

UPDATE ON CASH POSITION AND EXIT OFFER

Mirach Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the earlier announcement made by the Company on 12 November 2020 (“**12 Nov Announcement**”) and on 2 October 2020, respectively.

1. Cash position

As at 30 November 2020, the cash and cash equivalents of the Company was US\$0.333 million.

Taking into account the expected expenses of the Company, the Board anticipates that the Company may face cash flow difficulties before the end of 1Q2021 arising from normal operating expenses of the Company and expenses incurred or anticipated to be incurred in connection with the exit offer required to be made. The Company further notes that it has had to incur additional professional fees in dealing with matters relating to the delisting notification received on 5 September 2020 from SGX-ST.

The Company is implementing various cost-cutting measures including non-renewal of office lease and reduction of salaries of executives. The Company is also in ongoing discussions with its subsidiaries on whether the subsidiaries are in a financial position to repatriate dividends to the Company.

In this respect, the Company notes that RCL Kelstar Sdn. Bhd. (“**RCL**”) has received an email request from one customer to terminate a cooperation agreement with RCL, potentially impacting on RCL’s operating cash flow.

In addition, CPHL (HK) Limited (“**CPHL**”) has recently received a notice of payment of the balance consideration of RM4.500 million from the RCL vendors pursuant to the Share Sale Agreement dated 18 July 2018, as announced on 5 March 2020. In view of the Company’s proposed delisting, it would not be feasible for the Company to issue shares in lieu of payment.

2. Exit Offer

The Company has been notified by certain of its shareholders, who were contemplating making an exit offer, that there is now uncertainty as to whether the exit offer will proceed. In order to avoid delays in the making of an exit offer, the Company is concurrently taking steps to commence winding up of the Company and to this end, is obtaining quotes from legal advisers and liquidators for the costs as well as steps involved in the winding up process. The Company has been advised that the winding up may require that an extraordinary general meeting be convened and/or an application to Court.

The Company will provide an update on any material developments of the exit offer, whether by third parties or through the winding up of the Company.

Shareholders and potential investors of the Company are advised to read this announcement and any further potential announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, or other professional advisers if they have any doubt as to the action they should take.

By Order of the Board

Mr. Chan Shut Li, William
Executive Chairman

16 December 2020