

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

SUBSIDIARY ENTERING INTO PARTNERSHIP AGREEMENT RELATING TO THE DEVELOPMENT OF INDIVIDUAL RESIDENTIAL UNIT OF TOWNHOUSES IN WEST MALAYSIA

Reference is made to the announcement of Mirach Energy Limited relating to the Mirach Energy Limited's entry into of a shareholders' agreement with PRG Construction Sdn Bhd and Premier Mirach Sdn Bhd dated 28 August 2017.

1. INTRODUCTION

The Board of Directors (the "**Board**") of Mirach Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the joint venture between the Company's wholly-owned subsidiary, CPHL (HK) Limited ("**CPHL**") and PRG Construction Sdn Bhd's ("**PCSB**") in the Company's subsidiary Premier Mirach Sdn. Bhd. ("**PMSB**"). CPHL has 75% shareholding and PCSB has 25% shareholding in PMSB. Shareholders of the Company ("**Shareholders**") are advised to refer to the Company's announcement dated 28 August 2017 for more details on the joint venture.

The Board is pleased to announce that PMSB has on 1 November 2017 entered into a conditional partnership agreement ("**Partnership Agreement**") with Pacific Vintage Sdn. Bhd. ("**PVSB**") for the purposes of undertaking the Second Project (as described in paragraph 2 below).

2. INFORMATION ON THE PARTNERSHIP AGREEMENT

2.1 Information on PVSB

PVSB is a company incorporated in Malaysia who is principally engaged in the business of contracting for civil engineering works and activities of employment agency and manpower supply services.

2.2 Rationale

The Company had on 5 July 2017 announced that the Company intends to diversify its core business into the property and construction business as part of the Company's strategy to return the Company to profitability. In this connection, the Company had entered into the joint venture through CPHL with PCSB in PMSB. PMSB was awarded the first project on 20 October 2017⁽¹⁾.

In addition, the Board believes that the financial performance and position of the Company will be strengthened by the Second Project, thus, creating shareholders' value as well as improving the market capitalisation of the Company.

Note 1: For more details on the First Project, Shareholders should refer to the Company's announcement dated 28 August 2017 as well as the announcement dated 20 October 2017 on the award of the First Project.

2.3 Details of the Second Project

The second project relates to the development of individual residential unit of townhouses on the land situated in West Malaysia ("**Second Project**"). The gross development value of the Second Project is estimated at RM 34,000,000 and the expected commencement date of the Second Project is in the first quarter of year 2018.

2.4 Role of PMSB

Under the Partnership Agreement, the role of the PMSB is to, *inter alia*, (a) assume the project management consultant role which includes on matters relating to the overall management of the Second Project; (b) undertake the main contractor role in relation to the development of the residential units; and (c) undertaking the sales and marketing of the Second Project.

2.5 Conditions

The Partnership Agreement is conditional upon the following conditions having been fulfilled (or waived):

- (a) the completion by 31 December 2017, of all due diligence investigations being carried out by PMSB and the results of such due diligence investigations being satisfactory to PMSB in its sole and absolute discretion; and
- (b) the requisite consents, approvals or waivers from any party including the shareholders of the parent company of PMSB and the Singapore Exchange Securities Trading Limited arising out of or in connection with the transactions contemplated under this Agreement (including the matters stated in SGX-ST letter dated 31 August 2017) having been obtained by the parent company of PMSB,

The Partnership Agreement shall, *inter alia*, terminate if any of the above conditions has not been fulfilled (or waived by PMSB) **on or before 31 December 2017** or such other date that the parties may agree.

2.6 Contributions of CPHL and PCSB

CPHL will initially contribute RM 2,000,000 (approximately S\$642,892) ("**Initial Contribution**") to the JVCo. The Initial Contribution will be used for the initial working capital in the Second Project.

PCSB's initial contribution will be to provide expertise and support in connection with PMSB's role as the project management consultant and the main contractor as well as assisting PVSB in the sales and marketing of the Second Project.

Shareholders are to note that the contributions of CPHL and PCSB are subjected to changes as may be determined by the board of directors of PMSB. The Company will update Shareholders as may be appropriate.

3. SOURCE OF FUNDS

The Initial Contribution (being RM 2,000,000 (approximately S\$642,892)) will be funded by the Group's internal resources and external funding.

4. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

4.1 Pursuant to Rule 1005 of the Listing Manual, the SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The First Project (as defined in the Company's announcement dated 28 August 2017) and the Second Project may be considered as a single transaction for the purposes of determining how the transaction should be classified.

4.2 Relative Figures under Rule 1006 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 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 for First Project (%)	Size of relative figure for Second Project (%)	Relative Figures for First Project and Second Project
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	Not applicable to an acquisition of asset	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⁾	Not Applicable ⁽¹⁾	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.	5.88%	5.87% ⁽²⁾	11.75%
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	Not Applicable	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, but not to an acquisition of such assets.	Not Applicable	Not Applicable	Not Applicable

Notes:

- (1) PMSB has not commenced business activities or operations. Accordingly, for purposes of computing Rule 1006(b), there will not be any profits attributable to PMSB.
- (2) The Initial Contribution amounts to RM2,000,000 (approximately S\$642,892). The market capitalisation of the Company as at 31 October 2017 (being the last market day preceding the signing of the Partnership Agreement) is S\$10,949,126 (computed based on S\$0.092 per share and 119,012,238 total issued share capital of the Company). Accordingly, the derivative of 642,892 / 10,949,126 is 5.87%.

5. FINANCIAL EFFECTS

The financial effects of the Second Project 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.

5.1 Net Tangible Assets ("NTA")

As at 31 December 2016

	Before the Second Project	After the Second Project ⁽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 Initial Contribution of RM2,000,000 (approximately S\$642,892). The potential financial impact of the Second Project cannot be computed as this has not yet occurred.

(2) The computations were based on the exchange rate of 1 USD for 1.36 SGD.

5.2 Loss per Share ("LPS")

For the financial year ended 31 December 2016

	Before the Initial Contribution	After the Initial Contribution ⁽¹⁾⁽²⁾
Net loss attributable to Shareholders	19,233,450	19,233,450
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 RM 2,000,000 (approximately S\$642,892). The potential financial impact of the Second Project cannot be computed as this has not yet occurred.

(2) The computations were based on the exchange rate of 1 USD for 1.36 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 Second Project, PVS, 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 Second Project.

8. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) as appropriate when there are material developments to the Second 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 Partnership Agreement and/or the Second 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 Partnership 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

1 November 2017