

MIRACH ENERGY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200305397E)

ACQUISITION OF 75% INTEREST IN PREMIER MIRACH SDN. BHD.

*Reference is made to the announcement of Mirach Energy Limited relating to the Mirach Energy Limited's entry into of a memorandum of understanding with PRG Holdings Berhad dated 5 July 2017 ("**MOU Announcement**").*

1. INTRODUCTION

The Board of Directors (the "**Directors**") of Mirach Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that its wholly-owned subsidiary, CPHL (HK) Limited ("**CPHL**"), a company incorporated in Hong Kong has on 25 August 2017 entered into a conditional shareholders' agreement ("**Shareholders' Agreement**") with PRG Construction Sdn Bhd ("**PCSB**") and Premier Mirach Sdn. Bhd. ("**JVCo**") for the purposes of undertaking the First Project (as described in paragraph 2.4 below) (the "**Joint Venture**").

2. INFORMATION ON THE JOINT VENTURE

2.1 Information on PCSB

PCSB is a company incorporated in Malaysia and is a wholly-owned subsidiary of PRG Holdings Berhad ("**PRG**").

PRG is a public limited liability company incorporated in Malaysia and it is listed on the Main Market of Bursa Malaysia Securities Berhad.

PRG is principally engaged in investment holding and provision of management services. The principal activities of its subsidiary companies include manufacturing of elastic yarn and webbings, property development, construction and general trading.

Further information on PRG is available at its website at <http://www.prg.com.my/>. and PRG's announcement dated 25 August 2017 which can be accessed at <<http://www.bursamalaysia.com/market/listed-companies/company-announcements/>>.

2.2 Information on the Joint Venture Company

For the purposes and in anticipation of the Joint Venture, PCSB had earlier on incorporated Premier Mirach Sdn. Bhd. ("**JVCo**"). The JVCo is a company incorporated in Malaysia and as at the date of this announcement has an issued paid up share capital of RM1.00. As at the date of this announcement, PCSB is the legal and beneficial owner of the said one ordinary share.

Pursuant to the Shareholders' Agreement, CPHL and PCSB shall subscribe for up to 100 ordinary shares in the JVCo such that their shareholding is CPHL 75% and PCSB 25%. The subscription price of each ordinary share is RM1.00.

The JVCo shall carry on property and construction business ("**JV Business**") which includes the First Project (details as set out in paragraph 2.4 below). CPHL and PCSB intend to negotiate on the inclusion of subsequent property development and/or construction projects into the Company from time to time.

2.3 Rationale

- (a) The Company plans to diversify its business into the property and construction business as well as the Company's strategy to return the Company, into profitability.
- (b) The Board believes that the financial performance and position of the Company will be strengthened by the Joint Venture, thus, creating shareholders' value as well as improving the market capitalisation of the Company.
- (c) The Company has chosen to work with PRG because it allows the Group to tap on the expertise and network of PRG in the property and construction business.

2.4 Details of the First Project

The first project of the JVCo relates to the role of a main contractor in respect of a proposed development of a plot of land in West Malaysia ("**First Project**").

For the avoidance of doubt, Shareholders are to note that the First Project has not been awarded to the JVCo.

2.5 Principal terms of the Joint Venture

(a) Contributions of CPHL and PCSB

CPHL will contribute RM2,000,000 (approximately S\$635,036) by way of an interest free shareholder loan to the JVCo. The shareholders' loan will be used for the initial working capital in the First Project.

PCSB will contribute, *inter alia*, (i) securing the appointment of JVCo as the main contractor of the First Project; (ii) provide all the construction expertise to the JVCo; (iii) to secure additional funding whether by way of bank borrowings or otherwise as working capital for the JVCo (if necessary); and (iv) to assist JVCo with regulatory licences and permits relating to operation of JVCo's business in relation to its role as main contractor for the First Project

It is provided in the Shareholders' Agreement that CPHL will not be extending additional financial support (including but not limited to the provision of corporate guarantee or any security from the Group (other than the provision of security by JVCo, if necessary) to fund any working capital requirements that may be required from time to time by the JVCo in respect of the First Project.

(b) Board Seat

CPHL shall have majority representation on the board of directors in the JVCo as long as it holds more than 50% of all the issued shares. As long as the shareholding percentages of CPHL and PCSB remain as 75%:25%

respectively, the composition ratio of the board of directors in the JVCo shall be 2 (CPHL) is to 1 (PCSB).

(c) Reserved matters and other matters

There shall be no changes in the share capital of the JVCo unless with the prior written approval of all shareholders of the JVCo.

The appointment or removal of, or change in, the auditors and the financial year end of the JVCo, shall be determined by CPHL as long as long it holds more than 50% of all the issued shares of the JVCo.

(d) Conditional Shareholders' Agreement

The Company has applied to the SGX-ST for an extension of time to meet the requirements under Rule 1314 of the Listing Manual to exit from the SGX-ST watch-list ("**Extension Matters**") on 14 July 2017. For more details, please refer to the Company's announcement on the SGX-ST dated 28 August 2017.

The Shareholders' Agreement shall, *inter alia*, terminate if the SGX-ST does not, within four (4) weeks from the date of the Shareholders' Agreement, or such other date that CPHL and PCSB may agree, grants the Company, on terms and conditions (if any) acceptable to the Company, an extension of time to meet the requirements under Rule 1314 ("**Extension Approval**").

(e) Certain termination and other provisions

(1) In the event of termination in the manner referred to in paragraph 2.5(e) above, the interest free shareholder loan of RM2,000,000, if already advanced to JVCo shall be repaid without interest to Group (or as it may direct) within seven business days of such termination and upon such repayment, CPHL's JVCo shares will be purchased by PCSB at the aggregate subscription price and PCSB shall within fourteen business days after such transfer remove references of the word "*Mirach*" from the name of JVCo.

(2) CPHL and PCSB had agreed that the award of the First Project to JVCo is conditional upon the Company obtaining the Extension Approval. CPHL and PCSB shall procure the award of the First Project within such deadline as may be imposed by the SGX-ST.

(3) It is further provided in the Shareholders' Agreement that in the event after the award of the First Project, the Company after exhausting all options (including such application for an additional extension of time from the SGX-ST), is required by the SGX-ST to delist from the SGX-ST:-

(i) all of CPHL's JVCo shares shall be sold to PCSB at a valuation which is either: (1) the valuation of JVCo and its business as determined by an independent valuer appointed at the cost of JVCo and nominated by CPHL and PCSB; or (2) the average of the two valuations by each of the independent valuers appointed by

CPHL and PCSB at their own respective costs in the event that CPHL and PCSB cannot agree on an independent valuer;

- (ii) all loans advanced by the Group to JVCo (together with any applicable interest) shall be repaid in full to the Group (or as it may direct) and all securities provided by the Group in favour of the JVCo shall be released at the cost of PCSB simultaneously with completion of the transfer of CPHL JVCo's shares. In addition, PCSB shall within fourteen business days after completion remove references of the word "*Mirach*" from the name of the JVCo.

3. SOURCE OF FUNDS

The subscription costs of the JVCo Shares (being RM 75 (approximately S\$23)) and the shareholders' loan (being RM 2,000,000 (approximately S\$636,259)) will be funded by the Group's internal resources.

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the latest unaudited financial statements of the Group for the six month period ended 30 June 2017, the relative figures for the entering into of the Joint Venture by the Company computed on the bases set out in Rule 1006 of the Listing Manual are set out below:

Rule	Bases of computation	Size of relative figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable to an acquisition of asset
1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	Not Applicable ⁽¹⁾
1006(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	13% ⁽²⁾
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company,	Not Applicable

	but not to an acquisition of such assets.	
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Notes:

- (1) The JVCo has no business activities or operations. Accordingly, for purposes of computing Rule 1006(b), there will not be any profits attributable to the JVCo.
- (2) The subscription price of the JVCo Shares (being RM75) and the interest free shareholders' loan (being RM2,000,000) amounts to RM2,000,075 (approximately S\$636,282). The market capitalisation of the Company as at 24 August 2017 (being the last business day prior to the date of this announcement) is S\$4,998,514 (computed based on S\$0.042 per share and 119,012,238 total issued share capital of the Company). Accordingly, the derivative of 635,036 / 4,998,514 is 13%.

5. FINANCIAL EFFECTS OF THE JOINT VENTURE

The financial effects of the Joint Venture on the Company have been computed based on the Group's audited financial statements of the Group for the financial year ended 31 December 2016. Such financial effects have been prepared purely for illustrative purposes only and do not reflect a projection and/or indication of the actual future financial performance or financial position of the Group following the consummation of the Joint Venture.

5.1 Net Tangible Assets ("NTA")

As at 31 December 2016

	Before the Joint Venture	After the Joint Venture ⁽¹⁾⁽²⁾
NTA (S\$)	2,957,850	2,957,850
Number of issued shares of the Company ("Shares")	119,012,238	119,012,238
NTA per Share (S\$)	0.02	0.02

Notes:

- (1) The computation is based on the total investment amount of RM2,000,075 (approximately S\$636,282) comprising of RM75 (approximately S\$23) as subscription amount for the shares in JVCo and RM2,000,000 (approximately S\$636,259) as the interest free shareholder loan into JVCo which has not commenced operations. The potential financial impact of the First Project cannot be computed as this has not yet occurred.
- (2) The computations were based on the exchange rate of 1 USD for 1.35 SGD.

5.2 Loss per Share ("LPS")

For the financial year ended 31 December 2016

	Before the Joint Venture	After the Joint Venture ⁽¹⁾⁽²⁾
Net loss attributable to	19,233,450	19,233,450

Shareholders

Weighted average number of Shares used	119,012,238	119,012,238
Basic LPS (S\$)	0.165	0.165

Notes:

(1) The computation is based on the total investment amount of RM2,000,075 (approximately S\$636,282) comprising of RM75 (approximately S\$23) as subscription amount for the shares in JVCo and RM2,000,000 (approximately S\$636,259) as the interest free shareholder loan into JVCo which has not commenced operations. The potential financial impact of the First Project cannot be computed as this has not yet occurred.

(2) The computations were based on the exchange rate of 1 USD for 1.35 SGD.

5.3 Gearing

The Joint Venture is not expected to have any material impact on the gearing of the Group.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Joint Venture, First Project, PRG or PCSB, other than through their respective shareholdings in the Company.

7. SERVICE CONTRACT

No director will be appointed to the Company in connection with the Joint Venture.

8. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) as appropriate when there are material developments to the Joint Venture and/or the First Project.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually (including those who have delegated detailed supervision of this announcement) accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Shareholders' Agreement, the Joint Venture and/or the First Project, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Shareholders' Agreement is available for inspection during normal business hours at the registered office of the Company situated at 96 Robinson Road #17-01 SIF Building, Singapore 06889921 for 3 months from the date of this announcement.

By Order of the Board

Mr Chan Shut Li, William
Executive Chairman and Chief Executive Officer

28 August 2017