



QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE SGX-ST LISTING MANUAL

1. BACKGROUND

Mirach Energy Limited (the “Company”, and together with its subsidiaries, the “Group”) was placed on the Watch-List pursuant to Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 3 December 2015.

In accordance to Rule 1313(2) of the SGX-ST Listing Manual, the Board of Directors of the Company would like to provide the following updates on the financial situation, its future direction as well as other material developments that may impact the Group’s position.

2. UPDATE ON FINANCIAL SITUATION

Due to the change of the year end date from 31 December to 30 June, the reporting period for this unaudited financial statements is for fifteen months from 1 January 2020 to 31 March 2021 whereas the comparison unaudited quarterly financial statements was for the three months from 1 January 2019 to 31 March 2019. Some of the numbers are not meaningful for comparison purpose.

The unaudited financial statements for the Company is prepared based on the estimated net realizable value of the assets and have accrued the estimated operating expenses for 2021 to the management’s best knowledge at time of preparation.

Total revenue for the Group reported was US\$0.667 million for the fifteen months period ended 31 March 2021 was mainly due to the Covid-19 outbreak resulted in the operational delays in the Agricultural Business.

The revenues are generated from property construction and development business, as well as timber logging activities and management services provided to agriculture business partners in Malaysia.

Subcontractor costs are derived from the cost of construction of property in Malaysia and infrastructure cost in relation to the agriculture business in Malaysia. Consultancy fees relate to the agriculture business in Malaysia.

Total loss of US\$9.199 million was incurred in 15M2021. It was mainly due to the accrual of the operating expenses for 2021, the US\$0.472 million increase in expected credit loss on trade receivables and the impairment loss of US\$4.939 million on the deposits.

Depreciation for 15M2021 was US\$0.290 million inclusive the amortization of the right-of-use for the office lease for 2021. Staff cost increase was due to the accrual of the staff cost for 2021.

The decrease in income tax expense which is in line with the decrease in revenue for period.

As a result of the above description, a total comprehensive loss for the 15M2021 was US\$9.142 million.

Note :

The above cost and earnings analysis relate to the current financial period ended 31 March 2021. Following is additional information relating to the financial year ended 31 December 2019:



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The profit before income tax of US\$4.698 million contains a non-recurrent other income of US\$3.957 million, which resulted from an adjustment to payables and provisions in relation to the termination of oil and gas.

The non-current assets of the Group as at 31 March 2021 decreased by US\$10.836 million as compared to 31 March 2019 was due to the US\$6.246 million decreased in bearer plant (please refer to the Group's announcement dated 28 February 2020 Note 8(B) for details related to the change in the contractual terms in the co-operations agreements, the bearer plants and the corresponding deferred revenue figures of Group has been reversed); there was also a US\$4.939 million decrease due to the impairment of deposits. As the Use Permit for the first block of concession land in Malaysia was obtained in 19 July 2020, the lease accounting for the first block of concession land has commenced upon obtaining the Use Permit.

The current assets of the Group as at 31 March 2021 decreased by US\$3.154 million as compared to 31 March 2019. This was mainly due to the US\$2.697 million decreased in cash and cash equivalents during the period.

The current liabilities of the Group as at 31 March 2021 decreased by US\$3.401 million as compared to 31 March 2019. These was mainly due to the decrease in trade and other payable of US\$2.933 million and the reclassification of US\$1.720 million from non-current liability to current liability which will be due to repay on 30 September 2021. There was also a USD\$0.400 million decrease in contract deposit due to the repayment made in 9M2019. Included in the trade and other payables is an amount of approximately US\$1.119 million (equivalent to RM4.500 million) relating to the final tranche of consideration payable to the vendors of RCL Kelstar Sdn. Bhd.. Management is still in discussions with the vendors on the terms of settlement.

The non-current liabilities of the Group as at 31 March 2021 decreased by US\$5.448 million as compared to 31 March 2019. This was due to the reclassification of US\$1.720 million from non-current liability to current liability which will be due to repay on 30 September 2021.

The net current liabilities of the Group increased by US\$0.247 million and net assets of the Group decreased by US\$5.141 million as at 31 March 2021, as compared to 31 March 2019.

The net current liabilities for the Group and the Company was US\$3.561 million and US\$0.297 million respectively.

The negative equity of the Group and the Company was US\$1.652 million and US\$0.296 million respectively.

Cash used in operating activities was US\$0.710 million.

For more details on the results and financial position of the Group, please refer to the Company's results announcement for the period ended 31 March 2021.



3. UPDATE ON FUTURE DIRECTION

Property and Construction Business

The construction project in West Malaysia was delayed in 2019 due to a restructuring exercise by the project's developer and PMSB has discussed with the relevant parties towards a recovery plan in 2019. The discussions were delayed due to the Movement Control Order ("MCO") which was imposed by the government of Malaysia on 18 March 2020 as a result of the Coronavirus outbreak. Towards the end of Q52021, the construction project was restructured and PMSB is currently awaiting the settlement terms to be finalized between all parties.

Agriculture Business

As at 31 March 2021, RCL Kelstar Sdn. Bhd. ("RCL") has entered into five separate cooperation agreements with business partners, for the purpose of developing a multi crop agriculture development project on approximately 2,750 acres or 50% of the concession land. The cooperation allows the business partners to engage in the planting, cultivation and harvesting of approved plant species.

RCL will provide services and work with the business partners to facilitate the operations and development of the agriculture land and in turn collect management fees from these business partners.

The COVID-19 outbreak resulted in certain operational delays in the Agricultural Business in 1H2020 due to the precautionary and control measures that have been and continue to be implemented in Mainland China and Malaysia, where RCL's business partners and operations are located in. Despite Malaysia being in Recovery Movement Control Order ("RMCO") since July, RCL's operations were further affected due to the Malaysian government imposing Conditional Movement Control Order ("CMCO") again since 14 October 2020 in selected states, as a result of the increasing number of COVID-19 cases.

RCL has completed the logging activities for Block 1 of the concession land, and successfully obtained the Use Permit on 19 July 2020. The management expects further delay for planting activities due to rising Covid-19 cases and the CMCO implementation in Malaysia.

In November 2020, RCL received an email request from one business partner to terminate one cooperation agreement. Both parties are still engaged in discussions to find a mutually agreeable resolution.

Management Services Business

The Group's wholly-owned subsidiary Mirach HP Management Pte. Ltd. ("MHPM") provide business and management consultancy services

Oil and Gas Business

As at 31 March 2021, the Group still retained minority ownership (9%) of the Gunung Kampung Minyak Ltd ("GKM") Oil Field in Indonesia.

The Group has received a letter of intent from the majority shareholder of GKM on 10 November 2020, informing us on their decision to dissolve the GKM KSO contract and wind up GKM, to which the Group agrees with. According to the letter, due to the oil prices remaining extremely low as well as the low production volume as a result of COVID-19, GKM was not able to fulfil the firm commitment to Pertamina on time and will be subjected



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to the relevant procedures governed by the terms and conditions in the KSO agreement. Therefore, given the existing and unpredictable future financial and operational difficulties that GKM is facing, the majority shareholder of GKM has decided to cease its operations. The Group will continue to monitor the development and will update the shareholders when there is further information.

E-commerce Business

As part of the Group's plans to diversify into the online trading business, the Group acquired full equity interest in Smart Life International Investment Group Co., Limited ("Smart Life"), in Hong Kong in 2019.

Smart Life then acquired a 30% equity interest in Hu Bei ZeGang, a company which specialises in e-commerce, trading of agriculture products and construction material etc. as well as provision of internet information services. The Group recorded a US\$0.046 million share of profit from Hu Bei ZeGang for 15M2021.

Change of financial year end

The Company has changed its financial year end ("FYE") from 31 December to 30 June. Following the change, the current FYE of the Company shall end on 30 June 2021 ("FY2021") and the next audit of the financial statements of the Company shall cover a period of 18 months from 1 January 2020 to 30 June 2021. Details relating to the change of FYE may be found in the Company's announcement dated 16 December 2020.

Update of delisting

The Company has, on 4 September 2020, received from the SGX-ST a notification of delisting. Details relating to the notification of delisting may be found in the Company's announcements dated 5 September 2020 and 9 October 2020, 16 December 2020, 30 December 2020, 27 January 2021 and 26 March 2021. The Company will provide an update to all shareholders of any material developments.

On behalf of the Board of Directors

Chan Shut Li, William
Executive Chairman

11 May 2021