.04 – 7.23	2020 – 2026	28,308	41,253
AUD secured floating rate loans	3.77 – 4.55	2022	1,052	2,402
LKR secured floating rate loans	14	2023	1,339	1,330
RMB lease liabilities	5.17 and 5.77	2029	17,893	16,620
LKR lease liabilities	15.5	2022	70	118
			48,662	61,723
Company				
USD secured floating rate loans	5.65 – 7.23	2020	2,165	3,000

22. FINANCIAL LIABILITIES (CONT'D)

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

	Carrying amount US$'000	Cash flows Contractual cash flows US$'000	 Within 1 year US$'000	 Within 2 to 5 years US$'000	 After 5 years US$'000
Group					
31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	30,699	(32,677)	(18,364)	(11,486)	(2,827)
Lease liabilities	17,963	(21,692)	(1,565)	(11,302)	(8,825)
Trade and other payables [(1)]	44,078	(46,125)	(46,125)	–	–
	92,740	(100,494)	(66,054)	(22,788)	(11,652)
Derivative financial liabilities					
Interest rate swaps used for hedging	10	(8)	(8)	*	–
	92,750	(100,502)	(66,062)	(22,788)	(11,652)
31 December 2019					
Non-derivative financial liabilities					
Secured bank loans	44,985	(51,004)	(23,139)	(20,198)	(7,667)
Lease liabilities	16,738	(21,345)	(1,733)	(12,333)	(7,279)
Trade and other payables [(1)]	39,129	(41,270)	(41,138)	(132)	–
	100,852	(113,619)	(66,010)	(32,663)	(14,946)
Derivative financial liabilities					
Interest rate swaps used for hedging	20	(17)	(11)	(6)	–
	100,872	(113,636)	(66,021)	(32,669)	(14,946)

(1) Excludes interest rate swaps used for hedging

* Amount is less than US$1,000

	Carrying amount US$'000	Cash flows Contractual cash flows US$'000	 Within 1 year US$'000	 Within 2 to 5 years US$'000	 After 5 years US$'000
Company					
31 December 2020					
Non-derivative financial liabilities					
Other payables	35,769	(37,816)	(37,816)	–	–
Amounts due to subsidiaries	24,073	(24,073)	(24,073)	–	–
Secured bank loans	2,165	(2,294)	(2,294)	–	–
Financial guarantees	18,245	(50,550)	(16,499)	(22,399)	(11,652)
	80,252	(114,733)	(80,682)	(22,399)	(11,652)
31 December 2019					
Non-derivative financial liabilities					
Other payables	32,606	(33,787)	(33,787)	–	–
Amounts due to subsidiaries	21,716	(21,716)	(21,716)	–	–
Secured bank loans	3,000	(3,170)	(3,170)	–	–
Financial guarantees	24,618	(42,544)	(26,189)	(10,988)	(5,367)
	81,940	(101,217)	(84,862)	(10,988)	(5,367)

22. FINANCIAL LIABILITIES (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities						
	Non-trade amounts due to joint venture	Non-trade amounts due to a related party	Loans from shareholders	Accrued interest payable	Lease liabilities	Secured bank loans	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2019	76	1,079	23,250	6,457	16,633	43,864	91,359
Changes from financing cash flows							
Non-trade amounts due to joint venture	38	–	–	–	–	–	38
Non-trade amounts due to a related party	–	382	–	–	–	–	382
Repayment of loans from shareholder	–	–	(450)	–	–	–	(450)
Proceeds from borrowings	–	–	–	–	–	134	134
Repayment of borrowings	–	–	–	–	–	(2,963)	(2,963)
Payment of lease liability	–	–	–	–	(40)	–	(40)
Interest expense paid	–	–	–	(398)	(1,149)	–	(1,547)
Total changes from financing cash flows	38	382	(450)	(398)	(1,189)	(2,829)	(4,446)
Effect of changes in foreign exchange rates	–	–	–	44	(362)	6	(312)
Other liabilities related changes							
Capitalisation of interest	–	–	–	(3,944)	–	3,944	–
Net off with receivables	–	–	536	–	–	–	536
Interest expense	–	–	685	5,441	1,656	–	7,782
	–	–	1,221	1,497	1,656	3,944	8,318
Balance at 31 December 2019	114	1,461	24,021	7,600	16,738	44,985	94,919

22. FINANCIAL LIABILITIES (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

		Liabilities					
	Non-trade amounts due to joint venture US$'000	Non-trade amounts due to a related party US$'000	Loans from shareholders US$'000	Accrued interest payable US$'000	Lease liabilities US$'000	Secured bank loans US$'000	Total US$'000
Balance at 1 January 2020	114	1,461	24,021	7,600	16,738	44,985	94,919
Changes from financing cash flows							
Non-trade amounts due to joint ventures	5	–	–	–	–	–	5
Non-trade amount due to a related party	–	209	–	–	–	–	209
Loan from a shareholder	–	–	398	–	–	–	398
Proceeds from borrowings	–	–	–	–	–	338	338
Repayment of borrowings	–	–	–	–	–	(14,846)	(14,846)
Payment of lease liability	–	–	–	–	(45)	–	(45)
Interest expense paid	–	–	–	(1,819)	(1,053)	(128)	(3,000)
Total changes from financing cash flows	5	209	398	(1,819)	(1,098)	(14,636)	(16,941)
Effect of changes in foreign exchange rates	–	1	–	17	1,265	191	1,474
Other liabilities related changes							
Capitalisation of interest	–	–	232	(232)	–	–	–
Amount capitalised as equity	–	–	–	360	–	–	360
Interest expense	–	–	1,072	3,122	1,058	159	5,411
	–	–	1,304	3,250	1,058	159	5,771
Balance at 31 December 2020	119	1,671	25,723	9,048	17,963	30,699	85,223

23. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Group				
Property, plant and equipment	(840)	–	2,535	1,306
Retirement benefits liabilities	(49)	(18)	–	–
Deferred tax (assets) liabilities	(889)	(18)	2,535	1,306
Set off of tax	49	18	(49)	(18)
Net deferred tax (assets) liabilities	(840)	–	2,486	1,288

Movements in deferred tax balances

Movements in deferred tax liabilities during the year are as follows:

	Balance as at 1 January 2019 US$'000	Recognised in profit or loss US$'000	Exchange differences US$'000	Balance as at 31 December 2019 US$'000	Balance as at 1 January 2020 US$'000	Recognised in profit or loss US$'000	Recognised in other comprehensive income US$'000	Exchange differences US$'000	Balance as at 31 December 2020 US$'000
Group									
Property, plant and equipment	1,248	38	20	1,306	1,306	465	–	(76)	1,695
Retirement benefits liabilities	(10)	(8)	–	(18)	(18)	–	(31)	–	(49)
	1,238	30	20	1,288	1,288	465	(31)	(76)	1,646

24. SHARE-BASED PAYMENTS

At 31 December 2020, the Company has the Charisma Energy Employee Share Option Scheme (the "Scheme").

The Scheme was approved and adopted by its members at an Extraordinary General Meeting held on 24 April 2013. The Scheme is administered by the Company's Remuneration Committee. All Directors and Employees of the Group shall be eligible to participate in the Scheme.

24. SHARE-BASED PAYMENTS (CONT'D)

Other information regarding the Scheme is set out below:

- The exercise price of the options can be set at market price or at a discounted price not exceeding 20% of the market price (or such other percentage or amount prescribed or permitted by the SGX-ST) and approved by the shareholders at a general meeting in a separate resolution in respect of that option.

- The options shall be exercised in whole or in part 1 year (if exercise price of option is set at market price) or 2 years (if exercise price of option is set at a discount to market price) after the grant date.

- All options are settled by physical delivery of shares.

- The options granted expire after 10 years from date of grant or upon cessation of the employment of employees.

At the end of the financial year, details of the options granted under the Scheme on unissued ordinary shares of the Company are as follows:

Date of grant of options	Exercise price per share S$	Options outstanding at 1 January 2019 '000	Options granted/ exercised '000	Options forfeited '000	Options outstanding at 31 December 2019 '000	Number of option holders at 31 December 2019	Exercise period
10/5/2016	0.009	58,100	–	–	58,100	7	10/5/2018 to 10/5/2026
9/5/2017	0.006	56,000	–	–	56,000	7	9/5/2019 to 9/5/2027

Date of grant of options	Exercise price per share S$	Options outstanding at 1 January 2020 '000	Options granted/ exercised '000	Options forfeited '000	Options outstanding at 31 December 2020 '000	Number of option holders at 31 December 2020	Exercise period
10/5/2016	0.009	58,100	–	(100)	58,000	6	10/5/2018 to 10/5/2026
9/5/2017	0.006	56,000	–	(3,000)	53,000	6	9/5/2019 to 9/5/2027

The outstanding options include 52,500,000 (2019: 52,500,000) share options granted to the Company's executive director, Tan Ser Ko; and 10,000,000 (2019: 10,000,000) share options granted to each of the non-executive directors, Simon de Villiers Rudolph, Cheng Yee Seng and Lim Chen Yang.

Fair value of share options and assumptions

The grant-date fair value of share options granted was measured based on the Black-Scholes option-pricing model formula as the fair value of services performed by employees and directors cannot be measured reliably. Expected volatility is estimated by considering historic average share price volatility. Option lives are based on the assumption that the share options will be exercised once the vesting period is over.

24. SHARE-BASED PAYMENTS (CONT'D)

Option granted on 10 May 2016

Fair value of share options and assumptions (cont'd)

	At 10 May 2016
Fair value (S$)	0.007
Share price (S$)	0.011
Exercise price (S$)	0.009
Expected volatility	64%
Expected dividends (Singapore cents)	–
Risk-free interest rate	1.34%

Option granted on 9 May 2017

	At 9 May 2017
Fair value (S$)	0.008
Share price (S$)	0.008
Exercise price (S$)	0.006
Expected volatility	78%
Expected dividends (Singapore cents)	–
Risk-free interest rate	1.57%

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

Disclosure of share-based payments arrangements

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price per share 2020 S$	Number of options 2020 '000	Weighted average exercise price per share 2019 S$	Number of options 2019 '000
Outstanding at 1 January	0.008	114,100	0.008	114,100
Forfeited during the year		(3,100)		–
Outstanding at 31 December	0.008	111,000	0.008	114,100

Employee expenses recognised as share-based payments

	Group	
	2020 US$'000	2019 US$'000
Charisma Energy Employee Share Option Scheme	–	45

25. REVENUE

	Group	
	2020	2019
	US$'000	US$'000
Revenue from contracts with customers		
- Sale of energy and power generation services	12,226	13,229
- Rendering of services	36	81
	12,262	13,310

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Sale of energy and power generation services

Nature of goods or services	Revenue generated from sale of energy and power generation services to state-owned electricity authorities.
When revenue is recognised	Revenue from sale of services is recognised at the point in time when the clean energy is generated and delivered to the customer, and all criteria for acceptance have been satisfied.
Significant payment terms	Invoices to customers are issued on a monthly basis and are payable within 30 days. For sale of energy and power generation services in China, the settlement of accounts receivables are partly paid via subsidies.

Judgement exercised over revenue recognition

The sale of energy and power services are made to state-owned electricity enterprises. For sales to the state-owned customer in China, the customers' purchases of the power generated is partly subsidised by government, which are paid directly to the Group entity. The timing of such payments may not always be within the credit terms accorded by the Group entity. Management exercised judgement over the credit risks related to these revenues earned. As at 31 December 2020, management assessed that the receipts of these revenues remain highly probable.

Rendering of services

Nature of goods or services	Revenue generated from the provision of management services.
When revenue is recognised	Revenue from rendering of services is recognised over time as the services have been rendered.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 days.

25. REVENUE (CONT'D)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments.

	Energy and power services		Others		Total	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Primary geographical markets						
Singapore	–	–	36	81	36	81
Sri Lanka	8,923	9,681	–	–	8,923	9,681
China	3,303	3,548	–	–	3,303	3,548
	12,226	13,229	36	81	12,262	13,310
Major products/service line						
Sale of energy and power generation services	12,226	13,229	–	–	12,226	13,229
Rendering of services	–	–	36	81	36	81
	12,226	13,229	36	81	12,262	13,310
Timing of revenue recognition						
At a point in time	12,226	13,229	–	–	12,226	13,229
Over time	–	–	36	81	36	81
	12,226	13,229	36	81	12,262	13,310

The Group applies the practical expedient in paragraph 121 of SFRS(I)15 and does not disclose information about remaining performance obligations if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

26. NET FINANCE COST

	Group 2020 US$'000	Group 2019 US$'000
Finance income		
Interest income from bank deposits	102	194
Finance cost		
Interest expense on:		
- Loans from shareholders	(2,032)	(2,947)
- Lease liabilities	(1,058)	(1,656)
- Secured bank loans	(2,321)	(3,179)
Bank charges	(37)	–
	(5,448)	(7,782)
Net finance cost	(5,346)	(7,588)

27. LOSS BEFORE INCOME TAX

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

	Note	Group 2020 US$'000	Group 2019 US$'000
Depreciation of property, plant and equipment	5	1,690	3,932
Depreciation of right-of-use assets	6	722	1,027
Impairment loss, net on:			
- property, plant and equipment	5	550	10,139
- right-of-use assets	6	–	6,633
- intangible assets	7	–	1,306
- trade and other receivables	11	–	288
Gain on disposal of joint venture (net)	9	(75)	–
Amounts due from joint ventures written off	11	655	–
Net change in fair value of investments at FVTPL	10	–	1,816
Audit fees paid/payable to:			
- auditors of the Company		138	138
- other auditors		61	52
Non-audit fees paid/payable to:			
- auditors of the Company		15	11
- other auditors		18	18
Staff costs^		1,735	1,912
Contributions to defined contribution plans, included in staff costs		39	47
Staff retirement liabilities		392	141
Share-based payment expenses		–	45
Foreign exchange loss (net)		132	30

^ Staff costs include key management personnel compensation as disclosed in Note 32.

28. INCOME TAX EXPENSE

	Group	
	2020	2019
	US$'000	US$'000
Current income tax expense		
Current year	1,198	1,403
Under provided in prior years	109	–
	1,307	1,403
Deferred tax expense		
Movements in temporary differences	465	30
	1,772	1,433
Reconciliation of effective tax rate		
Loss before income tax	(249)	(25,316)
Share of results of joint ventures (net of tax)	(667)	167
Loss before income tax excluding share of results of joint ventures	(916)	(25,149)
Tax calculated using Singapore tax rate of 17% (2019: 17%)	(156)	(4,275)
Effect of tax rates in other countries	(399)	(52)
Non-deductible expenses	1,517	4,243
Income not subjected to tax	(274)	(112)
Tax losses for which no deferred tax asset is recognised	975	1,629
Under provided in prior years	109	–
	1,772	1,433

The Group has unrecognised tax losses of US$29,952,000 (2019: US$24,217,000) and unutilised capital allowances of US$1,352,000 (2019: US$1,352,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to agreement by the tax authorities and compliance with tax regulations prevailing in the respective countries. These tax benefits do not expire under current tax legislation and have not been recognised because certain subsidiaries of the Group do not consider the future taxable profits in the foreseeable future to be probable.

29. LOSS PER SHARE

Basic loss per share

	Group	
	2020	2019
	US$'000	US$'000
Loss attributable to owners of the Company	(2,365)	(25,250)
Distributions on perpetual securities	(360)	(332)
Loss attributable to ordinary shareholders (basic)	(2,725)	(25,582)

29. LOSS PER SHARE (CONT'D)

Basic loss per share (cont'd)

Weighted average number of ordinary shares

	No. of shares 2020 '000	No. of shares 2019 '000
Issued ordinary shares at 1 January	13,656,698	13,166,385
Effect of issue of new ordinary shares	–	2,687
Weighted average number of ordinary shares at 31 December	13,656,698	13,169,072
Basic loss per share (US cents)	(0.02)	(0.19)

Diluted loss per share

	Group	
	2020 US$'000	2019 US$'000
Loss attributable to owners of the Company	(2,365)	(25,250)
Distributions on perpetual securities	(360)	(332)
Loss attributable to ordinary shareholders (diluted) *	(2,725)	(25,582)

Weighted average number of ordinary shares (diluted)

	No. of shares 2020 '000	No. of shares 2019 '000
Weighted average number of ordinary shares (basic) *	13,656,698	13,169,072
Weighted average number of ordinary shares (diluted) *	13,656,698	13,169,072
Diluted loss per share (US cents)	(0.02)	(0.19)

* As the Group was in a loss position in 2020 and 2019, the potential ordinary shares arising from the potential conversion of perpetual securities, redeemable exchangeable preference shares and warrants were not included in the computation of diluted loss per share because these potential ordinary shares would have been anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

30. OPERATING SEGMENTS

Industry segments

For the financial years ended 31 December 2020 and 31 December 2019, the Group's revenue, capital expenditure, assets and liabilities were mainly derived from one single business segment in the business of generating and sale of energy and power generation services.

Other operations include management services (2019: provision of offshore logistics chartering services and management services), which are not individually material reportable segments.

Information regarding the results of the reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

31 December 2020

	Energy and power services	Others	Total
	2020 US$'000	2020 US$'000	2020 US$'000
REVENUE			
External revenue	12,226	36	12,262
RESULT			
Reportable segment results from operating activities	8,394	36	8,430
Finance cost	(1,827)	(2,234)	(4,061)
Share of results of joint ventures	667	–	667
Impairment losses on property, plant and equipment	(550)	–	(550)
Reportable segment loss before income tax	6,684	(2,198)	4,486
Tax expenses	(1,772)	–	(1,772)
Reportable segment loss for the year	4,912	(2,198)	2,714
Unallocated finance cost			(1,387)
Unallocated finance income			102
Unallocated expenses			(3,450)
Loss for the year			(2,021)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	62,471	3,769	66,240
Unallocated assets			7,436
Total assets			73,676
Reportable segment liabilities	38,814	38,832	77,646
Unallocated liabilities			18,097
Total liabilities			95,743
Capital expenditure	123	3	126
Depreciation expenses	2,320	1	2,321
Unallocated depreciation expenses			91
Total depreciation expenses			2,412

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Year ended 31 December 2020

30. OPERATING SEGMENTS (CONT'D)

Industry segments (cont'd)

31 December 2019

	Energy and power services	Others	Total
	2019	2019	2019
	US$'000	US$'000	US$'000
REVENUE			
External revenue	13,229	81	13,310
RESULT			
Reportable segment results from operating activities	6,809	(160)	6,649
Finance cost	(3,292)	(1,543)	(4,835)
Share of results of joint ventures	(167)	–	(167)
Write back of impairment loss on trade and other receivables	6	–	6
Impairment of property, plant and equipment	(9,833)	(306)	(10,139)
Impairment of right-of-use assets	(6,633)	–	(6,633)
Impairment of intangible assets	(1,306)	–	(1,306)
Reportable segment loss before income tax	(14,416)	(2,009)	(16,425)
Tax expenses	(1,427)	(6)	(1,433)
Reportable segment loss for the year	(15,843)	(2,015)	(17,858)
Unallocated finance cost			(2,947)
Unallocated finance income			194
Unallocated expenses			(6,138)
Loss for the year			(26,749)
OTHER SEGMENTAL INFORMATION			
Reportable segment assets	59,905	6,877	66,782
Unallocated assets			15,950
Total assets			82,732
Reportable segment liabilities	39,518	27,010	66,528
Unallocated liabilities			36,004
Total liabilities			102,532
Capital expenditure	209	–	209
Depreciation expenses	4,774	181	4,955
Unallocated depreciation expenses			4
Total depreciation expenses			4,959

30. OPERATING SEGMENTS (CONT'D)

Geographical segments

The businesses of the Group are operated in Singapore, Sri Lanka, China, Middle East, India and Australia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location where non-current assets are located.

	2020		2019	
	Revenue US$'000	Non-current assets[(1)] US$'000	Revenue US$'000	Non-current assets[(1)] US$'000
Singapore	36	3	81	(286)
Sri Lanka	8,923	24,755	9,681	27,080
China	3,303	17,154	3,548	16,666
Middle East	–	734	–	825
India	–	–	–	5,234
Total operations	12,262	42,646	13,310	49,519

(1) Non-current assets exclude financial instruments.

Major customers

During the financial year, the Group had 2 (2019: 2) customers in the power and energy services segment that individually contributed 10% or more of the Group's total revenue. Revenue from these customers amounted to US$12,226,000 (2019: US$13,229,000) of the Group's total revenue.

31. LEASES

Leases as lessee

The Group leases land, office premises and power generation equipment. The lease tenor range between 4 and 25 years.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

The Group's movement of right-of-use assets is disclosed in Note 6.

Lease liabilities

The Group's lease liabilities and contractual cash flows are disclosed in Note 22.

31. LEASES (CONT'D)

Amounts recognised in profit or loss

	Group	
	2020	2019
	US$'000	US$'000
Interest on lease liabilities	1,058	1,656

Amounts recognised in statement of cash flows

	Group	
	2020	2019
	US$'000	US$'000
Total cash outflow for leases	1,098	1,189

Leases as lessor

During 2020 and 2019, the Group leased out its property, plant and equipment consisting of its vessels (see Note 5). All leases are classified as operating leases from a lessor perspective.

Lease income is recognised on a straight-line basis over the term of the lease arrangements based on SFRS(I) 1-16 *Leases*.

In 2019 and 2020, no lease income was recognised from these charter contracts as there were uncertainties over the recovery of revenues from the customer. As at 31 December 2020, the cumulative contractual revenue owed by the customer but not recognised by the Group is US$16,352,000 (2019: US$8,176,000).

Operating lease

The following table sets out a maturity analysis of lease receipts, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2020	2019
	US$'000	US$'000
Less than one year	–	8,199
Between one and five years	–	7,599
Total	–	15,798

32. RELATED PARTIES

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	Group	
	2020	2019
	US$'000	US$'000
Short-term employee benefits	288	583
Post-employment benefits (including CPF)	11	–
Share-based payments	–	45

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

Other related party transactions

	Group	
	2020	2019
	US$'000	US$'000
Transactions with shareholders		
Management fees paid/payable	208	344
Interest paid/payable	2,032	2,947
Transactions with joint ventures		
Management fees income/receivable	36	81

33. FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing those risks.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Risk management framework

Risk management is integral to the whole business of the Group. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group and the Company's receivables.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2020 US$'000	2019 US$'000
(Write-back)/Impairment loss on:		
- trade receivables	–	(6)
- other receivables	–	294

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. However, management also considers the demographics of the debtors, including the default risk associated with the industry and country in which debtors operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in Note 30.

The Group has established credit limits for customers and monitors their balances. It is the Group's policy to conduct credit reviews on new customers and credit terms are only extended to creditworthy customers. These debts are continually monitored and therefore the Group does not expect to incur material credit losses.

At 31 December 2020, the Group has concentration of credit risk with 2 customers (2019: 2 customers) engaged in the energy and power services segment accounting for 100% (2019: 100%) of net trade receivables.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Trade and other receivables (cont'd)

Exposure to credit risk

The exposure to credit risk for trade receivables (including accrued trade receivables) at the reporting date by type of customer was as follows:

	Group		Company	
	2020 US$'000	2019 US$'000	2020 US$'000	2019 US$'000
Government related entities	13,374	9,209	–	–
Non-government related entities	–	–	2,763	3,637
	13,374	9,209	2,763	3,637

Expected credit loss ("ECL") assessment

The Group assesses on a forward-looking basis the expected credit loss associated with trade and other receivables.

The Group identified trade and other receivables that are credit-impaired and for which default event(s) has occurred. For such receivables, the Group assessed specifically the probability of recovery to the trade and other receivables balances and recognised the difference as impairment loss.

The Group uses an allowance matrix to measure the ECLs for the remaining of trade and other receivables which are not credit-impaired. ECL rates are calculated using factors including industry default rate and country risk rates that reflect the counterparty risks where these counterparties are government entities in the respective countries of operations. The Group monitors changes in credit risk through on-going review of customer credit worthiness and by tracking published external credit ratings.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Expected credit loss ("ECL") assessment

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables:

	Weighted average loss rate	Gross carrying amount US$'000	ECL allowance US$'000	Net carrying amount US$'000
Group				
2020				
Trade receivables				
- Credit-impaired receivables measured at lifetime ECL	100%	2,306	(2,306)	–
- Remaining receivables				
- Not past due or less than 60 days overdue	–	10,948	–	10,948
- Past due 61 – 120 days	–	2,426	–	2,426
		15,680	(2,306)	13,374
*Other receivables**	7.18%	3,806	–	3,806
2019				
Trade receivables				
- Credit-impaired receivables measured at lifetime ECL	100%	2,306	(2,306)	–
- Remaining receivables				
- Not past due or less than 60 days overdue	–	7,407	–	7,407
- Past due 61 – 120 days	–	1,802	–	1,802
		11,515	(2,306)	9,209
*Other receivables**	3.10%	10,406	(323)	10,083
Company				
2020				
Trade receivables				
- Credit-impaired receivables measured at lifetime ECL	100%	1,090	(1,090)	–
- Remaining receivables				
- Not past due or less than 60 days overdue	–	113	–	113
- More than 120 days past due	–	2,650	–	2,650
		3,853	(1,090)	2,763
*Other receivables**		3,646	–	3,646
2019				
Trade receivables				
Not past due or less than 60 days overdue	–	3,637	–	3,637
*Other receivables**	–	9,238	–	9,238

* Excludes prepayments and tax recoverable

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Expected credit loss ("ECL") assessment **(cont'd)**

There were no trade receivables for which credit risk has increased significantly since initial recognition that are not credit-impaired financial assets.

The carrying amount of the trade receivables from a significant customer of the Group (state-owned electricity customer in China) was US$7,362,000 (2019: US$4,800,000) at 31 December 2020. The lengthy settlement process adopted by the relevant government authorities is the key reason for these overdue debts. The Group considers the receivables to be fully recoverable considering (i) there were no historical loss experiences with the state-owned company, (ii) the renewable energy tariff premium is funded by the Government of China, and (iii) the Group complied with the regulations imposed by the Government of China in respect to the sale of energy to state-owned customer.

Movements in the allowance for impairment of trade and other receivables are as follows:

	Trade receivables 2020 US$'000	Other receivables 2020 US$'000	Trade receivables 2019 US$'000	Other receivables 2019 US$'000
Group				
Balance at 1 January	2,306	323	2,312	29
Impairment loss recognised	–	–	–	323
Loss allowance written back	–	–	(6)	(29)
Utilisation	–	(323)	–	–
Balance at 31 December	2,306	–	2,306	323

In 2020, the Group wrote off amounts due from joint ventures of US$655,000 and recognised the write-off in 'other expenses' in the Group's consolidated statement of profit or loss. In 2019, the net loss allowance of US$288,000 has been recognised in 'other expenses' in the Group's consolidated statement of profit or loss.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and approved financial institutions.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group and the Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Non-trade amounts due from joint ventures

The Group and the Company held non-trade amounts due from its joint ventures of US$59,000 (2019: US$8,813,000) and US$59,000 (2019: US$8,469,000), respectively. These balances are amounts extended to the joint ventures to satisfy its funding requirements. The Group and the Company recognises a loss allowance for other financial assets equal to 12-month expected loss basis, which reflects its low credit risk. Accordingly, the amount of allowance is insignificant.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are given to its subsidiaries and joint venture. Financial guarantees provided by the Company to its subsidiaries are eliminated in preparing the consolidated financial statements. Financial guarantees were computed based on the expected payment to reimburse the holder less any amount the Company expects to recover. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of.

Financial guarantees comprise guarantees granted by the Company to lenders in respect of banking facilities drawn by subsidiaries amounting to US$27,194,000 (2019: US$40,654,000) and lease liabilities of a subsidiary amounting to US$17,893,000 (2019: US$Nil). As at 31 December 2020, the Company recognised financial liabilities of US$18,245,000 (2019: US$24,618,000) in relation to these financial guarantees issued. The aggregated obligations from these financial guarantees has been measured at the higher of the expected credit loss and the initial fair value of the financial guarantee. In relation to the matters stated in Note 22, the Company's assessment of any financial guarantee loss obligations is highly judgemental.

As at 31 December 2019, certain guarantees granted by the Company to lenders in relation to banking facilities granted to a joint venture amounted to US$94,496,000 (equivalent to INR6,777,000,000). These were regarded as insurance contracts. On 27 May 2020, these financial guarantees were released by the lenders with the issuance of the approval for release of deed of guarantee.

	Contractual cash flows	
	2020	2019
	US$'000	US$'000
Expiry Date		
More than 5 years	–	94,496

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient level of cash and cash equivalents and bank facilities to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities between its financial assets and financial liabilities.

As at 31 December 2020, the Group's current liabilities exceed current assets by US$45,894,000 (2019: US$58,999,000).

The Group's operations are financed mainly through equity and bank borrowings. The Group has not met certain loan obligations since 2017. The Group has been in negotiations with the banks and shareholders to restructure its outstanding loans to ensure necessary liquidity is available when required so that the Group and Company will be able to pay their debts as and when they fall due.

The Group is currently in negotiation with the lenders to restructure the outstanding loans and to reschedule payments of its present and future obligations to be in line with the Group's expected cash inflows. Together with the Group's ability to generate positive cash flows from operating activities and planned divestment of assets, the Group believes it should have sufficient resources to meet its debt obligations upon successful restructuring of the outstanding loans.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risks

The Group incurs foreign currency risk on cash and cash equivalents, borrowings and expenditures that are denominated in currencies other than the United States dollars ("USD"). The currency giving rise to this risk is primarily the Singapore dollars ("SGD"), Australian dollars ("AUD"), Chinese Renminbi ("RMB") and Sri Lankan Rupee ("LKR").

There is no formal hedging policy with respect to foreign currency exposures. Exposures to foreign currency risk are monitored on an on-going basis and the Group endeavours to keep the net exposures at acceptable levels by buying currencies at spot rates, where necessary, to address short term imbalances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

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

	AUD US$'000	LKR US$'000	SGD US$'000	RMB US$'000
Group				
31 December 2020				
Trade and other receivables	–	6,536	45	8,734
Cash and bank balances	142	1,478	103	427
Trade and other payables	(20)	(310)	(2,268)	(322)
Net exposure	122	7,704	(2,120)	8,839
31 December 2019				
Trade and other receivables	–	4,503	82	–
Cash and bank balances	322	2,264	473	564
Trade and other payables	(5)	(237)	(6,825)	(595)
Net exposure	317	6,530	(6,270)	(31)

	SGD US$'000
Company	
31 December 2020	
Trade and other receivables	45
Cash and bank balances	79
Trade and other payables	(2,226)
Net exposure	(2,102)
31 December 2019	
Trade and other receivables	82
Cash and bank balances	470
Trade and other payables	(7,125)
Net exposure	(6,573)

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risks (cont'd)

Sensitivity analysis

A 10% strengthening of the USD against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or loss 2020 US$'000	Profit or loss 2019 US$'000
Group		
AUD	(12)	(32)
LKR	(770)	(653)
SGD	212	627
RMB	(884)	3
Company		
SGD	210	657

A 10% weakening of the USD against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate exposure relates primarily to its secured bank loan that is subject to fluctuating interest rates that reset according to market rates change. The Group enters into and designates interest rate swap as hedge of the variability in cash flows attributable to interest rate risk.

At 31 December 2020, the Company has interest rate swaps with notional contract amounts of US$493,000 (2019: US$3,131,000) whereby the Company has agreed with a counterparty to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to the agreed notional principal amounts of the secured term loans. Fair value of the above swaps at 31 December 2020 is a loss of US$10,000 (2019: US$20,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Exposure to interest rate risk

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

	2020 US$'000	2019 US$'000
Group		
Fixed rate instruments		
Loans from shareholders	25,723	24,021
Lease liabilities	17,963	16,738
Variable rate instruments		
Interest rate swaps used for hedging – notional amount	(493)	(3,131)
Secured bank loans	30,699	44,985
Company		
Fixed rate instruments		
Loans from shareholders	25,723	24,021
Variable rate instruments		
Secured bank loans	2,165	3,000

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Interest rate risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis point in interest rate at the reporting date would have increase/(decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Equity		Profit or loss	
	50 bp increase US$'000	50 bp decrease US$'000	50 bp increase US$'000	50 bp decrease US$'000
Group				
31 December 2020				
Interest rate swaps used for hedging	*	*	–	–
Secured bank loans	–	–	(154)	154
31 December 2019				
Interest rate swaps used for hedging	*	*	–	–
Secured bank loans	–	–	(225)	225

	Equity		Profit before tax	
	50 bp increase US$'000	50 bp decrease US$'000	50 bp increase US$'000	50 bp decrease US$'000
Company				
31 December 2020				
Secured bank loans	–	–	(11)	11
31 December 2019				
Secured bank loans	–	–	(15)	15

* Amount is less than US$1,000

Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition in some jurisdictions that the Group operates in. The Group anticipates that IBOR reform may impact its risk management and hedge accounting.

Derivatives

The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to BBSW. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements. ISDA is currently reviewing its standardised contracts in the light of IBOR reform. When ISDA has completed its review, the Group expects to negotiate the inclusion of new fall-back clauses with its derivative counterparties. No derivative instruments have been modified as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values

Fair values versus carrying amounts

The carrying amounts and fair values of financial assets and liabilities are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, the fair value disclosure of lease liabilities is also not required.

	Equity investments – FVOCI US$'000	Debt investments – FVTPL US$'000	Fair value – hedging instruments US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2020							
Financial assets not measured at fair value							
Trade and other receivables[1]	–	–	–	17,180	–	17,180	
Cash and cash equivalents	–	–	–	3,315	–	3,315	
Financial liabilities measured at fair value							
Interest rate swaps used for hedging	–	–	(10)	–	–	(10)	(10)
Financial liabilities not measured at fair value							
Trade and other payables[2]	–	–	–	–	(44,078)	(44,078)	
Secured bank loans	–	–	–	–	(30,699)	(30,699)	

[1] Excludes tax recoverable and prepayments

[2] Excludes interest rate swaps used for hedging

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Equity investments – FVOCI US$'000	Debt investments – FVTPL US$'000	Fair value – hedging instruments US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Group							
31 December 2019							
Financial assets not measured at fair value							
Trade and other receivables[1]	–	–	–	19,292	–	19,292	
Cash and cash equivalents	–	–	–	5,246	–	5,246	
Financial liabilities measured at fair value							
Interest rate swaps used for hedging	–	–	(20)	–	–	(20)	(20)
Financial liabilities not measured at fair value							
Trade and other payables[2]	–	–	–	–	(39,129)	(39,129)	
Secured bank loans	–	–	–	–	(44,985)	(44,985)	

[1] Excludes tax recoverable and prepayments
[2] Excludes interest rate swaps used for hedging

	Equity investments – FVOCI US$'000	Debt investments – FVTPL US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company						
31 December 2020						
Financial assets not measured at fair value						
Trade and other receivables[1]	–	–	6,369	–	6,369	
Cash and cash equivalents	–	–	114	–	114	
Financial liabilities not measured at fair value						
Trade and other payables	–	–	–	(35,769)	(35,769)	
Amounts due to subsidiaries	–	–	–	(24,073)	(24,073)	
Financial liabilities	–	–	–	(20,410)	(20,410)	

[1] Excludes tax recoverable and prepayments
[2] Excludes interest rate swaps used for hedging

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Equity investments – FVOCI US$'000	Debt investments – FVTPL US$'000	Amortised cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Fair value US$'000
Company						
31 December 2019						
Financial assets not measured at fair value						
Trade and other receivables[1]	–	–	12,875	–	12,875	
Cash and cash equivalents	–	–	470	–	470	
Financial liabilities not measured at fair value						
Trade and other payables	–	–	–	(32,606)	(32,606)	
Amounts due to subsidiaries	–	–	–	(21,716)	(21,716)	
Financial liabilities	–	–	–	(27,618)	(27,618)	

[1] Excludes prepayments.

Estimation of fair values

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments:

Non-current trade and other receivables, non-current trade and other payables and non-current financial liabilities

The fair values have been determined by discounting the expected payments with current interest rates for similar instruments at the reporting date.

Floating interest rate bank loans

The carrying amounts of floating interest-bearing loans, which are repriced within 1 to 6 months, reflect the corresponding fair values.

Other financial assets and liabilities

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

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

Financial assets and financial liabilities carried at fair value

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group				
31 December 2020				
Liabilities				
Interest rate swaps used for hedging	–	(10)	–	(10)
31 December 2019				
Liabilities				
Interest rate swaps used for hedging	–	(20)	–	(20)

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values

(i) Valuation technique and significant unobservable input

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable input	Inter-relationship between key unobserved input and fair value measurement
Group			
Interest rate swaps used for hedging	*Market comparison technique*: The fair values are based on bank quotes.	Not applicable	Not applicable
Group and Company			
Equity investments at FVOCI*/ Debt investment at FVTPL*	*Discounted cash flows*: The valuation model considers the present value of the expected future cash flows discounted using a risk-adjusted discount rate.	Expected cash flows	The estimated fair value would increase/(decrease) if: • the expected future dividends were higher (lower); or • the risk adjusted discount rate was lower (higher).

* Shares were suspended from trading (refer to Note 10)

(ii) Transfers between Levels 1 and 3

In 2019, the Group and the Company's investments measured at FVOCI with a carrying amount of US$292,000 were transferred from Level 1 to Level 3 because quoted prices in the market for such investments were no longer available. There were no transfers in 2020.

Level 3 recurring fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Equity investments at FVOCI US$'000	Debt investments at FVTPL US$'000
Group and Company		
At 1 January 2019	–	–
Transfer from Level 1 to Level 3	292	–
Purchases	2,652	1,816
Total unrealised gains and losses recognised in profit or loss		
– Net change in fair value of FVTPL financial assets	–	(1,816)
Total unrealised gains and losses for the period included in other comprehensive income		
– Net change in fair value of FVOCI financial assets	(2,944)	–
At 31 December 2019/31 December 2020	–	–

STATISTICS OF SHAREHOLDINGS

As at 25 May 2021

GENERAL INFORMATION ON SHARE CAPITAL

Issued and paid up capital	: S$350,912,401.59
Total no. of issued shares	: 13,656,697,535
Number of treasury shares	: Nil
Class of shares	: Ordinary share
Voting rights	: One vote per share
Number of subsidiary holdings held	: Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	214	2.29	10,129	0.00
100 - 1,000	1,575	16.83	841,827	0.01
1,001 - 10,000	3,056	32.66	11,405,395	0.08
10,001 - 1,000,000	3,846	41.10	906,255,059	6.64
1,000,001 and above	666	7.12	12,738,185,125	93.27
TOTAL	**9,357**	**100.00**	**13,656,697,535**	**100.00**

TOP 20 SHAREHOLDERS

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	EZION HOLDINGS LIMITED	5,461,932,000	39.99
2	PATRICK TAN CHOON HOCK	1,003,083,100	7.34
3	HISTORY MAKER LIMITED	490,312,500	3.59
4	OCBC SECURITIES PRIVATE LTD	421,978,102	3.09
5	SERENE LEE SIEW KIN	339,000,000	2.48
6	DBS NOMINEES PTE LTD	292,861,917	2.14
7	RAFFLES NOMINEES (PTE) LIMITED	272,176,310	1.99
8	SUNSHINE CAPITAL GROUP PTE LTD	250,222,667	1.83
9	SIM HEE CHEW	230,468,000	1.69
10	ER CHOON HUAT	201,000,000	1.47
11	SEAH SOI CHENA	147,800,000	1.08
12	PHILLIP SECURITIES PTE LTD	111,634,084	0.82
13	CHOW JOO MING	109,000,000	0.80
14	MAYBANK KIM ENG SECURITIES PTE. LTD	105,685,551	0.77
15	SIM ENG KIANG	95,000,000	0.70
16	CITIBANK NOMINEES SINGAPORE PTE LTD	72,954,522	0.53
17	OCBC NOMINEES SINGAPORE PTE LTD	71,191,317	0.52
18	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	70,620,726	0.52
19	WEE PEI TIING	60,110,000	0.44
20	YIAP MOI HIANG	59,980,000	0.44
	Total:	**9,867,010,796**	**72.23**

STATISTICS OF SHAREHOLDINGS

As at 25 May 2021

SUBSTANTIAL SHAREHOLDERS

As per register of Substantial Shareholder:

	Direct Interest		Deemed Interest	
SIZE OF SHAREHOLDINGS	**No. of Shares**	**%**	**No. of Shares**	**%**
Ezion Holdings Limited	5,461,932,000	39.99	–	–
Patrick Tan Choon Hock	1,003,083,100	7.34	493,186,000[1]	3.61[1]

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

PERCENTAGE OF SHAREHOLDING HELD HELD IN PUBLIC'S HANDS

Based on the Register of Substantial Shareholders and the information made available to the Company as at 25 May 2021, approximately 48.97% of the Company's shares were held in the hands of the public, and accordingly, Catalist Rule 723 is complied with.

STATISTICS OF WARRANT HOLDINGS

As at 25 May 2021

CHARISMA W211128

No. of Warrants Outstanding : 2,040,335,705

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANT HOLDINGS	%
1 - 99	12	1.02	610	0.00
100 - 1,000	36	3.07	24,413	0.00
1,001 - 10,000	89	7.58	620,732	0.03
10,001 - 1,000,000	909	77.43	195,048,182	9.56
1,000,001 and above	128	10.90	1,844,641,768	90.41
TOTAL	**1,174**	**100.00**	**2,040,335,705**	**100.00**

TOP 20 WARRANT HOLDERS

S/N	NAME OF WARRANT HOLDER	NO. OF WARRANTS	% OF WARRANTS
1	OCBC SECURITIES PRIVATE LTD	764,144,500	37.45
2	PATRICK TAN CHOON HOCK	160,908,400	7.89
3	EZION HOLDINGS LIMITED	115,193,200	5.65
4	RAFFLES NOMINEES (PTE) LIMITED	101,499,600	4.97
5	UOB KAY HIAN PTE LTD	80,235,600	3.93
6	MAYBANK KIM ENG SECURITIES PTE. LTD	74,870,812	3.67
7	MA ONG KEE	54,000,000	2.65
8	SERENE LEE SIEW KIN	33,900,000	1.66
9	PHILLIP SECURITIES PTE LTD	31,332,133	1.54
10	DBS NOMINEES PTE LTD	20,255,060	0.99
11	ANG YEW JIN EUGENE	19,000,000	0.93
12	YEO TIN MIN OR SOO YIN PENG	17,607,500	0.86
13	CHEN CHIN EE	17,497,400	0.86
14	YAP CHEE LAM	15,397,800	0.75
15	SEAH SOI CHENA	14,780,000	0.72
16	TEGUH ANDY	13,418,400	0.66
17	CHOW JOO MING	10,800,000	0.53
18	ONG KIM TAN	10,037,600	0.49
19	PEH KAY KOON	10,000,000	0.49
20	TEOH HAI THOW	10,000,000	0.49
	Total:	**1,574,878,005**	**77.18**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of Charisma Energy Services Limited (the "Company") will be held by way of electronic means on Tuesday, 29 June 2021 at 10.00 a.m. to transact the following businesses.

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 95 of the Constitution of the Company, and who have, being eligible, offered themselves for re-election as Directors:

   Mr. Chew Thiam Keng (See Explanatory Note (i)) **(Resolution 2)**
   Mr. Lim Chen Yang (See Explanatory Note (ii)) **(Resolution 3)**

4. To approve the payment of Directors' fees of S$193,000 for the financial year ending 31 December 2021 to be paid quarterly in arrears (2020: S$193,000). **(Resolution 4)**

5. To appoint Messrs. Nexia TS Public Accounting Corporation as the Auditors of the Company in place of the retiring Messrs. KPMG LLP, to hold office until the conclusion of the next AGM and to authorise the Directors of the Company to fix their remuneration. (See Explanatory Note (iii)) **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") ("Catalist Rules"), authority be and hereby given to the Directors to:-

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the convertible securities;

(b) new shares arising from exercising share options or vesting of share awards provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with (a) and (b) in this sub-paragraph (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note (iv)) **(Resolution 6)**

8. **Authority to issue shares under the Charisma Energy Employee Share Option Scheme**

That the Directors be hereby authorised and empowered to offer and grant options in accordance with the rules of the Charisma Energy Employee Share Option Scheme (the “Scheme”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes of the Company, shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.
(See Explanatory Note (v)) **(Resolution 7)**

9. **Grant options under the Charisma Energy Employee Share Option Scheme at a discount**

That the Directors be and are hereby authorised to offer and grant Options in accordance with the provisions of the Scheme to participants with exercise prices set at a discount to the Market Price provided that such discount does not exceed 20% (or such other relevant limits as may be set by the SGX-ST from time to time) of the Market Price and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. All capitalised terms used in this Resolution which are not defined herein shall have the meanings ascribed to them in the circular dated 6 April 2015 to shareholders of the Company.

(See Explanatory Note (vi)) **(Resolution 8)**

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

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

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company; and

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

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

11. Continued appointment of the following Directors as Independent Directors, until the earlier of (i) the retirement or resignation as a Director of the Company; or (ii) the conclusion of the third AGM of the Company following the passing of these Ordinary Resolutions for purposes of Rule 406(3)(d)(iii) of the Catalist Rules of the SGX-ST which will take effect from 1 January 2022:

(See Explanatory Note (viii))

(a) Mr. Cheng Yee Seng

That the continued appointment of Mr. Cheng Yee Seng, as an Independent Non-Executive Director by all shareholders be and is hereby approved. **(Resolution 10(a))**

That contingent upon passing of Ordinary Resolution 10(a) above, the continued appointment of Mr. Cheng Yee Seng, as an Independent Non-Executive Director by all shareholders, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer, be and is hereby approved. **(Resolution 10(b))**

(b) Mr. Lim Chen Yang

That continent upon passing of Ordinary Resolution 3 above, the continued appointment of Mr. Lim Chen Yang, as an Independent Non-Executive Director by all shareholders be and is hereby approved. **(Resolution 11(a))**

That contingent upon passing of Ordinary Resolutions 3 and 11(a) above, the continued appointment of Mr. Lim Chen Yang, as an Independent Non-Executive Director by all shareholders, excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer, be and is hereby approved. **(Resolution 11(b)**

By Order of the Board

Tan Wee Sin
Secretary
Singapore, 14 June 2021

Explanatory Notes:

(i) **Ordinary Resolution 2** is to re-elect Mr. Chew Thiam Keng ("Mr. Chew") who will be retiring by rotation under Article 95 of the Constitution. Mr. Chew will, upon re-election, remain as a Non-Executive Chairman & Non-Executive Director of the Company. Further information on Mr. Chew can be found under "Board of Directors" and "Corporate Governance" sections in the Company's Annual Report 2020.

(ii) **Ordinary Resolution 3** is to re-elect Mr. Lim Chen Yang ("Mr. Lim") who will be retiring by rotation under Article 95 of the Constitution. Mr. Lim will, upon re-election, remain as an Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Remuneration and Audit Committees of the Company. The Board considers Mr. Lim to be independent for the purpose of Rule 704(7) of the Catalist Rules. Further information on Mr. Lim can be found under "Board of Directors" and "Corporate Governance" sections in the Company's Annual Report 2020.

(iii) **Ordinary Resolution 5** is to approve the appointment of Messrs. Nexia TS Public Accounting Corporation ("Nexia TS") as Auditors of the Company in place of the retiring Auditors, Messrs KPMG LLP ("KPMG"), and to authorise the Directors of the Company to fix their remuneration. Further information as set out under Appendix section in the Company's Annual Report 2020.

KPMG, had on 14 June 2021, given notice to the Directors not to seek re-appointment as Auditors of the Company at the AGM and the Company has received formal consent from Nexia TS to act as Auditors of the Company on 14 June 2021. The Board, having taken into consideration the Audit Committee's recommendation of Nexia TS as Auditors of the Company, are of the opinion that Nexia TS will be able to meet the audit requirements of the Group and comply with Rule 712 of the Catalist Rules.

In accordance with the requirements of Rule 712(3) of the Catalist Rules, the Company confirms the following:

(a) KPMG has confirmed, by way of its letter dated 14 June 2021, that aside from the matters described in the "Basis for Disclaimer of Opinion" in the Independent Auditors' Report section under Annual Report 2020, they are not aware of any professional reasons why Nexia TS should not accept appointment as auditors of the Company;

(b) there were no disagreements with KPMG on accounting treatments within the last twelve months up to the date of this Notice;

(c) the Company is not aware of any circumstances connected with the proposed change of Auditors, which has not been disclosed, that should be brought to the attention of shareholders of the Company;

(d) there are no specific reasons for the proposed change of Auditors save as disclosed in the Appendix; and

(e) it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Nexia TS as Auditors of the Company.

(iv) **Ordinary Resolution 6**, if passed, will empower the Directors from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from (i) the conversion or exercise of the convertible securities, (ii) the exercise of share options or the vesting of share awards, and (iii) any subsequent bonus issue, consolidation or subdivision of shares. Adjustments with regards to (i) and (ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

(v) **Ordinary Resolution 7**, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate, when added to the number of shares issued and issuable in respect of such Scheme and other shares issued and/or issuable under other share-based incentive schemes or share plans of the Company, fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

(vi) **Ordinary Resolution 8**, if passed, will empower the Directors, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to offer and grant Options in accordance with the provisions of the Scheme to participants with exercise prices set at a discount to the Market Price provided that such discount does not exceed 20% (or such other relevant limits as may be set by the SGXST from time to time) of the Market Price. All capitalised terms used in this Resolution which are not defined herein shall have the meanings ascribed to them in the circular dated 6 April 2015 to shareholders of the Company.

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

(viii) The proposed Ordinary Resolutions 10(a), 10(b), 11(a) and 11(b) are proposed in compliance with Rule 406(3)(d)(iii) of the Catalist Rules of the SGX-ST which will take effect from 1 January 2022.

NOTICE OF ANNUAL GENERAL MEETING

Rule 406(3)(d)(iii) of the Catalist Rules of the SGX-ST provides that a Director will not be independent if he/she has been a Director for an aggregate period of more than nine (9) years and his/her continued appointment as an Independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors and the Chief Executive Officer of the Company, and their respective associates (the "Two-Tier Voting").

Mr. Cheng Yee Seng ("Mr. Cheng") and Mr. Lim are the Independent Directors who have each served on the Board for a period of more than nine (9) years.

The Board seeks to strike an appropriate balance between tenure of service and continuity of experience and refreshment of the Board. The Board, saved for the affected Directors who have abstained from the deliberations, have recommended the continued appointments of Mr. Cheng and Mr. Lim as an Independent Non-Executive Directors of the Company, via a Two-Tier Voting process.

The Nominating Committee and the Board have determined that Mr. Cheng and Mr. Lim remain objective and independent-minded in the Board deliberations. Their vast experiences enable them to provide the Board and the various Board Committees on which they are serving, with pertinent experiences and competences to facilitate sound decision-making and that their length of service does not in any way interfere their exercise of independent judgement nor hinder their ability to act in the best interests of the Company. Additionally, they have met the definition of Independent Director of the SGX-ST and the 2018 Code. The Board trust that they are able to continue to discharge their duties independently with integrity and competency.

Upon passing the Ordinary Resolutions 10(a) and 10(b), Mr. Cheng will remain as an Independent Director, Chairman of Remuneration Committee, and a member of the Audit and Nominating Committees of the Company until the earlier of (i) the retirement or resignation as a Director of the Company; or (ii) the conclusion of the third AGM of the Company following the passing of these Ordinary Resolutions. Mr. Cheng will also be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST.

Upon passing the Ordinary Resolutions 3, 11(a) and 11(b), Mr. Lim will remain as an Independent Director, Chairman of Nominating Committee, and a member of the Audit and Remuneration Committees of the Company until the earlier of (i) the retirement or resignation as a Director of the Company; or (ii) the conclusion of the third AGM of the Company following the passing of these Ordinary Resolutions. Mr. Lim will also be considered independent for the purposes of Rule 704(7) of the Catalist Rules of the SGX-ST. If Resolution 3 is not carried, Resolution 11(a) and/or Resolution 11(b) will not be tabled. Further, if Resolution 11(a) is not carried, Resolution 11(b) will not be tabled.

Should the Ordinary Resolutions 10(a), 10(b), 11(a) and/or 11(b) for the continued appointment of the Independent Director(s) is/are not passed at the forthcoming AGM, the Independent Director(s) will no longer be independent and shall continue as a Non-Independent Director(s) of the Company with effect from 1 January 2022.

Rule 406(3)(c) of the Catalist Rules of the SGX-ST states that the Independent Directors must comprise of at least one-third of the Board. In the event that the Ordinary Resolution(s) for the continued appointment of the Independent Directors is/are not passed at the forthcoming AGM which renders the Company unable to meet these requirements, the Company shall endeavour to fill the vacancy in the Board to comply with Rules 406(3)(c) and 704(7) of the Catalist Rules of the SGX-ST by 1 January 2022.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

Participation in the AGM via live webcast or live audio feed

1. As the AGM will be held by way of electronic means, shareholders will NOT be able to attend the AGM in person. All shareholders or their corporate representative (in the case of shareholders which are legal entities) will be able to participate in the AGM proceeding by accessing a live webcast or live audio feed. To do so, shareholders are required to pre-register their participation in the AGM ("Pre-registration") at this link: http://charisma.availeasemgdwebinar.com by 10.00 a.m. on 22 June 2021 ("Registration Deadline") for verification of their status as shareholders (or corporate representatives of such shareholders). Registration will be open from 10.00 a.m. on 15 June 2021 onwards.

2. Upon successful verification, each such shareholder or its representative (in the case of shareholders which are legal entities) will receive an email by 5.00 p.m. on 27 June 2021. The email will contain instructions to access the live webcast or live audio feed of the AGM proceedings. Shareholders or their representatives (in the case of shareholders which are legal entities) must not forward the email to other persons who are not shareholders and who are not entitled to participate in the AGM.

   Shareholders or their representatives (in the case of shareholders who are legal entities) who have pre-registered by the Registration Deadline but do not receive an email by 5.00 p.m. on 27 June 2021 may contact the Company for assistance at (65) 6571 0200.

Voting by Proxy

1. Shareholders may only exercise their voting rights at the AGM via proxy voting.

   Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In the Proxy Form, a shareholder should specifically direct the Chairman on how he is to vote for or vote against or abstain from voting on each resolution to be tabled at the AGM, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

2. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at **438B Alexandra Road, #05-08/09 Alexandra Technopark, Singapore 119968** or sent by email to enquiries@charismaenergy.com not less than seventy-two (72) hours (i.e. by 10.00 a.m. on Saturday, 26 June 2021), before the time appointed for holding the AGM. The Proxy Form can be downloaded from SGXNet or the Company's website at https://charismaenergy.com.

   In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email to enquiries@charismaenergy.com.

   A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited ("CDP") at least seventy-two (72) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on any or all of the resolutions at the AGM by appointing the Chairman of the AGM as his/her proxy to do so on his/her behalf. In view of Section 81SJ(4) of the Securities and Futures Act (Cap. 289), Singapore, a Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least seventy-two (72) hours before the AGM. Any shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP seventytwo (72) hours before the AGM will not be entitled to attend and vote at the AGM. Accordingly, even if such shareholder deposits his/her proxy form seventy-two (72) hours before the AGM, the Chairman of the AGM who is appointed as his/her proxy will not be entitled to vote on his/her behalf at the AGM.

   CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on Friday, 18 June 2021), to ensure that their votes are submitted.

NOTICE OF ANNUAL GENERAL MEETING

Access to documents or information relating to the AGM

All documents and information relating to the business of the AGM (including the Annual Report and the Proxy Form) have been published on SGXNet and the Company's website at https://charismaenergy.com. Printed copies will not be sent to shareholders.

Submission of questions prior to the AGM

1. Shareholders may submit questions related to the resolutions to be tabled at the AGM by post to the Company at **438B Alexandra Road, #05-08/09 Alexandra Technopark, Singapore 119968** or sent by email to enquiries@charismaenergy.com. Questions must be submitted by 10.00 a.m. on Tuesday, 22 June 2021 so that they may be addressed during the AGM proceedings.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit questions by post, shareholders are strongly encouraged to submit questions electronically via the pre-registration website or by email.

2. Shareholders or their representatives (in the case of shareholders who are legal entities, CPF or SRS Investors) must state his/her full name and whether he/she is a shareholder or a representative of a shareholder which is a legal entity. Any question without the identification details will not be addressed.

3. The Company shall address relevant and substantial questions (as may be determined by the Company in its sole discretion) received by 10.00 a.m. on Tuesday, 22 June 2021, before or during the AGM proceedings. The Company will publish the minutes of the AGM, including substantial and relevant comments or queries from shareholders relating to the agenda of the AGM, and responses from the Company, on SGXNet and the Company's website within one (1) month after the date of AGM.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice, or (c) submitting any question prior to the AGM in accordance with this Notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);

(ii) the processing of the Pre-registration for purposes of granting access to shareholders (or their corporate representatives in the case of shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from shareholders received before the AGM and if necessary, following up with the relevant shareholders in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Chiew Thiam Keng and Mr. Lim Chen Yang are the Directors seeking re-election at the forthcoming Annual General Meeting ("**AGM**") of the Company to be convened on 29 June 2021 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Mr. Lim Chen Yang and Mr. Cheng Yee Seng are the Directors seeking continued appointment as Independent Directors via the Two-Tier Voting Process at the forthcoming AGM of the Company to be convened on 29 June 2021.

Pursuant to Rule 720(5) and Rule 406(3)(d)(iii) of the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the information relating to the Retiring Directors and the Directors who are subject to the Two-Tier Voting Process as set out in Appendix 7F to the Catalist Rules of the SGX-ST is set out below:

	Mr. Chew Thiam Keng	**Mr. Lim Chen Yang**	**Mr. Cheng Yee Seng**
Date of Appointment	20 February 2013	26 July 2011	16 May 2011
Date of last re-appointment	26 April 2018	26 April 2018	22 June 2020
Age	59	53	74
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Chew Thiam Keng ("**Mr. Chew**") for re-appointment as Non-Executive Chairman of the Company. The Board has reviewed and concluded that Mr. Chew possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Lim Chen Yang ("**Mr. Lim**") for re-appointment as Independent Non-Executive Director, Chairman of Nominating Committee, and a member of the Audit and Remuneration Committees of the Company. The Board has reviewed and concluded that Mr. Lim possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. The Board considers Mr. Lim to be independent for the purpose of Rule 704(7) of the Catalist Rules.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, work experience and suitability of Mr. Cheng Yee Seng ("**Mr. Cheng**") for continued appointment as Independent Non-Executive Director, Chairman of Remuneration Committee, and a member of the Audit and Nominating Committees of the Company. The Board has reviewed and concluded that Mr. Cheng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. The Board considers Mr. Cheng to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Chew Thiam Keng	Mr. Lim Chen Yang	Mr. Cheng Yee Seng
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman	Independent Non-Executive Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees	Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees
Professional Qualifications	Master Degree in Business Administration from the University of Hull. Bachelor Degree (Honours) in Mechanical Engineering from the National University of Singapore.	Bachelor Degree in Arts from the National University of Singapore	Bachelor Degree in Laws (Honours) from the University of London. Bachelor Degree of Accountancy Degree from the Singapore University. Master Degree in Business Administration from the University of Hull.
Working experience and occupation(s) during the past 10 years	Please refer to the Board of Directors section in this Annual Report.	Urban Harvest Pte. Ltd. – Director	Please refer to the Board of Directors section in this Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Nil	Direct interest: 10,000,000 options to subscribe for ordinary shares of the Company	Direct interest: 10,000,000 options to subscribe for ordinary shares of the Company
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries)	Mr. Chew is currently the Chief Executive Officer of Ezion Holdings Limited ("Ezion"), the controlling shareholder of the Company.	No	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments	Other Principal Commitments Chief Executive Officer and Executive Director of Ezion Holdings Limited	Other Principal Commitments Nil	Other Principal Commitments Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Chew Thiam Keng	Mr. Lim Chen Yang	Mr. Cheng Yee Seng
Past Directorships (for the last 5 years)	Past Directorships (for the last 5 years) (1) Pharmesis International Ltd (2) Teras Conquest 8 Pte Ltd (3) Teras Lyza Pte Ltd (4) Eminent Offshore Logistics Pte Ltd (5) Teras Europe Aps *(Dissolved)* (6) Eminent 1 Pte Ltd *(Struck-Off)* (7) Eminent 2 Pte Ltd *(Struck-Off)* (8) Eminent 3 Pte Ltd *(Struck-Off)* (9) Eminent 4 Pte Ltd *(Struck-Off)* (10) Eminent 5 Pte Ltd *(Struck-Off)* (11) Eminent 6 Pte Ltd *(Struck-Off)* (12) Eminent 237 Pte Ltd *(Struck-Off)*		Past Directorships (for the last 5 years) (1) Enzer Corporation Ltd. (n.k.a Vallianz Holdings Limited) (2) Penguin International Ltd. (3) Modz Pte. Ltd.
Present Directorships	Ezion Holdings Limited Atlantic Amsterdam Pte. Ltd Atlantic Esbjerg Pte. Ltd Atlantic Labrador Pte. Ltd Atlantic London Pte. Ltd. Atlantic Tiburon 1 Pte. Ltd. Atlantic Tiburon 2 Pte. Ltd. Atlantic Tiburon 3 Pte. Ltd. ES Indonesia Pte. Ltd. Ezion Investments Pte. Ltd Ezion Maritime Pte. Ltd. Meridian Maritime Pte Ltd Teras 281 Pte Ltd Teras 333 Pte Ltd Teras 336 Pte Ltd Teras 375 Pte. Ltd. Teras Atlantic Pte. Ltd.		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Chew Thiam Keng	Mr. Lim Chen Yang	Mr. Cheng Yee Seng
	Teras Conquest 1 Pte Ltd Teras Conquest 2 Pte Ltd Teras Conquest 3 Pte Ltd Teras Conquest 4 Pte Ltd Teras Conquest 5 Pte Ltd Teras Conquest 6 Pte Ltd Teras Conquest 7 Pte Ltd Teras Conquest 9 Pte Ltd Teras Fortress 2 Pte. Ltd. Teras Genesis Pte. Ltd. Teras Investments Pte. Ltd Teras Offshore Pte Ltd Teras Oranda Pte. Ltd. Teras Pacific Pte. Ltd. Teras Pegasus Pte. Ltd. Teras Pneuma Pte. Ltd. Teras Progress Pte Ltd Teras Singapore Pte Ltd Teras Transporter Pte Ltd Teras Wallaby Pte. Ltd. EG Marine Pte Ltd Kenai Offshore Ventures LLC Teras Cargo Logistics Limited Teras Harta Maritime Limited Teras Oilfield Support Limited Dynamic Commerce (M) Sdn Bhd Macarios Pte Ltd		
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Chew Thiam Keng	Mr. Lim Chen Yang	Mr. Cheng Yee Seng
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		Mr. Chew Thiam Keng	Mr. Lim Chen Yang	Mr. Cheng Yee Seng
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust??	No	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
Disclosure applicable to the appointment of Director only				
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr. Chew Thiam Keng	Mr. Lim Chen Yang	Mr. Cheng Yee Seng
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A	N/A

APPENDIX DATED 14 JUNE 2021

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

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

Capitalised terms appearing on the cover of this Appendix have the same meanings defined herein.

This Appendix is circulated to the shareholders of Charisma Energy Services Limited (the "**Company**") together with the Annual Report 2020. Its purpose is to explain to the shareholders the rationale and to provide information pertaining to the proposed change of Auditors and proposed renewal of the IPT Mandate, and to seek Shareholders' approval of the same at the annual general meeting to be held on Tuesday, 29 June 2021 at 10.00 a.m. by way of electronic means.

The Notice and Proxy Form of the Annual General Meeting are enclosed with the Annual Report 2020.

If you have sold or transferred all your Shares (as defined herein) in the Company held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward the Annual Report 2020 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix to the purchaser or transferee as arrangements will be made by CDP for separate copies of the same to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s), you should at once forward the Annual Report 2020 (including the Notice of Annual General Meeting and the Proxy Form) and this Appendix immediately to the purchaser or transferee or to the bank, stockbroker

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

The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

CHARISMA ENERGY

CHARISMA ENERGY SERVICES LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199706776D)

APPENDIX TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED CHANGE OF AUDITORS

(2) THE PROPOSED RENEWAL OF THE IPT MANDATE

CONTENTS

DEFINITIONS

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

"2020 EGM"	:	Has the meaning ascribed to it in Section 2.1 of this Appendix
"2021 AGM"	:	The annual general meeting of the Company to be held on Tuesday, 29 June 2021 at 10.00 a.m. by way of electronic means, notice of which is set out in the Notice of Annual General Meeting.
"ACRA"	:	Accounting and Corporate Regulatory Authority
"Annual Report 2020"	:	The Company's annual report for the financial year ended 31 December 2020
"Appendix"	:	This appendix to Shareholders dated 14 June 2021
"Associate"	:	a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means (i) his immediate family, (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and (iii) any company in which he and his immediately family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audit Committee" or "AC"	:	The audit committee of the Company
"Auditors"	:	The external auditors of the Company
"Board"	:	The board of Directors of the Company
"Catalist Rules"	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Charisma IPT Group"	:	(a) the Company; (b) subsidiaries of the Company (excluding other subsidiaries listed on the SGX-ST or an approved exchange); and (c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Company, or the Company and its Interested Person(s), has or have control
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"	:	Charisma Energy Services Limited
"Controlling Shareholder"	:	A person who:– (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company. The Exchange may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company

"Directors"	:	The directors of the Company, including alternate directors of the Company (if any), as at the Latest Practicable Date, and "Director" means any of them
"Ezion or Ezion Holdings"	:	Ezion Holdings Limited
"FY"	:	Financial year ended 31 December
"Group"	:	The Company and its subsidiaries
"Independent Shareholders"	:	Shareholders who are deemed to be independent of the Interested Person Transactions contemplated under the IPT Mandate
"Interested Person"	:	(a) a Director, chief executive officer, or Controlling Shareholder of the Company; or
		(b) an Associate of any such Director, chief executive officer, or Controlling Shareholder
"Interested Person Transactions"	:	Transactions proposed to be entered into between the Charisma IPT Group and the Interested Persons, as detailed in Annex A of this Appendix
"IPT Mandate"	:	The general mandate given by Shareholders to enable the Charisma IPT Group to enter into certain Interested Person Transactions
"KPMG"	:	KPMG LLP
"Latest Practicable Date"	:	The latest practicable date prior to the printing of this Appendix, being 1 June 2021
"Nexia TS"	:	Nexia TS Public Accounting Corporation
"Non-Interested Directors"	:	Has the meaning ascribed to it in Section 5 of this Appendix
"Notice of Annual General Meeting"	:	The Notice of the 2021 AGM dated Monday, 14 June 2021
"NTA"	:	Net tangible assets
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	Registered holders of Shares except that where CDP is the registered holder, the term "Shareholders" shall, in relation to such Shares, mean Depositors who have Shares entered against their names in the Depository Register
"Shares"	:	Ordinary shares in the capital of the Company
"Sponsor"	:	PrimePartners Corporate Finance Pte. Ltd.
"Substantial Shareholder"	:	A Shareholder who has an interest in 5% or more of the voting shares of the Company.
"Treasury Shares"	:	The Shares held in treasury by the Company
"S$"	:	Singapore dollars
%" or "per cent."	:	Per centum or percentage

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

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

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

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

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

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

BOARD OF DIRECTORS:

Mr. ChewThiam Keng *(Non-Executive Director and Chairman)*
Mr. Tan Ser Ko *(Executive Director and Chief Executive Officer)*
Mr. Eng Chiaw Koon *(Non-Executive Director)*
Mr. Simon de Villiers Rudolph *(Independent Director)*
Mr. Cheng Yee Seng *(Independent Director)*
Mr. Lim Chen Yang *(Independent Director)*

REGISTERED OFFICE:

438B Alexandra Road
#05-08/09 Alexandra
Technopark
Singapore 119968

14 June 2021

To: The Shareholders of Charisma Energy Services Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE IPT MANDATE

1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to:

(a) ordinary resolution 5 under the heading "Ordinary Business" in relation to proposed change of Auditors; and
(b) ordinary resolution 9 under the heading "Special Business" in relation to the proposed renewal of the IPT Mandate,

(together, the "**Proposed Resolutions**")

set out in the Notice of Annual General Meeting of the Company dated Monday, 14 June 2021, accompanying the Annual Report 2020, convening the 2021 AGM which is scheduled to be held on Tuesday, 29 June 2021.

1.2 Purpose of this Appendix

The purpose of this Appendix is to provide the Shareholders and Independent Shareholders with details in respect of the Proposed Resolutions and to seek Shareholders' approval for the same at the 2021 AGM to be held at on Tuesday, 29 June 2021 at 10.00 a.m. by way of electronic means.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale for the Proposed Change of Auditors

The Company's existing Auditors, KPMG, have been Auditors of the Company since 24 April 2013. KPMG was re-appointed as Auditors at the last annual general meeting of the Company held on 22 June 2020 to hold office until the conclusion of the 2021 AGM. KPMG had on 14 June 2021 given notice to the Directors not to seek re-appointment as Auditors of the Company at the 2021 AGM and will retire as the Auditors of the Company at the conclusion of the 2021 AGM. The Board wishes to express their appreciation for the service rendered by KPMG.

The Board and the AC are of the view that the proposed change of auditors will enable the Group to benefit from fresh perspectives and views of another professional firm and enhance the value of independent audit. Further, as part of the Company's efforts to enhance operating costs efficiencies, the Company expects savings of at least 15% in audit fees as compared to the audit fees incurred for FY2020. The Company does not expect the reduction in cost to affect the quality of the audit to be undertaken and there will be no change in the scope of the audit to be undertaken with the proposed change of Auditors.

The Board have determined, in consultation of the AC, that the proposal from Nexia TS best meets the needs and requirements of the Group. As such, the Board proposes the appointment of Nexia TS as the new auditors of the Company. The proposed change of Auditors must be approved by the Shareholders at the 2021 AGM. Accordingly, the appointment of Nexia TS will take effect upon the approval of the same by the Shareholders at the 2021 AGM.

2.2 Information on Nexia and the Audit Engagement Partner

Nexia TS is associated with Smith & Williamson, and both Nexia TS and Smith & Williamson are independent member firms of Nexia International. Nexia International is a leading global network of independent accounting and consulting firms with a worldwide turnover in excess of USD3 billion, with substantial representation in the major financial centres of the world, which are supported by over 24,000 professional staff and over 570 offices in more than 110 countries globally.

Smith & Williamson is a leading financial services firm and one of the top ten (10) largest firms of accountants in the UK, with more than ten (10) offices in the UK, Ireland and Jersey, and has 1,500 staff. Its services include investment management, accountancy, tax, corporate and financial advisory. Nexia TS was founded in 1993 by two (2) experienced chartered accountants, namely Henry Tan and Sitoh Yih Pin. Nexia TS is registered with ACRA and has more than 180 professionals including eighteen (18) directors in the Singapore office offering auditing, accounting, advisory and taxation services. Nexia TS has offices in Singapore, Malaysia, Myanmar and Shanghai, PRC, and is amongst the top ten (10) largest accounting firms in Singapore. Certain directors of Nexia TS are audit committee members of a number of listed companies in Singapore and have many years of experience in corporate governance and auditing issues. Nexia TS is currently the external independent auditors to approximately fifty (50) Singapore-listed companies. The listed company involved in similar industry as the Company, audited by Nexia, is Yoma Strategic Holdings Limited.

The engagement director-in-charge will be Mr. Loh Ji Kin ("**Mr. Loh**"). Mr. Loh is a practising member of the Institute of Singapore Chartered Accountants (ISCA) and a public accountant registered with ACRA. Mr. Loh has over twenty-five (25) years of audit experience. He spent almost fifteen (15) years with an international accounting firm, serving in a number of roles. In an assurance capacity, he served clients in statutory audits and other special assignments for both listed companies and large MNCs. Mr. Loh has been subject to ACRA's Practice Monitoring Programme ("**PMP**") review, the last one being in year 2015, and there is no adverse feedback from the review in year 2015 or any previous review.

Mr. Loh currently heads the Assurance department of Nexia TS, working with Nexia TS's group chief executive officer in managing at both the firm and department operations level. He also serves as engagement partner for audit clients of Nexia TS, which includes a spectrum of publicly listed and private clients spanning various industries, as well as some not-for-profit organisations. In recent years, he has acted as the Reporting Auditor for a number of successful IPOs on both the Mainboard and Catalist of SGX-ST. Mr. Loh served two (2) full terms (from year 2015 to year 2020) as a member of the ISCA Financial Reporting Committee. Mr. Loh is also currently the engagement partner for listed companies such as, inter alia, Vallianz Holdings Limited and, previously, Mencast Holdings Limited and Beng Kuang Marine Limited.

Mr Loh will be assisted by a team of five audit professionals in performing the audit. This includes an Engagement Quality Control Reviewer ("**EQCR**"), who is an experienced director to ensure that the engagement team is provided independent and objective viewpoints on the audit. An experienced manager will also be assigned to assist the audit engagement director to oversee the audit. The audit manager has many years of experience in audits of both multinational corporations and listed companies in Singapore, and is well-equipped with the relevant skill-sets to help drive the audit.

Nexia TS also undergoes Nexia International Limited quality reviews and ACRA PMP inspections on a periodic basis. The last ACRA PMP inspection in year 2018 yielded no significant areas of improvement.

The Audit Committee has based its selection of Nexia TS as the proposed new Auditors of the Company based on the Company's internal criteria, which includes costs, quality and scope of audit, and adequacy of the resources, experiences and reputation of the audit firm. The Audit Committee will take in the Audit Quality Indicators Disclosure Framework (the "AQI Framework") in its entirety during the coming Audit Planning meeting.

Further information about Nexia TS is set out in its corporate website www.nexiats.com.sg.

2.3 Requirements under Rule 712 of the Catalist Rules

The Board, having taken into consideration the AC's recommendation, and various factors, including, inter alia, the following:

(a) the fee structure, the adequacy of the resources and experience of Nexia TS;
(b) the audit engagement partner assigned to the audit;
(c) the size and complexity of the Group's operations; and
(d) the number and experience of supervisory and professional staff assigned to the audit of the Company and the Group,

are of the opinion that Nexia TS will be able to meet the audit requirements of the Group and comply with Rule 712 of the Catalist Rules.

In this connection, Nexia TS had on 14 June 2021 given their formal consent to act as Auditors of the Company.

In accordance with Rule 715 of the Catalist Rules, the Board confirmed that subject to Shareholders' approval of the proposed change of Auditors, Nexia TS will be appointed as the Auditors of the Company.

In accordance with the requirements of Rule 712(3) of the Catalist Rules, the Company confirms the following:

(a) KPMG has confirmed, by way of its letter dated 14 June 2021, aside from the matters described in the "Basis for Disclaimer of Opinion" in the Independent Auditors' Report section under Annual Report 2020, that they are not aware of any professional reasons why Nexia TS should not accept appointment as auditors of the Company;

(b) there were no disagreements with KPMG on accounting treatments within the last twelve months up to the date of this Appendix;

(c) the Company is not aware of any circumstances connected with the proposed change of Auditors, which has not been disclosed, that should be brought to the attention of Shareholders;

(d) the specific reasons for the proposed change of Auditors is in furtherance of good corporate governance initiatives and enhancing costs efficiencies for the Group as set out in the Section 2.1 above; and

(e) it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Nexia TS as Auditors of the Company.

2.4 Requirements under Rule 715 of the Catalist Rules

In accordance with Rule 715 of the Catalist Rules, the Board confirmed that subject to Shareholders' approval of the proposed change of Auditors, Nexia TS will be appointed as the Auditors of the Company and its subsidiaries that are incorporated in Singapore.

The Company's existing Auditors for its significant subsidiaries incorporated in Sri Lanka are KPMG Sri Lanka and Auditors for the significant subsidiary incorporated in China are Moore Stephens, Da Hua Certified Public Accountants (together the "**Component Auditors**"). The Board and the Audit Committee, having discussed with Nexia TS and after considering factors such as the adequacy of resources and experience of the Component Auditors, are satisfied that the Component Auditors will work in collaboration with Nexia TS to ensure the standard and effectiveness of the audit of the Group. Accordingly, the Board confirms that Rule 715 of the Catalist Rules will be complied with.

3. THE PROPOSED RENEWAL OF THE IPT MANDATE

3.1 The Existing Shareholders' Mandate

At the extraordinary general meeting of the Company held on 21 April 2014, approval of Shareholders was obtained for a mandate to enable the Charisma IPT Group to enter into certain recurring Interested Person Transactions. The IPT Mandate was subsequently amended and renewed at the extraordinary general meeting of the Company held on 21 April 2015. The IPT Mandate was last renewed at the 2020 EGM.

3.2 Details of the IPT Mandate

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

3.3 Proposed Renewal of the IPT Mandate

The IPT Mandate will expire on the date of the 2021 AGM, which is scheduled to be held on Tuesday, 29 June 2021. Accordingly, the Directors propose that the ordinary resolution relating to the renewal of the IPT Mandate be passed at the 2021 AGM, and (unless revoked or varied by the Company in a general meeting) to take effect until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier. The particulars of the Interested Person Transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged.

3.4 Audit Committee's Statement

The Audit Committee confirms that:

(a) the methods or procedures for determining transaction prices under the IPT Mandate have not changed since the 2020 EGM; and

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

4. AUDIT COMMITTEE'S RECOMMENDATION

The Audit Committee, after taking into consideration of suitability and independence of Nexia TS as the Company's Auditors, the various factors set out in Section 2 of this Appendix and ensuring compliance with the Catalist Rules, has recommended the proposed change in Auditors.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%(1)	Number of Shares	%(1)	Number of Shares	%(1)
Directors						
Mr. Chew Thiam Keng	–	–	–	–	–	–
Mr. Tan Ser Ko	–	–	–	–	–	–
Mr. Eng Chiaw Koon	1,000,000	0.01	–	–	1,000,000	0.01
Mr. Simon de Villiers Rudolph	10,000,000	0.07	–	–	10,000,000	0.07
Mr. Cheng Yee Seng	–	–	–	–	–	–
Mr. Lim Chen Yang	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Ezion Holdings Limited	5,461,932,000	39.99	–	–	5,461,932,000	39.99
Mr. Patrick Tan Choon Hock	1,000,083,100	7.34	493,186,000(2)	3.75	1,493,269,100	10.95

Notes:

(1) The percentage of shareholdings is calculated based on the total issued capital of the Company comprising 13,656,697,535 Shares (excluding Treasury Shares) as at the Latest Practicable Date.

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

As Mr. Chew Thiam Keng, the Non-Executive Chairman of the Company, is the chief executive officer and an executive director of Ezion, the controlling shareholder of the Company, he has a direct interest in the proposed renewal of the IPT Mandate.

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

6. ABSTENTION FROM VOTING

Ezion (being an Interested Person) and its Associates have undertaken to abstain from voting in respect of ordinary resolution 9 as set out in the Notice of Annual General Meeting relating to the proposed renewal of the IPT Mandate in respect of the Shares held by them respectively. In addition, Ezion and its Associates will also not accept nominations to act as proxy for any Shareholder (being one who is not subject to the foregoing voting restrictions) in respect of ordinary resolution 9, unless specific instructions have been given in the Proxy Form on how the votes are to be cast in respect of ordinary resolution 9. Ezion has undertaken to ensure that its Associates will abstain from voting on ordinary resolution 9 in respect of the Shares held by them and that its Associates will decline to accept appointment as proxy for any Shareholder (being one who is not subject to the foregoing voting restrictions) to vote in respect of ordinary resolution 9 unless the Shareholder concerned has given specific instructions in the Proxy Form as to the manner in which his votes are to be cast in respect of ordinary resolution 9 at the 2021 AGM.

7. DIRECTORS' RECOMMENDATION

The proposed change of Auditors

The Directors, having considered the rationale and benefits of the proposed change of Auditors and the Audit Committee's recommendation, are of the opinion that the proposed change of Auditors is in the best interests of the Company. Accordingly, the Board has recommended that Shareholders to vote in favour of the ordinary resolution in respect of the proposed change of Auditors at the 2021 AGM.

8. NON-INTERESTED DIRECTORS' RECOMMENDATIONS

The proposed renewal of IPT Mandate

The Directors who are considered independent for the purpose of the IPT Mandate are Mr. Tan Ser Ko, Mr. Simon de Villiers Rudolph, Mr. Cheng Yee Seng and Mr. Lim Chen Yang (together, the "**Non-Interested Directors**"). The Non-Interested Directors, having considered, inter alia, the rationale for the proposed renewal of the IPT Mandate, as set out in Annex A of the Appendix, are of the opinion that the proposed renewal of the IPT Mandate is in the best interests of the Company and not prejudicial to the interests of minority Shareholders. Accordingly, the Non-Interested Directors recommend that Shareholders vote in favour of ordinary resolution 9 relating to the proposed renewal of the IPT Mandate to be proposed at the 2021 AGM as set out in the Notice of Annual General Meeting.

Mr. Chew Thiam Keng is the chief executive officer and the executive director, Mr. Eng Chiaw Koon is the deputy chief executive officer of Ezion and they have accordingly abstained from making any recommendation in respect of ordinary resolution 9 as set out in the Notice of Annual General Meeting.

9. DIRECTORS' RESPONSIBILITY STATEMENT

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

Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

10. ADVICE TO SHAREHOLDERS

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

11. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 438B Alexandra Road, #05-08/09 Alexandra Technopark, Singapore 119968, during normal business hours from the date of this Appendix to the date of the 2021 AGM scheduled to be held on Tuesday, 29 June 2021:

(a) the Constitution of the Company;

(b) letter of nomination dated 11 June 2021 to Nexia TS;

(c) the professional clearance letter issued by KPMG to Nexia TS dated 14 June 2021; and

(d) letter of consent to act as Auditors dated 14 June 2021 from Nexia TS; and

(e) the Annual Report 2020.

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

Tan Ser Ko
Executive Director and Chief Executive Officer

CHAPTER 9 OF THE CATALIST RULES

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

In this connection, Rule 906 prescribes that the Company must obtain Shareholders' approval for any interested person transaction of a value equal to, or more than five per cent. (5%) of the Group's latest audited NTA or five per cent (5%) of the Group's latest audited NTA when aggregated with other transactions entered into with the same Interested Person during the same financial year.

However, a transaction which has been approved by Shareholders, or is the subject of aggregation with another transaction that has been approved by Shareholders, need not be included in any subsequent aggregation. It should also be noted that Rules 905 and 906 of the Catalist Rules do not apply to any transaction which has a value that is below S$100,000 with an Interested Person, and therefore transactions below S$100,000 need not be covered under a general mandate. While transactions below $100,000 are not normally aggregated under Rule 905(3) or Rule 906(2) of the Catalist Rules, SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 905(5) and Rule 906(4) of the Catalist Rules respectively.

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

SCOPE AND VALIDITY OF THE IPT MANDATE

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

The IPT Mandate will not cover any transaction with the Mandated Interested Persons which is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions. Notwithstanding the foregoing, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 905(5) and Rule 906(4) of the Catalist Rules. Transactions with the Mandated Interested Persons that do not fall within the ambit of the IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Catalist Rules and/or other applicable provisions of the Catalist Rules.

If renewed by Shareholders at the 2021 AGM, the IPT Mandate will take effect from the passing of the ordinary resolution at the 2021 AGM, and will (unless revoked or varied by the Company in a general meeting) continue in force until the next annual general meeting of the Company.

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

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

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

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

NAMES OF INTERESTED PERSONS

The IPT Mandate will apply to the interested person transactions as described below that are carried out with the Mandated Interested Persons, being Ezion Holdings and Teras Offshore. Ezion Holdings is a Controlling Shareholder of the Company and holds, as at the Latest Practicable Date, 5,461,932,000 Shares, representing a direct interest of approximately 39.99% in the total issued share capital of the Company. Accordingly, Ezion Holdings and Teras Offshore (being a fully owned subsidiary of Ezion Holdings) are deemed as Interested Persons.

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

For FY2020, the transactions conducted by the Charisma IPT Group with the Mandated Interested Persons are set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$
Ezion Holdings Limited Management fee expenses	Controlling shareholder of the Company	Nil	208,293
Ezion Holdings Limited Interest expenses	Controlling shareholder of the Company	Nil	1,075,099

CATEGORIES OF RECURRENT IPTS

The IPT Mandate will encompass the following interested person transactions:

(a) the provision of technical advisory and technical management services as well as personnel for marine and offshore operations (the "Provision of Services and Personnel") by Teras Offshore;

(b) the charter of offshore support vessels, self-propelled lift-boats, service rigs, and other marine and offshore assets (the "Assets") from Teras Offshore;

(c) the provision of Assets for charter to Teras Offshore;

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

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

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

(the "**Recurrent IPTs**")

RATIONALE AND BENEFITS OF THE IPT MANDATE

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

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

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

(a) the Company;

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

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

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

If approved, the renewal of the IPT Mandate will:

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

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

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

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

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

REVIEW PROCEDURES FOR RECURRENT IPTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Upon Shareholders' approval, the IPT Mandate shall be renewed and take effect from the passing of the ordinary resolution at the 2021 AGM and will be effective until the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held (whichever is the earlier), unless sooner revoked or varied by the Company in a general meeting. Thereafter, approval from the Shareholders for a renewal of the IPT Mandate will be sought at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the IPT Mandate's continued applicability.

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

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

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. Shareholders who wish to vote on any or all of the resolutions at the Annual General ("AGM") must appoint the Chairman of the AGM as their proxy to do so on their behalf.
2. For investors who have used their CPF/SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF or SRS investors who wish to appoint Chairman of the AGM as their proxy should contact their respective Agent Banks or SRS Operators at least seven (7) working days before the AGM to specify voting instructions and to ensure that their votes are submitted.

I/We, ______________________________ (Name) ______________________________ (NRIC/Passport/Co Reg No.*)

of ____ (Address)

Chairman of the Annual General Meeting ("AGM") as my/our* proxy to vote for me/us* on my/our* behalf at the AGM of the Company to be held by way of electronic means on Tuesday, 29 June 2021 at 10.00 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please tick (√) within the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution.

If you wish the Chairman of the AGM as your proxy to abstain from voting a resolution, please tick (√) within the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of votes that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution.)

No.	Resolutions relating to:	For	Against	Abstain
1	Adoption of the Directors' Statement, Audited Financial Statements and Independent Auditors' Report for the financial year ended 31 December 2000			
2	Re-election of Mr. Chew Thiam Keng as a Director of the Company			
3	Re-election of Mr. Lim Chen Yang as a Director of the Company			
4	Approval of payment of Directors' fees amounting to S$193,000 for financial year ending 31 December 2021 to be paid quarterly in arrears			
5	Appointment of Messrs. Nexia TS Public Accounting Corporation as Auditors of the Company in place of the retiring auditors			
6	Authority to issue shares in the capital of the Company			
7	Authority to issue shares under the Charisma Energy Employee Share Option Scheme			
8	Authority to grant options under the Charisma Energy Employee Share Option Scheme at a discount			
9	Renewal of Shareholders' Mandate for Interested Person Transactions			
Approval for the continued appointment of the following Directors, as Independent Directors of the Company, for purposes of Rule 406(3)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022:				
10(a)	Mr. Cheng Yee Seng, by all shareholders			
10(b)	Mr. Cheng Yee Seng, by all shareholders excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer			
11(a)	Mr. Lim Chen Yang, by all shareholders			
11(b)	Mr. Lim Chen Yang, by all shareholders excluding the Directors and Chief Executive Officer of the Company, and associates of such Directors and Chief Executive Officer			

Dated this ___________day of____________2021

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)

or, Common Seal of Corporate Shareholder

***Delete where inapplicable**

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the AGM in person. A shareholder (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM if such shareholder wishes to exercise his/her/its voting rights at the AGM. This proxy form has been made available on SGXNET and may be accessed at this link: https://charismaenergy.com. A printed copy of this proxy form will NOT be sent to shareholders.

   CPF or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators at least seven (7) working days before the AGM (i.e. by 10.00 a.m. on Friday, 18 June 2021), to ensure that their votes are submitted.

   Where a shareholder (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. The instrument appointing the Chairman of the AGM as proxy must be deposited at the registered office of the Company at 438B Alexandra Road, #05-08/09 Alexandra Technopark, Singapore 119968 or sent by email to enquiries@charismaenergy.com not less than seventy-two (72) hours (i.e. by 10.00 a.m. on Saturday, 26 June 2021), before the time appointed for holding the AGM. **In view of the current COVID-19 measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

4. The instrument appointing the Chairman of the AGM must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the AGM as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the AGM as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

5. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy.

6. In the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such shareholders are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 June 2021.

CHARISMA ENERGY

CHARISMA ENERGY SERVICES LIMITED
Co. Reg. No. 199706776D

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