

ENTRY INTO OF A MEMORANDUM OF UNDERSTANDING BETWEEN PRG HOLDINGS BERHAD AND MIRACH ENERGY LIMITED

1. INTRODUCTION

The Board of Directors (the "**Directors**") of Mirach Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had entered into a memorandum of understanding dated 5 July 2017 ("**MOU**") with PRG Holdings Berhad ("**PRG**") (collectively, PRG and the Company as the "**Parties**") to set out the preliminary understanding of the Parties to enter into formal negotiation and share information concerning the proposed joint venture between the Parties to undertake property and construction projects in the Malaysia and/or elsewhere as well as to negotiate the terms of the participation and establishment under the laws of Malaysia to incorporate a joint venture company ("**JV Company**").

2. INFORMATION ON PRG

PRG is a public limited liability company incorporated and domiciled 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/>.

3. RATIONALE

- 3.1 The Proposed Joint Venture represents the Company's plan to diversify its business into the property and construction business as well as the Company's first strategy to return the Company, into profitability.
- 3.2 The Board believes that the financial performance and position of the Company will be strengthened by the Proposed Joint Venture, thus, creating shareholders' value as well as increasing market capitalisation of the Company.

4. SALIENT INFORMATION OF THE MOU

Understanding of the Parties

- 4.1 Pursuant to the terms of the MOU, the Company and PRG intend to, *inter alia*, establish a JV Company, to be incorporated in Malaysia, to jointly pursue property and construction projects in Malaysia and elsewhere.
- 4.2 As a start, it is proposed for the Company and PRG to work together to undertake the main contractor work in relation to the development of an affordable housing

project in West Malaysia (the "**First Project**" and "**Proposed Joint Venture**" respectively).

Proposed Joint Venture

- 4.3 The MOU sets out, *inter alia*, the understanding of the Parties and the broad commercial terms, concerning the Proposed Joint Venture between the Company and PRG:
- (i) The Company and PRG will procure the incorporation of the JV Company in Malaysia in the shareholding ratio to be agreed between the Company and PRG. It is contemplated that the JV Company will be a subsidiary of the Company and the JV Company will be appointed as the main contractor of the First Project.
 - (ii) The contributions of the Company and PRG in the Proposed Joint Venture are as follows:
 - (a) The Company will contribute funds of an amount to be agreed to fund the initial working capital of JV Company in undertaking the construction of the First Project; and
 - (b) PRG will procure the appointment of JV Company as the main contractor of the First Project and will provide, *inter alia*, all the construction know-how and other expertise to enable JV Company to carry out its role as the main contractor. PRG will also assist JV Company to obtain bank facilities as working capital for the First Project. PRG will also assist JV Company to obtain all regulatory licences and permits to undertake the First Project.
 - (iii) The Proposed Joint Venture shall be subject to, *inter alia*, shareholders' approval of the Company and/or PRG, if required.

Due Diligence and Confidentiality

- 4.4 Simultaneously with the Parties' negotiation on the terms and conditions in respect of the Proposed Joint Venture, both Parties will provide the other party with access to information that is reasonably necessary for each Party to evaluate the Proposed Joint Venture in accordance with the terms and condition stipulated in the MOU.

Contractual Negotiations

- 4.5 Certain provisions of the MOU for example the provisions setting out the parties' understanding as to the terms of the Proposed Joint Venture and/or the First Project do not constitute binding obligations and the Parties do not intend that the preliminary understandings set out therein represent their final agreement as to the transactions that they are discussing. The preliminary understandings set out in the MOU are subject to, and conditional upon, the negotiation and execution of the definitive and final agreements in connection with the Proposed Joint Venture.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

6. FURTHER ANNOUNCEMENTS

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

7. 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 MOU, the Proposed 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.

8. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution when dealing in Shares. Shareholders should note that the Proposed Joint Venture is subject to, *inter alia*, negotiation, execution and delivery of definitive agreements in relation to the Proposed Joint Venture and/or the First Project. There is no assurance that the Parties will enter into definitive agreements in relation to the Proposed Joint Venture and/or the First Project. Shareholders are advised to read this announcement and any further announcements by the Company carefully. **Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

By Order of the Board

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

5 July 2017