

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

- 1. SGX-ST CONDITIONAL GRANT OF FURTHER EXTENSION OF TIME TO (1) PUBLISH THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 ("FY2019"); (2) HOLD THE COMPANY'S ANNUAL GENERAL MEETING FOR FY2019; (3) PUBLISH THE COMPANY'S FIRST QUARTER UNAUDITED RESULTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 ("FY2020"); (4) ISSUE THE COMPANY'S SUSTAINABILITY REPORT FOR FY2019; AND (5) MEET THE REQUIREMENTS TO EXIT FROM THE SGX-ST FINANCIAL WATCH-LIST**

 - 2. SGX-ST CONDITIONAL GRANT OF EXTENSION OF TIME TO PUBLISH THE COMPANY'S SECOND QUARTER UNAUDITED RESULTS FOR FY2020**
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Reference is made to:-

- (i) the Company's announcements on SGXNet dated 3 April 2020, 13 April 2020, 25 April 2020 and 12 May 2020 ("**12 May Announcement**") in relation to the Company's applications for an extension of time to hold its annual general meeting for FY2019, to publish its corresponding annual report and sustainability report, and to publish its first quarterly financial statements for FY2020;
- (ii) the Company's announcements on SGXNet dated 28 August 2017, 31 August 2017, 1 December 2017, 28 February 2019, 4 March 2019, 22 April 2019 and 29 April 2019 ("**29 April 2019 Announcement**") in relation to the grant of extensions of time to meet the requirements to exit from the financial watch-list of the Singapore Exchange Securities Trading Limited ("**SGX-ST**");
- (iii) the Company's announcement on SGXNet dated 24 June 2020 ("**24 June Announcement**") in relation to, inter alia, grant of extensions of time, receipt of notice of resignation and the submission of further extension of time applications; and
- (iv) the Company's announcement on SGXNet dated 3 July 2020 in relation to the Accounting and Corporate Regulatory Authority's rejection of the Company's external auditors, BDO LLP's, resignation application to resign as the Company's auditors.

Unless otherwise defined, all terms used herein shall bear the same meaning as in the 24 June Announcement.

1. SGX-ST CONDITIONAL GRANT OF EXTENSION OF TIME

1.1 The Board of the Company wishes to announce that in relation to the Company's Further Annual Report-related Extension Application and Further Financial Watch-list Extension Application, the SGX-ST had, on 6 July 2020, granted the Company the following conditional extensions of time:

- (a) a further extension of time from 19 June 2020 to 3 August 2020 to publish its annual report for FY2019;
- (b) a final extension of time from 6 July 2020 to 17 August 2020 to hold its AGM for FY2019;
- (c) a further extension of time from 23 June 2020 to 10 August 2020 to publish its 1Q2020 financial statements;
- (d) a further extension of time from 19 June 2020 to 3 August 2020 to publish its sustainability report for FY2019;
- (e) a final extension of time from 19 June 2020 to 3 August 2020 to meet the requirements for removal from the financial watch-list of the SGX-ST; and
- (f) an extension of time from 14 August 2020 to 17 August 2020 to publish its 2Q2020 financial statements

(collectively, the "**Waiver**").

- 1.2 The grant of the Waiver by the SGX-ST is subject to the following conditions:
- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 and if the Waiver conditions have been satisfied (the "**Announcement**"). If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;
 - (b) the Company disclosing in the same Announcement of the undertakings provided by the Company and Mr William Chan as stated in the Company's announcement dated 29 April 2019;
 - (c) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company;
 - (d) the Company convening the annual general meeting by 17 August 2020; and
 - (e) issuance of the Company's annual report and sustainability report via SGXNet by 3 August 2020.
- 1.3 In relation to the Company's Further Annual Report-related Extension Application, and in particular, the extension sought for the release of the Company's 3Q2020 financial statements, the Board also wishes to announce that the SGX-ST had considered the Company's representations and submissions and did not grant the Company an extension of time from 14 November 2020 to 24 December 2020 for the release of its 3Q2020 financial statements. The SGX-ST noted that there are no extenuating reasons why the Company is not able to announce its 3Q2020 financial statements. Hence, the Company is required to comply with Listing Rule 705(2) and announce its unaudited financial statements for 3Q2020 by 14 November 2020.

2. REASONS FOR SEEKING THE WAIVER

- 2.1 The reasons for seeking the Further Annual Report-related Extension Application are:

Further extension of time to publish its annual report for FY2019

- (a) the audit for FY2019 has been temporarily put on hold as there is a disagreement between the management of the Company and the Company's current external auditors, BDO, on the accounting treatment of key audit matters relating to an agricultural project of the Company's Malaysia subsidiary, RCL. As provided by the Company in its 12 May Announcement and as stated in BDO's application to ACRA to seek consent to resign as auditors, the key audit matters that have yet to be resolved are:
 - (i) revenue recognition for RCL, the Malaysia subsidiary audited by BDO Malaysia (KL);
 - (ii) recovery of related trade receivables arising from the revenue recognised from (i) above; and
 - (iii) going concern assessment after (i) and (ii) have been resolved.

In this regard, after much discussion and deliberation, and by mutual consent, both the Company and BDO have agreed that BDO will resign as auditors of both the Company and Mirach HP Management Pte Ltd, the Group's wholly-owned subsidiary. In the application to ACRA, BDO has stated that the reason for resignation is that the key audit matters have yet to be resolved as there is a disagreement between the management of the Company and BDO on the accounting treatment for the key audit matters relating to an agricultural project of the Company's Malaysia subsidiary, RCL.

Hence a further extension is required given that the Company has not finalised its audited financial statements for FY2019 and BDO's resignation is contingent upon ACRA's approval;

- (b) the Company has nominated another audit firm to replace BDO as the auditors of the Company. Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of new auditors must be specifically approved by Shareholders at a general meeting. As such, a further extension of time is required as the Company will be required to convene an extraordinary general meeting to seek Shareholders' approval for the appointment of the new auditors, for which the Company estimates will take at least seven (7) weeks after BDO obtains ACRA's approval from their resignation. Shareholders can refer to paragraph 6 of the 24 June Announcement for more details on the relevant milestones;
- (c) the new auditors will require time to review and audit the Company's financial statements for FY2019. The Company having consulted the new auditors estimates that the new auditors will require two (2) months to review and audit the Company's financial statements for FY2019 after approval for their appointment is obtained at an extraordinary general meeting convened by the Company; and
- (d) for the reasons stated above, it will be in the interests of the Shareholders and the Company to apply and for SGX-ST to grant the extension of time to publish its annual report.

Further extension of time for convening AGM, publishing of 1Q2020 financial statements, and publishing of sustainability report, and extension of time for publishing of 2Q2020 financial statements and publishing of 3Q2020 financial statements

- (e) in relation to the extension sought for holding the FY2019 AGM, as the Company estimates that it will only be able to publish its annual report by 4 December 2020, the Company is seeking an extension until 21 December 2020 to hold its AGM, so as to comply with the requirement of 14 days' clear notice for the despatch of the Company's annual report before its FY2019 AGM. Shareholders can refer to paragraph 6 of the 24 June Announcement for more details on the relevant milestones;
- (f) in relation to the extension sought for publishing its sustainability report for FY2019, the Company's sustainability report will contain disclosures of the financial performance of the Company obtained from its audited financial statements, in its discussion on the Company's economic performance. As such, the Company will only be able to publish its sustainability report for FY2019 after the Company's audit for FY2019 is complete;
- (g) in relation to the extension sought for the publishing of the Company's quarterly financial statements for FY2020, the Company is unable to finalise the 1Q2020, 2Q2020 and 3Q2020 unaudited financial statements of the Company prior to the finalisation of the audited financial statements for the FY2019;
- (h) the issues affecting the completion of the Company's FY2019 audit (as stated under paragraphs 2.1(a) to (c) above) have a significant impact on the Company's ability to meet the existing deadlines for convening its FY2019 AGM, publishing its sustainability report for FY2019, and publishing its 1Q2020, 2Q2020 and 3Q2020 financial statements; and
- (i) for the reasons stated above, it will be in the interests of the Shareholders and the Company to apply and for SGX-ST to grant the Further Annual Report-related Extension Application.

2.2 The reasons for seeking the Further Financial Watch-List Extension Application are:

- (a) that with mutual consent, BDO will resign as auditors of the Company and the Company has nominated the new auditors to replace BDO which will be subjected to regulatory requirements and shareholders' approval. As such, the Company required a

further extension of time given that the Company has not finalised the audited financial statements for FY2019;

- (b) the Company requires additional time to prepare the audited financial statements for FY2019, to convene an extraordinary general meeting as well as to prepare the necessary regulatory documents to effect the appointment of new independent auditors;
- (c) the incoming auditors will additionally require time to review and audit the Company's financial statements for FY2019;
- (d) the Company's transformation efforts have been successful thus far, as can be seen by the fact that the audited profit before tax for the financial year ended 31 December 2018 is US\$2,237,000 and unaudited profit before tax of the Company for FY2019 (excluding exceptional or non-recurrent income and extraordinary items) of US\$647,348. In addition, the Group has reported and maintained consolidated pre-tax profits (excluding exceptional or non-recurrent income and extraordinary items) for two (2) consecutive financial years;
- (e) the Company has diversified and expanded into new businesses and has successfully acquired new revenue stream. In this regard, the Company wish to highlight that pursuant to the Company's recent acquisition of Hu Bei ZeGang Supply-Chain Limited 湖北泽港供应链有限公司 ("ZeGang") in November 2019, the unaudited profit after tax of ZeGang attributable to the Company for FY2019, was about RMB 2.1 million⁽¹⁾ (approx. S\$427,000) and for first quarter 2020, the unaudited profit after tax of ZeGang attributable to the Company was about RMB 263,000⁽¹⁾ (approx. S\$52,000);

***Note (1):** Shareholders are to note that the unaudited profit after tax of ZeGang attributable to the Company was not reflected in the unaudited full year FY2019 results of the Company, which was announced on the 28 February 2020. The numbers were not made available to the Company at the relevant time due to the Covid-19 situation.*

- (f) the Company intends to explore and pursue business opportunities to further enhance the financial performance and improve shareholders' value which will in turn improve investors' confidence, thereby improving the Company's share price and its market capitalisation;
- (g) the Company believes that sufficient time should be given for the Company so as to continue with its efforts to transform the Group as well as to materialise the various actions described above, so as to further improve its future prospects, financial performance and shareholders' value which will in turn, enhance investors' confidence, the share price and market capitalisation of the Company;
- (h) further and in view of the Company's continuing efforts to transform the Group, it will be in the interests of the shareholders and the Company for its shares to continue to be publicly listed and traded on the Main Board of the SGX-ST; and
- (i) for the reasons stated above, it will be in the interests of the Shareholders to apply and for the SGX-ST to grant the Further Financial Watch-list Extension Application.

3. UPDATE BY COMPANY ON PROGRESS OF AUDIT FOR FY2019

The Board wishes to update Shareholders that after it received the notification that the Accounting and Corporate Regulatory Authority has rejected the Company's external auditors, BDO LLP, resignation application to resign as the Company's auditors, the Company has been working closely with BDO LLP to resolve the difference, and in light of the SGX-ST's conditional grant of the extension of time, to finalise the audit for FY2019 within the timeframe set by the SGX- ST.

4. PREVIOUS UNDERTAKINGS PROVIDED BY THE COMPANY AND MR WILLIAM CHAN AS STATED IN THE COMPANY'S 29 APRIL 2019 ANNOUNCEMENT

As disclosed by the Company in its 29 April 2019 Announcement, in relation to the conditions of the SGX-ST grant of an extension of time dated 18 April 2019, from 28 February 2019 to 5 June 2020, to meet the Financial Criteria Exit Requirements, the Company and Mr. Chan Shut Li, William ("**Mr. Chan**") had executed undertakings on 29 April 2019, the details of which are set out below:

- (a) the Company has undertaken to SGX-ST:
 - (i) that in the event the Company:
 - 1) does not meet the requirements of Rule 1314 of the Listing Manual to exit the Watch-List on or prior to 5 June 2020 and is required by the SGX-ST to be removed from the Official List under Rule 1315 of the Listing Manual; or
 - 2) is profitable for the financial year ending 31 December 2019, but is unable to meet the market capitalization requirements to exit the Watch-List and does not transfer its listing from the Mainboard to the Catalist,

the Company undertakes to make or procure a reasonable exit offer to the Company's shareholders in compliance with Rule 1309 of the Listing Manual (the "**Exit Offer**");

 - (ii) that in respect of paragraph (i) above, the Company shall use its best endeavours to identify a reasonable exit alternative within such period as reasonably determined by the Board, failing which, the Company shall use its best endeavours to comply with the requirements in the Companies Act (Cap 50) of Singapore ("**Companies Act**") for undertaking the Exit Offer by way of a
 - 1) voluntary winding up of the Company pursuant to Section 290 of the Companies Act subject to a special resolution being passed by the shareholders of the Company ("**Voluntary Winding Up**"); and/or
 - 2) petition to the Singapore High Court for the winding up of the Company under Section 253(1)(a) of the Companies Act ("**Court Winding Up**") and, subject to such orders that may be made by the Singapore High Court, for the assets of the Company to be distributed to all shareholders on a pro-rata basis pursuant to the Court Winding Up.
- (b) Mr. Chan has undertaken that in the event that the Company convenes a general meeting to seek shareholders' approval for the Voluntary Winding Up, Mr Chan shall exercise the voting rights in respect of the shares that he beneficially owns in the Company at the relevant time in favour of the resolution in connection with the Voluntary Winding Up and any other resolutions necessary or proposed to be implemented to give effect to the Voluntary Winding Up.

5. FOLLOW UP ANNOUNCEMENT(S) / FURTHER INFORMATION

The Company will make an update announcement when the conditions of the waiver have all been met as well as such further announcement(s) as appropriate when there are material developments.

In the meantime, the Board wishes to advise Shareholders to exercise caution in their dealings in the shares of the Company and to refrain from taking any action in relation thereto, until they have sought their own financial, tax or other professional adviser where appropriate.

By Order of the Board

Mr. Chan Shut Li, William
Executive Chairman

7 July 2020