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

Total revenue for the Group reported was US$3.435 million for the financial year ended 31 December 2019. The revenues are generated from management services provided to agriculture business partners in Malaysia, timber logging activities as well as the property construction and development business.

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 profit of US$0.011 million was earned in 2019 as compared to US$1.657 million in 2018. It was mainly due to the US$1.240 million decrease in other income and the US$0.276 million decrease in revenue from the agriculture business in Malaysia. These were slightly offset by the US$0.502 million decrease in subcontractor cost. In addition, there was no gain on disposal of subsidiary in 2019, as compared to the US$0.273 million gain recorded in 2018. There was also a US$0.223 million impairment loss on trade and other receivables made in 2019, as compared to no provision made in 2018.

Other income in 2019 fell by 95% as compared to 2018 as there were various gains in 2018 that did not occur in 2019. These included a US$0.410 million downward adjustment to payables and provision in relation to the termination of oil and gas, a US$0.273 million gain on disposal of subsidiary and a US$0.160 million gain from offset of amounts due from an associate and contract deposits. Furthermore, there was only a US$ 0.010 million gain arising from reversal of liabilities in 2019, as compared to the US$0.546 million gain in 2018. Depreciation and amortization in 2019 also increased by 383% as compared to 2018 due to the adoption of SFRS(I) 16 as discussed in Note 5. In addition, finance costs in 2019 dropped by 50% as compared to 2018 as there was a short-term loan that was fully repaid in 2018.

As a result of the above description, the total comprehensive income of US$0.106 million was generated in 2019 as compared to US$1.437 million in the 2018.

The non-current assets of the Group as at 31 December 2019 decreased by US$6.428 million as compared to 31 December 2018 mainly due to the decrease in bearer plants.

Pursuant to the three cooperation agreements entered in FY2018 relating to the agriculture crops (mainly durian trees) development in Malaysia with three separate parties, RCL Kelstar Sdn. Bhd. ("RCL") will provide services and facilitate these business partners in the operations and development of the agriculture land. The consideration for the services rendered by RCL are in the form of service fees and in the form of durian saplings. As RCL received a number of durian saplings in 2018, the company and the Group recorded US$6.170 million of bearer plants in the statement of financial position in 2018, as well as a corresponding amount of US6.170 million in deferred revenue (US$0.341 million in the current liabilities and US$5.829 million in the non-current liabilities) to account for these durian saplings received, as planting of the durian saplings has not yet commenced.

In 2019, the management evaluated various potential factors and issues in managing the bearer plants over the project tenure of 50 years. With the intention to enhance RCL's operational model and benefit from the business partners' expertise in managing the bearer plants, the management held discussions with the business partners and it was mutually agreed that the consideration in the form of durian saplings shall be returned. Going forward, RCL will now partake in a profit-sharing model with the business partners instead. As a result, the bearer plants figures were reversed in FY2019.

The current assets of the Group as at 31 December 2019 increased by US$3.042 million as compared to 31 December 2018. This was mainly due to the increase in prepaid expenses and trade receivables in relation to the agriculture business.

The current liabilities of the Group as at 31 December 2019 decreased by US$3.784 million as compared to 31 December 2018. This was mainly due to the decrease in trade and other payables, which was largely due to the payment of RM4.500 million (approximately US$1,120 million) to the vendors of RCL Kelstar Sdn. Bhd. to further settle the outstanding amount due to them. There was also a US$0.400 million decrease in contract deposit, due to repayments made in 2019. These were offset by a US$0.580 million increase in income tax payable. Lastly, there was also a US$0.341 million decrease in deferred revenue as a result of revised contractual terms in the three cooperation agreements from the agriculture business, as discussed above in the non-current asset section above.

The non-current liabilities of the Group as at 31 December 2019 decreased by US$2.822 million as compared to 31 December 2018. This was mainly due to a US$5.829 million decrease in deferred revenue as a result of revised contractual terms in the three cooperation agreements from the agriculture business, as discussed above. This was offset by a US$2.932 million increase in other payables that have been reclassified to from current to non-current payables due to an extension in payment terms.

As a result of the above description, the net current liabilities of the Group decreased by US$6.826 million and net assets of the Group increased by US$3.220 million as at 31 December 2019, as compared to 31 December 2018.

Cash used in operating activities was US$1.939 million for FY2019.

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 December 2019.

3. UPDATE ON FUTURE DIRECTION

Property and Construction Business

As the first housing project situated in the state of Perak, Malaysia, was delayed in 2019 for a considerable amount of time due to a restructuring exercise, Premier Mirach Sdn. Bhd. ("PMSB") is currently in the discussion stage with the relevant parties towards a recovery plan. The company anticipates an outcome from the discussion in the second half of 2020.

Due to the unexpected continuous delay of the second construction project, PMSB held discussions with the developer and both parties have mutually agreed to cancel the Partnership Agreement in relation to the development of individual residential unit of townhouses in West Malaysia. No cost was incurred by the Group as a result of this cancellation.

Agriculture Business

As at 31 December 2019, RCL Kelstar Sdn. Bhd. ("RCL") has successfully entered into five separate cooperation agreements with business partners, for the purpose of developing a multi-storey cropping agriculture 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 durian and other 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.

During the financial year, as a result of revised contractual terms in three cooperation agreements, the bearer plants and corresponding deferred revenue figures of the Group have been reversed (as discussed in Note 8(B)).

Management Services Business

The Group's wholly-owned subsidiary Mirach HP Management Pte. Ltd. ("MHPM") provides business and management consultancy services. MHPM is currently working with partners in Malaysia to provide marketing and sales consultancy for their business development, and hopes to acquire more human resource along the way to further develop its business.

Oil and Gas Business

Currently, the Group still retains minority ownership (9%) of the Gunung Kampung Minyak Ltd Oil Field in Indonesia.

A New Subsidiary and Associate

The Group established a wholly-owned subsidiary in Hong Kong on 3 June 2019.

On 11 November 2019, this subsidiary acquired a 30% equity interest in Hu Bei ZeGang Supply-Chain Limited, a company incorporated in The People's Republic of China, which specialising in ecommerce, trading of agriculture products and construction material etc. as well as provision of internet information services.

On behalf of the Board of Directors
Chan Shut Li, William
Chairman of the Board

28 February 2019