

CHARISMA ENERGY SERVICES LIMITED

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

PROPOSED ISSUANCE OF UP TO US\$7,299,270 REDEEMABLE EXCHANGEABLE PREFERENCE SHARES IN CES HYDRO POWER GROUP PTE. LTD.

– RECEIPT OF LISTING AND QUOTATION NOTICE

1. INTRODUCTION

The board of directors (the “**Board**”) of Charisma Energy Services Limited (the “**Company**”) refers to the Company’s announcement dated 28 July 2015 (the “**Announcement**”) in relation to the proposed issuance of 7,299,270 non-voting, redeemable and exchangeable preference shares (“**Preference Shares**”) by its wholly-owned subsidiary, CES Hydro Power Group Pte. Ltd. (“**CES HPG**”). Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the Announcement.

2. SUBSCRIPTION AGREEMENT

The Board wishes to announce that pursuant to the Letter Agreement, the Company, CES HPG and the Investors have entered into a subscription agreement dated 3 August 2015 (the “**Subscription Agreement**”).

Pursuant to the Subscription Agreement, CES HPG shall issue the Preference Shares to the Investors on, *inter alia*, the terms and conditions as set out in Appendix A to this announcement.

3. LISTING AND QUOTATION NOTICE

The Board also wishes to announce that the Company has on 5 August 2015, received the Listing and Quotation Notice (the “**Notice**”) from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Exchange Shares on the Catalist Board of the SGX-ST (“**Catalist**”), subject to compliance with the SGX-ST’s listing requirements.

Please note that the Notice is not an indication of the merits of the Exchange Shares, the CES HPG Proposed Transaction, the Company, its subsidiaries and their securities.

4. FURTHER ANNOUNCEMENTS

The Company will make the necessary announcements upon completion of the CES HPG Proposed Transaction.

BY ORDER OF THE BOARD
CHARISMA ENERGY SERVICES LIMITED

Lim Ka Bee
Company Secretary
5 August 2015

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

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

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

APPENDIX A

TERMS OF PREFERENCE SHARES

Issue Price	The issue price per Preference Share is US\$1.
Structure	<p>Holders of the Preference Shares (the "Holders") shall have the right to exchange:</p> <p>(a) 50% of their holdings of Preference Shares into ordinary shares of the Company (the "Exchange Shares") at the Exchange Price (as defined below) at any time starting from the first anniversary of the Issue Date (as defined below) and up to one (1) business day before the Maturity Date (as defined below); and</p> <p>(b) the remaining 50% of their holdings of Preference Shares into Exchange Shares at any time starting from the second anniversary of the Issue Date (as defined below) and up to one (1) business day before the Maturity Date (as defined below).</p>
Conditions Precedent	<p>The conditions precedent for the completion of the issue of the Preference Shares (the "Completion") include, <i>inter alia</i>:</p> <p>(a) the receipt by the Company of the approval-in-principle for the listing and quotation of the Exchange Shares on the Catalist Board of the SGX-ST (the "AIP") and the compliance by the Company with the conditions of the AIP (save for continuing obligations which may extend beyond Completion);</p> <p>(b) the receipt by the Company of the approval from its board of directors and its shareholders (if required) for the issuance of the Exchange Shares and all matters requiring approval in connection to this transaction; and</p> <p>(c) the completion of the necessary documentation for the creation of the second fixed charge, in favour of the Investors, over twelve (12) sets of mini hydropower equipment in South Asia with a total capacity of 42 megawatts owned by CES Hydro Power (SL) Limited (Company Registration No.: LL10543), a company incorporated in Labuan and which is a wholly-owned subsidiary of CES HPG.</p> <p>The Parties agree that Completion shall take place no later than five (5) market days from the date of receipt of the AIP, provided always that if Completion does not take place by 30 September 2015 (or such other date as the Parties may agree in writing) (the "Long-Stop Date"), the Subscription Agreement and the obligations thereunder shall terminate, and no Party shall have any claim against the other for any losses, damages, compensation, costs or expenses in respect of the Subscription Agreement, save for an antecedent breach of any term in the Subscription Agreement. The Parties further agree that they will endeavour to enter into negotiations to explore further alternatives in the event that Completion does not take place by the Long-Stop Date.</p>
Distribution Preference	Save as otherwise provided herein under the clause entitled "Distribution Deferral", and subject to the Companies Act (Chapter 50) of Singapore, the Preference Shares shall be entitled to an annual cumulative dividend equal to 5% of the Issue Price (the " Distribution ").

	<p>Preference") in respect of the outstanding Preference Shares on each anniversary of the Issue Date (as defined below), with such Distribution Preference payable no later than five (5) business days after each such anniversary of the Issue Date (as defined below) ("Distribution Payment Date").</p>
Distribution Deferral	<p>CES HPG may, as its sole discretion, elect to defer (in whole or in part) the payment of any Distribution Preference, which is otherwise scheduled to be paid on a Distribution Payment Date, to a date no later than the Final Payment Date (as defined below), by giving notice to the Holders not less than two (2) business days prior to a scheduled Distribution Payment date.</p> <p>CES HPG shall have no obligation to pay any dividend on any Distribution Payment Date if it validly elects not to do so in accordance to this clause.</p> <p>For the purpose of this clause, the "Final Payment Date" is defined as the date on which the Company pays a discretionary dividend, distribution or other payment (other than in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants) for the financial year in which the relevant Distribution Payment Date falls within.</p>
Maturity Date	<p>The "Maturity Date" is defined as the date falling on the third anniversary of the date on which the Preference Shares are issued (such date of issue, the "Issue Date").</p>
Redemption at Maturity	<p>Within five (5) business days immediately after the Maturity Date, CES HPG shall have the option (but not the obligation) to redeem any amount of the outstanding Preference Shares not exchanged as at the Maturity Date (the "Redemption Shares"), and upon which the Company shall guarantee the payment of all sums required to redeem such number of Preference Shares at a redemption price per Preference Share equal to 1.2625 times of the Issue Price in cash (the "Redemption Price") plus outstanding Distribution Preference.</p> <p>In the event that CES HPG does not exercise the aforementioned redemption option, all outstanding Preference Shares as at the Maturity Date shall be automatically exchanged ten (10) business days after the Maturity Date for Exchange Shares at the Exchange Price (as defined below). For the avoidance of doubt, the Holders shall be entitled to Distribution Preference on the outstanding Preference Shares as at the Maturity date.</p>
Exchange Price	<p>The "Exchange Price" is US\$0.01394, which is equivalent to approximately S\$0.0191, the volume weighted average price of shares of the Company in respect of trades done on the SGX-ST on 27 July 2015, being the full market day on which the Letter Agreement was signed, and converted to USD using the fixed currency exchange conversation rate for USD to SGD for the purpose of the Subscription Agreement, which is fixed at the rate of US\$1 to S\$1.37.</p>
Exchange Ratio	<p>Upon exchange, the Preference Shares can be exchanged into certain number of Exchange Shares using the following formula:</p> <p>No. of Exchange Shares = IP / Exchange Price,</p> <p>where "IP" refers to the aggregate Issue Price for such number of Preference Shares to be exchanged.</p>

<p>Adjustments to Exchange Price</p>	<p>The Exchange Price shall from time to time be adjusted upon the occurrence of certain adjustment events and in accordance with the relevant formulae set out in the Subscription Agreement. Please refer to Appendix B to this announcement for the provisions on such adjustment events and formulae.</p>
<p>Liquidation Events</p>	<p>The Company shall forthwith redeem all outstanding Preference Shares at a redemption price per Redemption Share equivalent to 1.4125 times of the Issue Price in cash, minus the Distribution Preference received by the Investors in any of the following events:</p> <ul style="list-style-type: none"> (a) save for any dilution of shareholding due to an exchange and/or redemption, in the event that Ezion Holdings Limited ceases to hold at least 25% of the Company's shares; (b) where the Company or CES HPG is insolvent, or is unable to pay its debts as they fall due, or is involved in any legal proceedings as a defendant involving a claim of a significant amount; or (c) where there is a breach of any material term, condition or provision of the Subscription Agreement.

APPENDIX B

ADJUSTMENT OF EXCHANGE PRICE

1. The Exchange Price shall from time to time be adjusted in accordance with paragraph 2 below, which adjustment shall be certified by the auditors for the time being of the Company (the “**Auditors**”). The Exchange Price shall from time to time be adjusted as provided in this Appendix only.
2. Subject to this Appendix (and in particular paragraph 3), the Exchange Price shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs 2(a), 2(b), or 2(c) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Company shall determine):

- (a) If and whenever the Company shall make any issue of Shares to its shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any capital redemption reserve fund, other than an issue of Shares to its shareholders who elect to receive Shares in lieu of cash or other dividend) the Exchange Price shall be adjusted in the following manner:

$$\text{New Exchange Price} = \frac{A}{A + B} \times P$$

where:

A = the aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = the aggregate number of Shares to be issued pursuant to any allotment to the Company’s shareholders credited as fully paid by way of capitalisation of profits or reserves (including any capital redemption reserve fund other than an issue of Shares to the Company’s shareholders who elect to receive Shares in lieu of cash or other dividend); and

P = existing Exchange Price.

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the day next following the record date for such issue.

For the purpose of this Appendix, “record date” in relation to the relevant transaction means the date as at the close of business (or such other time as may be notified by the Company) on which the Company’s shareholders must be registered as such to participate therein.

- (b) If and whenever the Company shall make:
 - (i) a Capital Distribution (as defined below) to its shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or
 - (ii) any offer or invitation to its shareholders under which they may acquire or subscribe for Shares by way of rights,

then the Exchange Price shall be adjusted in the following manner:

$$\text{New Exchange Price} = \frac{C - D}{C} \times P$$

where:

C = the volume weighted average price of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below), or any offer or invitation referred to in paragraph 2(b)(ii) above, as the case may be, is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation;

D = (i) in the case of an offer or invitation to acquire or subscribe for Shares by way of rights under paragraph 2(b)(ii) above, the value of the rights attributable to one (1) Share; or (ii) in the case of any other transaction falling within paragraph 2(b) above, the fair market value, as determined by the Company (with the concurrence of the Auditors), of that portion of the Capital Distribution (as defined below) or of the nil paid rights attributable to one (1) Share; and

P = existing Exchange Price.

For the purpose of definition (i) of “D” above the “value of the rights attributable to one (1) Share” shall be calculated in accordance with the formula:

$$\text{Value of the rights attributable to one (1) Share} = \frac{C - E}{F + 1}$$

where:

C = the volume weighted average price of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below), or any offer or invitation referred to in paragraph 2(b)(ii) above, as the case may be, is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation;

E = the subscription price for one (1) additional Share under the offer or invitation to acquire or subscribe for Shares by way of rights; and

F = the number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share by way of rights.

For the purposes of paragraph 2(b) above, “Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under paragraph 2(a)) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves (including any capital redemption reserve fund other than an issue of Shares to the Company’s shareholders who elect to receive Shares in lieu of cash or other dividend).

Such adjustments will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the record date for such Capital Distribution or such offer or invitation, as the case may be.

(c) If, and whenever, consolidation, subdivision or conversion of the Shares occurs, the Exchange Price shall be adjusted in the following manner:

$$\text{New Exchange Price} = \frac{A}{B} \times P$$

where:

- A = the aggregate number of issued and fully paid-up Shares immediately before such consolidation, subdivision or conversion;
- B = the aggregate number of issued and fully paid-up Shares pursuant to any such consolidation, subdivision or conversion; and
- P = existing Exchange Price.

Such adjustments will be effective from the close of the Market Day immediately preceding the date on which the consolidation, subdivision or conversion becomes effective.

3. Notwithstanding any of the provisions hereinbefore contained, no adjustment to the Exchange Price will be required in respect of:
- (a) an issue by the Company of Shares or other securities convertible into rights to acquire or subscribe for Shares to officers, including directors, or employees of the Company or any of its subsidiaries, related corporations and associated companies pursuant to any purchase or option scheme approved by its shareholders in general meeting;
 - (b) an issue by the Company of Shares in consideration or part consideration for or in connection with the acquisition of any other strategic securities, assets or business;
 - (c) any issue by the Company of new Shares pursuant to the exercise of any warrants or the conversion of any convertible securities previously issued by the Company; or
 - (a) any purchase by the Company of Shares pursuant to any share purchase scheme approved by its shareholders in general meeting subsequent, whether such Shares purchased pursuant to any such share purchase scheme are deemed cancelled or held in treasury.
4. Any adjustment to the Exchange Price will be rounded upwards to the nearest one-tenth (1/10) cent. No adjustments to the Exchange Price shall be made unless it has been certified to be in accordance with this Appendix by the Auditors. No adjustment will be made to the Exchange Price in any case in which the amount by which the same would be reduced would be less than one (1) cent but any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
5. Any adjustment to the number of Shares resulting from an adjustment to the Exchange Price will be rounded downwards to the nearest whole Share. No such adjustment shall be made unless approval has been granted by SGX-ST for the listing of and quotation for such additional Shares as may be issued as a result of such adjustment. If for any reason an event giving rise to an adjustment (the “**First Adjustment**”) pursuant to this Appendix is cancelled, revoked or not completed, the Exchange Price shall be readjusted to the amount prevailing immediately prior to the First Adjustment with effect from such date and in such manner as the Company may consider appropriate.
6. Notwithstanding the provisions referred to in this Appendix, in any circumstances where the Company considers that any adjustments to the Exchange Price provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the Exchange Price should be made notwithstanding that no such adjustment is required or contemplated under the said provisions, the Company may at its discretion appoint an independent financial advisor to consider whether for any reason whatsoever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this Appendix is appropriate or inappropriate, as the case may be, and, if such independent financial advisor shall consider the adjustment to be inappropriate, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner as shall be considered by such independent financial advisor to be in its opinion appropriate.

7. Whenever there is an adjustment as herein provided, the Company shall give notice to the Subscribers that the Exchange Price has been adjusted and setting forth the event giving rise to the adjustment, the Exchange Price prior to such adjustment, the adjusted Exchange Price and the effective date of such adjustment.
8. In giving any certificate or making any adjustment hereunder, the Auditors shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decisions shall be conclusive and binding on the Company and the Subscribers.
9. Notwithstanding anything herein contained, any adjustment to the Exchange Price: (1) other than in accordance with the provisions of this Appendix shall be subject to the approval of SGX-ST and agreed to by the Company and the Auditors; or (2) which would require shareholder approval pursuant to the Listing Manual shall be subject to the prior obtainment of such shareholders' approval of the Company.
10. Nothing shall prevent or restrict the buy-back of any classes of shares pursuant to applicable law and the requirements of SGX-ST. For the avoidance of doubt, no approval or consent of the Subscribers shall be required for such buyback of any classes of shares and there shall be no adjustments to the Exchange Price by reason of such buy-back of any classes of shares.