MIRACH ENERGY

DEVELOPING A WELL-ROUNDED PORTFOLIO

ANNUAL REPORT 2019

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAN SHUT LI, WILLIAM
Executive Chairman

CHEN CHENGYUAN
Vice Chairman and Executive Director

WEE CHENG KWAN
Member, Non-Executive and Non-Independent Director

CHEN YIZHONG
Member, Non-Executive and Non-Independent Director

LOO CHENG GUAN
Member, Lead Independent Director

LIU MEI LING, RHODA
Member, Independent Director

LIM JUN XIONG, STEVEN
Member, Independent Director

AUDIT COMMITTEE

LIU MEI LING, RHODA
Chairman, Independent Director

LOO CHENG GUAN
Member, Lead Independent Director

LIM JUN XIONG, STEVEN
Member, Independent Director

WEE CHENG KWAN
Member, Non-Executive and Non-Independent Director

REMUNERATION COMMITTEE

LOO CHENG GUAN
Chairman, Lead Independent Director

LIU MEI LING, RHODA
Member, Independent Director

LIM JUN XIONG, STEVEN
Member, Independent Director

NOMINATING COMMITTEE

LIM JUN XIONG, STEVEN
Chairman, Independent Director

CHAN SHUT LI, WILLIAM
Member, Executive Director

LOO CHENG GUAN
Member, Lead Independent Director

COMPANY SECRETARIES

LIN MOI HEYANG (ACIS)
LEE BEE FONG (ACIS)
Tricor Singapore Pte. Ltd.
80 Robinson Road #02-00
Singapore 068898

REGISTERED OFFICE

80 Robinson Road #02-00
Singapore 068898

PRINCIPAL PLACE OF BUSINESS

Unit 3305, Level 33, Tower One
Enterprise Square Five
38 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong
Tel: (852) 2850 7437
Fax: (852) 2850 6369

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #2-00
Singapore 068899

AUDITOR

BDO LLP
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

PARTNER-IN-CHARGE

Adrian Lee
(appointed since financial year ended 31 December 2019)

BANKERS

DBS Singapore
12 Marina Boulevard
#43-02 DBS Asia Central
MBFC Tower 3
Singapore 018982

CORPORATE PROFILE

Mirach Energy Limited ("Mirach" or the "Company" or "Group") has been listed on the Singapore Exchange since 2004. In recent years, after paring down a large part of its oil and gas business, the Group has diversified into property construction and development, agriculture and e-commerce businesses.

For the oil and gas business, the Group is presently holding minority ownership of 9% in Gunung Indah Lestari Limited which holds 100% shares of a KSO operatorship in a marginal oil field in Indonesia.

For the property construction and development business, Mirach, via its subsidiary Premier Mirach Sdn. Bhd., pursues property and construction projects in West Malaysia. The Company hopes to grow further in this industry going forward, whenever the opportunity arises.

For the agriculture business, the Group acquired a 70% equity interest in RCL Kelstar Sdn. Bhd ("RCL") in 2018, permitting Mirach to participate in an agriculture project in Malaysia.

For the management services business, the Company's wholly-owned subsidiary Mirach HP Management Pte. Ltd. ("MHPM") provides business and management consultancy services.

For the new e-commerce businesses, the Group acquired full equity interest in Smart Life International Investment Group Co., Limited ("Smart Life") on 3 June 2019. On 11 November 2019, Smart Life then acquired a 30% equity interest in Hu Bei ZeGang Supply-Chain Limited ("Hu Bei ZeGang"), which specialises in e-commerce, trading of agriculture products and construction material etc. as well as provision of internet information services.

OUR INTERESTS IN ASIA

Singapore

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.

Malaysia

In 2017, the Company's wholly-owned subsidiary, CPHL (HK) Limited ("CPHL") and PRG Construction Sdn. Bhd. ("PCSB") set up a joint venture company Premier Mirach Sdn. Bhd. ("PMSB") to pursue property and construction projects in Malaysia. CPHL and PCSB has a 75% and 25% shareholding in PMSB respectively.

CORPORATE PROFILE

The first construction project in West Malaysia was delayed in 2019 for a considerable amount of time due to a restructuring exercise by the project's developer and PMSB has been in discussion with the relevant parties towards a recovery plan since 2019. The discussions were also 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. On 25 August 2020, PMSB signed a final settlement agreement with the developer.

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 will be incurred by the Group as a result of this cancellation.

On 18 July 2018, the Group acquired a 70% equity interest in RCL Kelstar Sdn. Bhd ("RCL"). RCL, in cooperation with the Kelantan State Economic Development Corporation ("KSEDC"), was set up to manage the development of a multi crop agriculture development project ("Project") in Malaysia. KSEDC has been granted a fifty-year land concession of approximately 5,500 acres. RCL has in turn secured the rights to jointly undertake the Project together with KSEDC.

As at 31 December 2019, 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 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.

Indonesia

In 2013, CHPL acquired minority interests of 10% in Gunung Kampung Minyak Ltd in Indonesia. In 2018, the interest in GKM was diluted to 9%.

Hong Kong and The People's Republic of China

On 3 June 2019, the Group acquired full equity interest in Smart Life in Hong Kong. On 11 November 2019, Smart Life had acquired 30% of the share capital of Hu Bei ZeGang Supply-Chain Limited ("Hu Bei ZeGang") which specialises in e-commerce, trading of agriculture products and construction material etc. as well as provision of internet information services.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, it gives me great pleasure to present the Group's performance for FY2019.

The Company maintained its profitability for the financial year 2019. Diversification remains our key strategy. After our ventures in the property construction and development, agriculture development and management services industries in recent years, in 2019, we continued to diversify our businesses and acquired a new subsidiary, Smart Life International Investment Group Co., Limited ("Smart Life") in Hong Kong. Smart Life then acquired Hu Bei ZeGang Supply-Chain Limited ("Hu Bei ZeGang"), a company incorporated in The People's Republic of China, which specialises in e-commerce, trading of agriculture products and construction material etc. as well as provision of internet information services.

Below are further updates on the business of the Company:

AGRICULTURE DEVELOPMENT BUSINESS UPDATE

Our Malaysian subsidiary, RCL Kelstar Sdn. Bhd. ("RCL"), has provided an update on the multi-crop agriculture land development with 50 years concession on a total area of approximately 5,500 acres.

As at 31 December 2019, 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.

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.

Additionally, RCL has completed the logging activities and successfully obtained the Use Permit on 19 July 2020, for the first block of concession land.

MANAGEMENT SERVICES BUSINESS

Our 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.

CONSTRUCTION AND LOW COST HOUSING PROJECT

The first construction project in West Malaysia was delayed in 2019 for a considerable amount of time due to a restructuring exercise and PMSB has been in discussion with the relevant parties towards a recovery plan since 2019. The discussions were delayed due to the Movement Control Order ("MCO") which was imposed by the government of Malaysia on 18 March 2020. PMSB has signed a final settlement agreement with the developer on 25 August 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 will be incurred by the Group as a result of this cancellation.

OIL AND GAS BUSINESS

Currently, the Group still retains minority ownership (9%) of Gunung Kampung Minyak Ltd ("GKM") Oil Field in Indonesia, as the business is currently self-sustaining.

DIVERSIFY INTO TRADING BUSINESS

As part of the Group's plans to diversity into the online trading business, the Group acquired full equity interest in Smart Life International Investment Group Co., Limited ("Smart Life"), in Hong Kong on 3 June 2019.

On 11 November 2019, Smart Life 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. For the financial year ended 31 December 2019, the Group recorded a US$294,000 share of profit from Hu Bei ZeGang.

CORPORATE DIRECTIONS

The Group recorded total revenue of US$3.344 million in FY2019, compared to US$3.711 million in FY2018. After further diversification, the Group continues to solidify its financial performance in 2019. The revenue from 2019 was mainly contributed by the operational cooperation with business partners in the agriculture business. Additionally, the newly incorporated e-commerce and trading business has also began its operation in 4Q2019. With the continuity of future operational cooperation with business partners in the agriculture and the development of the newly incorporated e-commerce and trading business, the Board believes that the Group will continue to grow, and barring unforeseen circumstances, create and enhance shareholders' value.

STATUS REPORT FOR THE USE OF PROCEEDS FROM PLACEMENT ISSUE IN 2019

For the placement of shares in 1Q2019, the Company raised US$3.11 million in total. The amount from the proceeds has been fully utilised as at 28 August 2020. The list below summarised the usage of the proceeds.

	US$ Millions
Net proceeds from placement	3.11
Less use of proceeds:	
Payment to vendors	0.27
Provision of working capital within the Group	2.84
Balance as at 28 August 2020	**-**

EXIT FROM THE WATCH-LIST

The Company and management remain focused on getting the Company out of both the financial criteria watchlist watchlist ("Financial Watchlist") and the Minimum Trading Price criteria Watch-List (MTP Watch-List). Management will continue to work hard on current and future business plans to enhance the performance of the Group.

ACKNOWLEDGEMENT

In 2Q2019, we welcomed Mr Chen Chengyuan to the Board as Executive Director and Vice Chairman and Mr Chen Yizhong as Non-Executive and Non-Independent director. Chengyuan's vast experience in the area of trading, logistics, sales and marketing on digital platforms has benefited the Board in the review processes for our businesses in China. Yizhong is a veteran in the agriculture industry and have broad knowledge of processes and products in the industry, his guidance and reviews has contributed immensely to the Board. In February 2020, following the resignation of Mr Liu Kaichun as Chief Executive Officer, Mr Chen was redesignated as Vice Chairman and Chief Executive Officer of the Group.

In 2Q2019, we also welcomed Mr Liu Kaichun to the Management Team as our new Chief Executive Officer. Kaichun's expertise in commodity trading and the e-commerce industry is truly a boon to the company. Additionally, his local knowledge of China is also an advantage to the Group. However, due to personal reason Kaichun has left the Company in February 2020. Despite the short duration of his service, on behalf of the Board and the Company, I would like to take this opportunity to express our gratitude towards Kaichun for his contributions to the Company as Chief Executive Officer.

Last but not least, I would also like to thank all management and staff in the Group for another year of hard work, and hope that we can continue to contribute to the Company.

We sincerely thank all our stakeholders for their strong support all these years.

CHAN SHUT LI, WILLIAM
Executive Chairman
28 August 2020

OPERATIONS REVIEW

TURNOVER ANALYSIS

For the financial year ended 31 December 2019, total revenue for the Group was US$3.344 million. This revenue was generated from the Group's management services provided to agriculture business partners in Malaysia, timber logging activities as well as the property construction and development business.

COST AND EARNINGS ANALYSIS

Consultancy fee expenses of US$0.058 million were incurred in the provision of management services to the agriculture business partners. In addition, subcontractor costs of US$0.155 million were incurred from the cost of construction of property in Malaysia and the infrastructure cost in relation to the agriculture business in Malaysia. Staff costs increased by US$0.150 million or 14% in FY2019 mainly due to an increase in headcount during the year.

The other operating income of US$4.033 million related mainly to a US$3.957 million adjustment to payables and provisions in relation to the oil and gas operations in Indonesia.

Depreciation increased by US$0.115 million or by 383% in FY2019 in comparison with FY2018 due to the adoption of SFRS(I) 16 during the year. In addition, finance costs in FY2019 dropped by 50% as compared to FY2018 as there were short-term loans which have been fully repaid in FY2018.

Consequently, the total profit for FY2019 was US$4.051 million, as compared to US$1.657 million in FY2018. This is mainly due to the other operating income generated during the year.

FINANCIAL POSITION AND LIQUIDITY

The current assets of the Group as at 31 December 2019 increased by US$2.300 million as compared to 31 December 2018. This was mainly due to the increase in trade and other receivables and prepayments made in relation to the agriculture business.

The non-current assets of the Group as at 31 December 2019 decreased by US$5.521 million as compared to 31 December 2018 mainly due to the decrease in bearer plants from the operations of the agriculture business. This was offset by an increase in right-of-use assets recognised due to the adoption of SFRS(I) 16 during the year.

Total trade and other payables decreased by US$4.789 million as at 31 December 2019 compared with 31 December 2018. This was mainly due to a US$3.957 million adjustment to payables and provisions in relation to the oil and gas operations in Indonesia.

Deferred revenue decreased by US$6.170 million as at 31 December 2019 compared to 31 December 2018. The cooperation agreements that were signed in the FY2018 were varied in that the durian saplings were "returned" to the business partners of these agreements and the consideration became a service fee and a percentage from the sale proceeds of the durian fruits in the plantation. Thus, as the durian saplings were "returned" to the business partners, the corresponding deferred revenue has been reversed.

Cash and cash equivalents (inclusive of exchange effects) decreased by US$0.488 million for FY2019 as compared with FY2018. Net cash used in operating activities was US$1.938 million for FY2019 as compared to US$1.815 million for FY2018. This was mainly contributed by the profit before income tax of US$4.698 million for FY2019 compared to US$2.237 million for FY2018, which was offset by a US$3.957 million adjustment to payables and provisions in relation to the oil and gas business. Cash used in investing activities was US$1.121 million in FY2019 as compared to $2.973 million in FY2018 mainly due to the net cash outflow on acquisition of subsidiary of US$1.120 million. Cash generated from financing activities was US$2.586 million in FY2019 as compared to US$4.036 million in FY2018 mainly due to the US$3.114 million proceeds from placement of new shares during the year, that was offset by the US$0.400 million repayment of contract deposit.

BOARD OF DIRECTORS

MR. CHAN SHUT LI, WILLIAM

Executive Chairman

Mr. Chan joined the Board on 18 June 2003 and is an Executive Director of the Company. Mr. Chan was last re-elected as a Director on 27 April 2017. Mr. Chan is largely responsible for setting the strategic direction and leading the Mirach Energy Group of Companies into an oil and gas exploration and production group in Asia. He is also responsible for the development of the Group's business operations, where he is engaged in business development activities and their subsequent implementation.

Mr. Chan holds a Master Degree in Business Administration from Murdoch University in Australia and is a member of the Society of Petroleum Engineers USA. Mr. Chan is also a member of the UK Institute of Financial Accountants, as well as a member of Institute of Public Accountants of Australia.

MR. CHEN CHENGYUAN

Executive Director, Vice Chairman and Chief Executive Officer

Mr. Chen was appointed to the Board of Mirach Energy Limited on 23 May 2019 as the Executive Director and Vice Chairman of the Board. On 1 March 2020, he was also appointed as the Chief Executive Officer of the Company. His role is to work with the Executive Chairman to expand the Company's business and overall development of the Company's direction. He will assist to jump start and develop the Company's business in China, in the area of trading, logistics, sales and marketing on digital platforms. Mr. Chen is currently the Director of Zhejiang Dongruime Technology Co. Ltd. Amongst many other important roles that he held in the past, Mr. Chen was the Chairman of Zhejiang Langchuang Corporation Ltd and Counsel of Hubei Chuang Gou Commodity Purchase and Sale Service Ltd. Mr. Chen has also been an accomplished operations officer who had held Chief Operation Officer positions in Jiangxi General Merchandise E-commerce Ltd and in Sino-Russian Culture International Financial Exchange. Mr. Chen is also currently the vice President of Xiaogan City E-commerce Association; Honorary President of Yiwu, Zhuji, Pujiang and Lin'an Calligraphy Association; and the Executive Vice President of the Pan'an Chamber of Commerce in Yiwu. Mr. Chen graduated from the Management Department of Zhejiang Industrial and Commercial College and Beijing Institute of Business Management. He also trained at the Institution of International Culture Financial Exchange at the Central Cadre Management School. He is currently pursuing an MBA in Zhejiang University.

MR. WEE CHENG KWAN, ALEX

Non-Independent and Non-Executive Director

Mr. Wee joined Mirach Energy Limited in April 2018 as a Non-Independent and Non-Executive Director. He is also a director of PRG Holdings Bhd and a director of WG Development (M) Sdn Bhd, both of which are Malaysian incorporated companies. Mr. Wee is trained as a Civil Engineer and currently practiced as a professional consultant at WG Development engaging clients in diverse industries on various types of projects including IPOs, dual listings, merger and acquisitions, organizational reviews, fund raising, strategic planning and project development. Mr. Wee holds a Bachelor of Engineering (Hons) Civil Engineering from University of Portsmouth, United Kingdom.

MR. CHEN YIZHONG

Non-Independent and Non-Executive Director

Mr. Chen Yizhong was appointed to the Board of the Company as a Non-Executive and Non-Independent Director on 23 May 2019. His role is to assist the Company in expanding its business in China. Mr. Chen majored in Commercial Enterprise Management in his tertiary education. He is the Chairman and General Manager of Zhejiang Pan'an Ankang Native Products Co., Ltd, and the General Manager of Zhejiang Shangda Biotechnology Co., Ltd. He currently also serves as the Chairman of the Union of Farmers' Cooperatives in the Pan'an County in China. Mr. Chen had earlier served as the Director of China Edible Fungus Association; the Vice Chairman of the edible fungus branch of China Food and Beverage Chamber of Commerce; the Vice President of Zhejiang Provincial Edible Fungus Association; the Vice President of Zhejiang Vegetable and Fruit Association and the Director of Zhejiang Xiangfei (Chinese Nutmeg) Association. Amongst many other titles, he was also the Vice President of the Pan'an County Federation of Industry and Commerce and the Vice President of the Pan'an County Enterprise Association.

MR. LOO CHENG GUAN

Lead Independent Director

Mr. Loo joined the Board as the Lead Independent Director in May 2018. He is the Managing Director of Vermilion Gate Pte Ltd, a boutique merger and acquisition house based in Singapore, with over 25 years of experience in merger and acquisition, private equity and corporate finance. His experience in corporate finance and capital markets encompasses primary and secondary equity and debt capital offerings (including IPOs and listings) on the SGX, Bursa Malaysia, Tokyo Stock Exchange and other exchanges. Mr. Loo has also undertaken consultancy in studies of privatization of state-owned entities for the Malaysian and Singapore governments.

BOARD OF DIRECTORS

MR. LIM JUN XIONG STEVEN

Independent Director

Mr. Lim is a Non-Executive Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee.

Mr. Lim started his career in PricewaterhouseCoopers before transitioning to the finance industry by joining HSBC Private Bank (Suisse) SA, the Global Wealth Solutions arm of the HSBC Group, in 1985. He took charge of accounting, operations, corporate secretarial work and systems control in the Trust Division before assuming the position of Managing Director in 1990. As MD, he was responsible for growing wealth management services in Asia, India and Middle East. During his 23 years stint with the HSBC Group, he was seconded to work in HSBC's office in Hong Kong and Jersey, Channel Islands. He left to become CEO of SG Trust (Asia) Ltd, a subsidiary of Societe Generale Private Banking, in 2010, a position he held until 2014. He currently provides consultancy advice in the field of global wealth solutions. He is the lead independent director of Bund Centre Investment Ltd and Keong Hong Holdings Limited and an independent director of Emerging Towns & Cities Singapore Ltd.

Mr. Lim holds a Bachelor of Commerce majoring in Accounting and Finance from the University of Newcastle, Australia. He is a fellow member of CPA Australia and the Institute of Singapore Chartered Accountants in addition to being a member of the Society of Trust and Estate Practitioners. He has more than 35 years of experience in the financial, trust and wealth management industry.

MS. LIU MEI LING, RHODA

Independent Director

Ms. Liu was appointed to as an Independent Director on 1 April 2007 and was last re-elected on 28 April 2016. She is a Non-Executive and Independent Director and Chairman of the Audit Committee of three listed companies in other jurisdictions, namely, Modern Beauty Salon Holdings Limited and Fujian Holdings Limited, both companies listed on the Main board of The Stock Exchange of Hong Kong Limited, and Ellipsiz Communications Ltd., a company listed on Venture Capital Market of the Toronto Stock Exchange. Currently, she serves as a Senior Partner at Liu and Wong, CPA.

Ms. Liu is a Member of the Canadian Chartered Professional Accountants, Fellow Practicing Member of the Hong Kong Institute of Certified Public Accountants, Fellow Member of the Taxation Institute of Hong Kong, and Fellow Member of the Hong Kong Institute of Directors. Ms. Liu holds a Bachelor of Art Degree in Finance and Commercial Studies from University of Western Ontario in Canada, Professional Degree in China Law from Tsing Hua University in China, and a Master of Business Administration Degree from McMaster University in Canada.

MANAGEMENT AND EXECUTIVES

MR. LOKE KIM MENG
Chief Operating Officer

Mr. Loke was appointed in October 2017. Previously, Mr. Loke was an Associate Director in Maybank Private Wealth (Malaysia), where he was responsible for managing and advising high net worth clients' investments in different asset classes. He started his career at Mizuho Corporate Bank Ltd (Singapore) Structured Finance division and later DBS Bank Ltd (Singapore) Corporate Banking division. He was also with One Tree Partners Ltd (Singapore), PricewaterhouseCoopers (Malaysia) Corporate Finance team before joining RHB Private Banking (Malaysia). Mr. Loke holds a Bachelor Degree (Hons) in Mechanical Engineering from the University of Bradford, England.

DR. WANG JUE
Head of Oil and Gas

Dr. Wang oversees Mirach Energy's E&P business. She was engaged in various departments in Sinopec and was the head of the production division at the headquarters of Sinopec Group. Prior to this Dr. Wang was the Chief Geologist responsible for oilfield development at a subsidiary of China National Petroleum Corporation ("CNPC"). Dr. Wang was also engaged as a senior technical consultant at Core Laboratories, KJP. She is a Researcher for the China Institute of Strategy Management - National Strategic Research Fund. Dr. Wang graduated from Chengdu College of Geology in 1986 in Petroleum Geology, and obtained her Master's degree in Petroleum Exploration Engineering and Ph.D in Geology from the China University of Geosciences.

MS. CHUNG YIM LING
Finance Director

Ms. Chung joined Mirach Energy Limited as the Finance Director in December 2017. Prior to joining the Group, Ms. Chung was a Senior Consultant of a professional consultancy company in Hong Kong for four years, providing professional services to clients in Hong Kong and overseas. She was the Chief Financial Officer of Star Pharmaceutical Limited (listed in Singapore) for two years. Ms. Chung was a Vice President (Private Banking) of Credit Suisse AG Hong Kong and DBS Bank (Hong Kong) Limited for two years and nine years respectively. Prior to that, Ms. Chung was a Manager of Ernst & Young Hong Kong. Ms. Chung is a member of The Australian Society of Certified Practising Accountants (ASCPA), Hong Kong Institute of Certified Public Accountants (HKICPA), The Association of Chartered Secretaries and Administrators (ACIS) and Hong Kong Institute of Securities (HKSI).

CORPORATE GOVERNANCE

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Mirach Energy Limited (the "Company") and its subsidiaries (the "Group") are committed to maintaining a high standard of corporate governance to ensure greater transparency, to protect shareholders' interests and enhance shareholders' value.

The Group adopts practices based on the Code of Corporate Governance 2018 (the "Code") issued on 6 August 2018. This report describes the Group's corporate governance practices that were in place throughout the financial year ended 31 December 2019 ("FY2019"), with specific reference made to the principles and provisions as set out in the Code and Mainboard Listing manual of Singapore Exchange Securities Trading Limited ("SGX-ST"), where applicable.

It is the objective of the Company to follow all the provisions in the Code. There are certain provisions under the Code where compliance with the requirements may not be feasible or may not be meaningful for the Company at this stage due to various business or operational reasons. In this regard, where the current practices deviate from the Code, alternative approaches are adopted and appropriate explanations are provided accordingly.

(A) BOARD MATTERS

The Board's Conduct of Its Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The primary function of the Board of Directors (the "Board") is to provide effective leadership and direction and work with Management to enhance the long-term value of the Group to its shareholders and other stakeholders.

The Board sets the tone for the Group in respect of ethics, values and desired organisational culture, and also ensures proper accountability within the Group.

The Board has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and performance reviews, key operational initiatives, major funding and investment proposals and corporate governance practices.

In general, the principle duties of the Board include:

1. reviewing and approving corporate strategies, annual budgets and financial plans and monitoring the organisational performance towards them;

2. reviewing the adequacy and integrity of the Company's internal control, risk management systems, and financial information reporting system;

3. establishing a framework of prudent and effective controls which enable risks to be properly assessed and managed, including safeguarding of shareholders' interests and company's assets;

4. identifying the key stakeholder groups and recognise that their perceptions affect the company's reputation;

5. ensuring the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct;

6. approving the nominations to the Board by the Nominating Committee, and endorsing the appointments of management team and/or external auditors;

7. reviewing and approving the remuneration packages recommended by the Remuneration Committee for the Board and key executives;

8. reviewing and approving share options granted under the Mirach Energy Employee Share Option Scheme and Mirach Performance Share Plan;

9. ensuring accurate, adequate and timely reporting to, and communication with shareholders; and

10. considering sustainability issues, e.g. environmental and social factors, as part of its corporate sustainability report formulation.

Matters which are specifically reserved for the Board for approval are key matters such as appointment of directors, appointment of key management personnel, group policies, annual budgets, major acquisitions and disposal of assets not in the ordinary course of business, corporate or financial restructuring exercise, share issuance, declaration or recommendation of dividends, and interested person transactions. Clear directions have been imposed on Management that such matters must be approved by the Board. Apart from the reserved matters as stated above, the Board also approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management so as to optimise operational efficiency.

Directors are required to promptly disclose any conflict or potentially conflict of interest, whether directly or indirectly, in relation to any matters, transactions or proposed transactions with the Group as soon as is practicable after the relevant facts have come to their knowledge. Any Director who has a conflict of interest which is likely to impact his independence or conflict with a subject under discussion by the Board is required to immediately declare his interest to the Board and recuse himself from participating in any discussion and voting on the subject matter.

Directors are constantly kept abreast of developments in the business including changes to laws and regulations, corporate governance, financial reporting standards and industry-related matters that are of relevance to the Group through participation in the relevant training courses, seminars, and workshops conducted by Management and professional advisers. The Company is responsible for arranging and funding the training of directors, where required.

With regard to compliance of Rule 210(5)(a) of the SGX Listing Rule, the Company had registered both Mr. Chen Chengyuan and Mr. Chen Yizhong, the two newly appointed Directors of the Company for Listed Entity Director Programme (Mandarin)" [LEDM] programme organized by Singapore Institute of Directors (SID) on 22 November 2019. However, the LEDM was cancelled due to COVID-19. The Company is looking to re-register the two Directors for the LEDM once SID resumes this programme.

The Executive Chairman, and senior management executives provide new Directors briefings to familiarize them with the Group's business and governance practices to enable them to assimilate into their new roles in the Board. Through the briefing sessions, new Directors are able to get acquainted with the senior management executives, thereby facilitating board interaction and independent access to senior management executives.

In addition to the above, the external and internal auditors of the Group, regularly brief the audit committee members at the latter's meetings on developments in accounting and governance standards, cybersecurity matters, changes in code of corporate governance and listing rules. The Executive Chairman, and senior management executive also update the Board at Board meetings on strategic developments and the current business environment of the property development and agricultural industry, whenever necessary.

The Board has delegated certain functions to various committees, namely the audit committee ("AC"), nominating committee ("NC"), and remuneration committee ("RC") (collectively, the "Board committees"). The Board committees are constituted with clear written terms of reference setting out their compositions, authorities and duties. While the Board committees have the authority to examine and may approve certain matters, the Board committees generally report to the Board with their recommendations for the Board's decisions.

Besides the scheduled Board meetings, the Directors or Independent Directors also meet on an ad-hoc basis as necessary and as and when warranted by particular circumstances. Participation by telephone and video conference at Board and Board committee meetings are allowed under the Constitution of the Company. The Board and Board committees also make decisions by way of written circularized resolutions.

The Directors' attendance at the Board's, the Board committees' and general meetings of the Company held in FY2019 is as below:

	Board Meetings	AC Meetings	NC Meetings	RC Meetings	General Meetings#
No. of meetings held	**4**	**6**	**3**	**1**	**2**
Name of Directors					
Chan Shut Li, William**	4/4	N/A	3/3	N/A	2/2
Chen Chengyuan*	2/2	N/A	N/A	N/A	0/1^
Loo Cheng Guan	4/4	6/6	3/3	1/1	2/2
Liu Mei Ling, Rhoda	4/4	6/6	N/A	1/1	2/2
Lim Jun Xiong, Steven	4/4	6/6	3/3	1/1	2/2
Wee Cheng Kwan	4/4	6/6	N/A	N/A	2/2
Chen Yizhong*	2/2	N/A	N/A	N/A	0/1^

* *Appointed as a Director of the Company on 22 May 2019*

\# *The AGM was held on 29 April 2019 while there was one EGM held 29 October 2019*

^ *They were unable to attend the EGM due to some urgent ad-hoc business meeting scheduled on the same date in China.*

** *Mr Chan was invited to attend all AC meetings and RC meetings.*

The NC assessed each Director's contribution and devotion of time and attention to the Company's affairs, having regarded to his/her attendance at the Directors' meetings, directorship in other listed companies, principle commitments, is of the view that the number of directorships in listed companies and principle commitments are not significant and there were sufficient time and attention to the Company's affairs given by each Director during the course of FY2019.

Each Director's listed company board directorships and principle commitments can be found in the Board of Director section in the Annual Report.

Management recognises the importance of ensuring the flow of information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities. All Board and Board committee papers are distributed to Directors in advance to allow sufficient time for Directors to prepare for the meetings.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, regulatory implications, expected outcomes, conclusions and recommendations.

The Board has at all times separate and independent access to the Management through electronic mail, telephone and face-to-face meetings and may request for any additional information needed at any times to enable them to make informed decisions. Key management, the Company's auditors and external consultants are invited to attend Board and Board committee meetings to update and provide independent professional advice on specific issues, if required.

Should Directors, whether as a group or individually, require professional advice, the Group, upon direction by the Board, shall appoint a professional advisor selected by the Group or the individual, approved by the Chairman, to render the advice. The cost of such service shall be borne by the Group.

Directors have separate and independent access to the Company Secretary. The Company Secretary's responsibilities include among other things, assisting in ensuring that Board procedures are observed and that Company's Constitution, relevant rules and regulations, including requirements of the Securities and Futures Act, Companies Act and Listing Manual, are complied with.

The Company Secretary and/or her representative attend and prepare minutes for all Board and Board committees meetings. The Company Secretary assists the Chairman of the Board and the Chairman of the Board committees in the development of the agendas for their meetings. The appointment and the removal of the Company Secretary are subject to the Board's approval.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent in conduct, character and judgement, and has any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

For the purpose of determining each Independent Director's independence, every Independent Director has provided a declaration on their independence for acting as a Director of the Company based on the requirements under the Code and deliberated upon by the NC and the Board.

With regard to Provision 2.1 of the Code which requires that the independence of any director who has served on the Board beyond 9 years from the date of first appointment be subject to particularly rigorous review, the NC has reviewed the independence of Ms. Liu Mei Ling, Rhoda and Mr. Lim Jun Xiong, Steven who have served on the Board beyond 9 years from the date of their appointment. The NC is of the view that Ms. Liu and Mr. Lim are independent from management or business relationships with the Company or any substantial shareholders. Their long association with the Company and the Board does not impede their independent judgement for the interest of the Company, both of them continue to provide significant and valuable contribution objectively to the Board as a whole.

The NC assessed the independence of each of the Directors in FY2019. After having considered the declarations made by Ms. Liu, Mr. Lim and Mr. Loo Cheng Guan taking into account the independent criteria set out under the Code, determined that the named Directors are independent.

The NC and the Board are aware that the current composition of the Board which comprises 3 Executive Directors and 3 Independent Directors does not meet the requirement of the following provision under Principle 2 of the Code:-

Provision 2.2 – Independent directors make up a majority of the Board where the Chairman is not independent.

The Board is aware that the appointments of the two new Executive Directors in FY2019 would result in the Company not being able to meet the requirement under the said provision. However, the appointments were a business decision of the Group, after taking all relevant commercial and business factors into consideration as the Group was in need of new blood, new ideas and new investment to turn the Company into profitability.

In light of the above, the NC and the Board are of the view it will not be meaningful for the Board to be reconstituted or appoint additional independent director just for the sake of complying with the said provision. The Group needs Mr. Chan Shut Li, William to play his current Executive Chairman role for necessary representation of the Group, as any change in his current role may invite many unnecessary negative perceptions for the Group. The focus of the Group at present is on how to utilize the limited resources available under the present lean corporate and cost structure, and spend the limited time effectively and efficiently on matters that could assist the Group continue to be in business and to exit the SGX Watchlist successfully. The Company is aware of the requirement under provision 2.2 of the Code and will take necessary steps to ensure the provision will be duly complied with when the business and financial position of the Group is more stable and the situation allows.

Notwithstanding the above, the Group is of the view that with Non-executive Directors making up majority of the Board and the appointment of Mr. Loo Cheng Guan as the Lead Independent Director on Board, the Board has the necessary level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Company recognizes that board diversity is an essential element contributing to its sustainable development and strategic success. The Company believes that board diversity augments decision-making and a diverse board is more effective in dealing with organizational changes and less likely to suffer from groupthink.

Despite there being no formal board diversity policy in place, the Board subscribes to the principle that there should be a balance of skill, knowledge, experience and diversity of perspectives appropriate to the Group's business to promote the inclusion of different perspectives and ideas, and mitigate against groupthink.

The NC reviewed the composition of the Board and the Board committees during the course of FY2019 and is of the view that the current Board and Board committees are of appropriate sizes and comprise Directors with appropriate balance and mix of skills, knowledge, experience, gender and age.

The objective of the NC is to assess how to re-constitute the current Board to ensure it meets the requirement of Provision 2.2 of the Code when the business and situation allow.

The Independent Directors, led by Mr. Loo, the Lead Independent Director of the Company met regularly outside the Company without the presence of Management on an informal basis during the course of FY2019, to discuss investment proposals put forward by Management, resumption plan and other matters which require their additional attention. The Lead Independent Director provides feedback to the Executive Chairman of the Board as deemed appropriate.

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board is chaired by Mr. Chan Shut Li, William, Executive Chairman of the Company while Mr. Liu Kaichun is the CEO of the Company during the course of FY2019.

The Executive Chairman and the CEO are not related, hence, there is a clear division of responsibilities to ensure independence, increased accountability and greater capacity of the Board for decision-making and representation.

As announced by the Company on 25 February 2020, Mr. Liu Kaichun resigned as the CEO of the Company and Mr. Chen Chengyuan was appointed in his stead on 1 March 2020.

The Executive Chairman is responsible for:

- leading the Board to ensure its effectiveness;
- managing the Board's business, including supervising the work of the Board committees;
- setting the Board meeting agenda and ensuring the information flow and timing are adequate for discussion of all set agenda items, in particular strategic issues;
- setting the tone of Board discussions to promote open and frank debate and effective decision-making;
- facilitating the effective contribution of Non-Executive Directors;
- ensuring effective communication with shareholders; and
- encouraging constructive relations with the Board and between the Board and Management.

The CEO is responsible for:

- developing the Group's business and operation strategies;
- managing the present businesses of the Group;
- implementing the Board's decisions;
- providing oversight of the commercial, marketing, business development and quality, health, safety, security and environmental functions; and
- managing and overseeing the ongoing debts and corporate restructuring exercise of the Group.

Given that the Chairman is non-independent, the Board has appointed Mr. Loo as the Lead Independent Director of the Company. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC comprises the following three members, two of whom are Independent Directors:-

- Lim Jun Xiong, Steven (NC Chairman and Independent Director)
- Chan Shut Li, William (Executive Chairman)
- Loo Cheng Guan (Lead Independent Director)

The NC is responsible for:

- nomination and re-nomination of Directors of the Company having regard to their contribution, performance, and ability to commit sufficient time and attention to the affairs of the Group, taking into account their respective commitments outside the Group;
- annual determination of the Directors' independence;
- decision of whether or not a Director is able to and has been adequately carrying out his/her duties as a Director;
- review of board succession plans for Directors, and in particular, the appointment and/or replacement of the chairman of the Board, the CEO and key management personnel;
- development and implementation of a process and criteria for evaluation of the performance of the Board, its committees and Directors;
- formal assessment of the effectiveness of the Board as a whole, Board committees and individual Director;
- review of training and professional development programs for the Board and its Directors;
- review and approval of new employment of persons related to the Directors and controlling shareholders and the proposed terms of their employment; and
- appointment and re-appointment of Directors (including alternate Directors, if any).

The Company has no alternate director on its Board.

The NC has put in place a formal process for the selection of new Directors to increase transparency of the nomination process in identifying and evaluating nominees for Directors. The NC leads the process as follows:

- evaluates the balance, skills, knowledge, and experience of the existing Board and the requirements of the Group. In light of such evaluation, the NC determines the role and the key attributes that an incoming director should have;
- after endorsement by the board of the key attributes, the NC taps on the resources of Directors' personal contacts and recommendations of the potential candidates and goes through a short-listing process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed in the search process;
- meets with the shortlisted candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- recommends the most suitable candidate to the Board for appointment as Director.

The NC is responsible for recommending retiring directors for re-election. In its deliberations on the nomination of re-election of existing Directors, the NC takes into consideration the Director's contribution and performance (including his contribution and performance as an Independent Director, if applicable).

The assessment parameters include attendance records and preparedness at meetings of the Board and Board committees as well as the quality of input to matters arising and any other special contribution.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The Company's Constitution provides that one-third of the Directors shall retire from office by rotation and be subject to re-election at the AGM of the Company.

In addition, the Company's Constitution provides that a newly appointed Director by the Board during the financial year must retire and submit himself/herself for election at the next AGM following his/her appointment. Thereafter, he/she is subject to be re-elected at least once every three years.

Pursuant to the Constitution of the Company, both Mr. Chen Chengyuan and Mr. Chen Yizhong who were appointed during FY2019 by the Board shall hold office until, and are subject to election at the next AGM. On the other hand, both Ms. Liu and Mr. Lim are subject to retirement by rotation and are subject for re-election by the shareholders as Director of the Company at the forthcoming AGM.

All the afore-named retiring Directors, being eligible, had offered themselves for election or re-election, as the case may be, as a Director of the Company. The Board is satisfied that the named retiring Directors are qualified for election or re-election by virtue of their skills, experience and their contribution of guidance and time to the Board. Each of the named retiring Directors had abstained from deciding on their own nomination.

Pursuant to Rule 720(6) of the Listing Manual, the information relating to Directors submitting for re-election as set out in Appendix 7.4.1 of the Listing Manual is disclosed in the Supplemental Information section in the Annual Report.

The NC determines annually, and as and when circumstances require, based on a Director's Independence Checklist completed, if a director is independent, having regard to the circumstances or independence criteria set forth in provision 2.1 of the Code. The NC determined that during the course of FY2019, there was no Director whose relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, affect their independence as an Independent Director of the Company. The Board is in accord with the NC's determination.

In determining whether a Director is able to and had been adequately carrying out his/her duties as a Director, the NC also takes into account the results of the assessment of individual Director, and the respective Directors' actual conduct on the Board.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC conducts an annual assessment on the performance of the Board as a whole, the Board committees and individual Directors and takes into account each Director's contribution and devotion of time and attention given to the Company.

This process is conducted using a questionnaire designed to assess the performance of the Board and the Board committees. Individual Directors are assessed on a self-evaluation basis. The responses received from the questionnaires are then tabulated and collated before given to the Chairman of the NC for his review and discussion at the NC meeting. The conclusion of the assessment derived from the consolidated results and recommendations are then presented to the Board for its review and adoption, if deemed necessary.

The Board reviews the evaluation conducted by the NC based on the consolidated results received from the Directors and recommendations put forward by the Directors for improvement of performance and effectiveness of the Board, the Board committees and individual Directors. Following the review, the Board is of the view that the Board, the Board committees and individual Directors performed consistently good and operated effectively for FY2019.

The Directors, led by the NC assessed the performance of the Chairman of the Board for FY2019 at the Board meeting at its meeting held on 27 February 2020.

There was no external consultant involved in the Board evaluation process in FY2019.

The NC performed the following activities in FY2019:-

- reviewed the election and re-election of Directors, and made recommendation to the Board for their approval;
- reviewed the independence of the Independent Directors;
- evaluated the performance and effectiveness of the Board, the Board committees, Individual Directors and the Chairman;
- reviewed the training and professional development programs for the Directors;
- reviewed the current Board size and composition; and
- reviewed matters relating to Board diversity.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the following three members, all of whom are Independent Directors:

- Mr. Loo Cheng Guan (RC Chairman and Lead Independent Director)
- Ms. Liu Mei Ling, Rhoda (Independent Director)
- Mr. Lim Jun Xiong, Steven (Independent Director)

The RC is responsible for ensuring a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No member of the RC is involved in deliberations in respect of any remuneration, compensation, options, or any form of benefits to be granted to him.

The members of the RC carried out their duties in accordance with the terms of reference which include the following:

- review and recommend to the Board for endorsement, a framework of remuneration for the Board and key management personnel which covers all aspect of remuneration, including but not limited to, Director's fees, salaries, allowances, bonuses, grant of shares, and share options and benefits in kind;
- review and recommend to the Board, the specific remuneration packages for each Directors as well as for the key management personnel;
- consult professional consultancy firms where necessary in determining remuneration packages;
- consider the various disclosure requirements for Directors' remuneration and ensure that there is adequate disclosure in the financial statements and annual report to enhance transparency between the Company and relevant interested parties; and
- review all aspects of remuneration of Executive Directors and key management personnel including the Company's obligations arising in the event of termination of their service contracts, to ensure the contracts contain fair and reasonable termination clauses which are not overly generous.

The RC has access to the professional advice of external experts in the area of remuneration, if required.

No remuneration consultants were engaged by the Company in FY2019.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Executive Directors are paid a basic salary and a performance-related bonus linked to the performance of the Company. Key management personnel are paid a basic salary and a performance bonus based on their achievement of key performance indicators ("KPI"). The parameters and targets for KPIs are set on achievement of matters relating to effectiveness and efficiency of resources and achievement of milestones in enabling the Company's business and financial position to grow with objective to have profitability.

The performance-related element of the Executive Directors' and key management personnel's remuneration is designed to align their interests with the interests of shareholders and other stakeholders amidst the current difficult time of the Company.

The RC reviews the remuneration of the Non-executive Directors to ensure the remuneration of the Non-executive Directors of the Company is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.

The RC ensures the Independent Directors are not over-compensated to the extent that their independence may be compromised. None of the Independent Directors have any service contracts with the Company.

The Board concurred with the RC's proposal for Independent Directors' fees for FY2019 and are of the view that the Directors' fees is appropriate and not excessive.

The RC takes into consideration the need to ensure the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long-term.

The remuneration package of Directors and key management personnel includes the following:

(a) *Basic salary*

The basic salary (inclusive of statutory employer contributions like the Central Provident Fund, if applicable) for each Executive Director/key management personnel is recommended by the RC, taking into account the performance of the individual, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable organisations.

(b) *Fees*

The fees paid/payable to Independent Directors take into account factors such as effort and time spent, and responsibilities of these Directors. The remuneration of Independent Directors are submitted for approval at the AGM. Executive Directors do not receive Directors' fees.

(c) *Bonus scheme*

The Group operates a bonus scheme for all employees, including the Executive Directors and key management personnel. The criteria for the scheme is the level of profit achieved from certain aspects of the Group's business activities against targets, together with an assessment of corporate and individual's performance during the year. Bonuses payable to the Executive Directors/key management personnel are reviewed by the RC and approved by the Board to ensure alignment of their interests with those of shareholders.

(d) *Benefits in kind*

Other customary benefits (such as private medical cover, housing, car) are made available as appropriate.

(e) *Service contract*

The notice period for the termination of Executive Directors' service contracts by either party giving not less than 3 months to 6 months' notice to the other.

(f) Mirach Energy Employee Share Option Scheme and Mirach Energy Performance Share Plan

The Remuneration Committee administers the Company's share-based remuneration incentive plans namely, the Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme") and Mirach Energy Performance Share Plan (the "Mirach PSP").

The Group may at its discretion grant options and performance shares to senior executives and Independent Directors of the Group under the Mirach ESOS Scheme and Mirach PSP. Matters relating to the Mirach ESOS Scheme and Mirach PSP were administered by the RC.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The tables below show the breakdown of the remuneration band and fees of each individual Directors and CEO for FY2019:

Name of Directors	Remuneration Band	Salary	Bonus	Fringe Benefits	Directors' Fees	Total
	S$	%	%	%	%	%
Chan Shut Li, William	S$250,000 to below S$500,000	92%	8%	–	–	100%
Chen Chengyuan	Below S$250,000	92%	8%	–	–	100%
Chen Yizhong	Below S$250,000	–	–	–	100%	100%
Liu Mei Ling, Rhoda	Below S$250,000	–	–	–	100%	100%
Lim Jun Xiong, Steven	Below S$250,000	–	–	–	100%	100%
Wee Cheng Kwan	Below S$250,000	–	–	–	100%	100%
Loo Cheng Guan	Below S$250,000	–	–	–	100%	100%

Name of CEO	Remuneration Band	Salary	Bonus	Fringe Benefits	Directors' Fees	Total
Liu Kaichun*	Below S$250,000	92%	8%	–	–	100%

* Appointed on 1 June 2019

There are four top key management personnel (who are not Directors or the CEO) whom the Company considers to be key executives of the Group and its subsidiaries. The aggregate total remuneration for the top four (4) Key Management Personnel (who are not Directors or CEO) is approximately USD393,000 for FY2019.

Name of Key Management Personnel	Remuneration Band	Salary	Bonus	Fringe Benefits	Directors' Fees	Total
Loke Kim Meng	Below S$250,000	86%	14%	–	–	100%
Wang Jue	Below S$250,000	100%	–	–	–	100%
Chung Yim Ling	Below S$250,000	92%	8%	–	–	100%
Low Chiew Leng*	Below S$250,000	100%	–	–	–	100%

* Ms. Low Chiew Leng ceased as Key Management Personnel with effect from 1 November 2019.

There are no employees who are immediate family members of a Director or the CEO or a substantial shareholder of the Company and whose remuneration exceeds S$100,000 in FY2019.

Save for Mr. Chan Shut Li, William, the Executive Chairman who is a substantial shareholder of the Company, there is no employee who is a substantial shareholder of the Company.

Please refer to the "Explanatory Note on Principle 8" on page 27 for the reason why the Company has opted not to disclose the full remuneration of each individual directors and the explanation how the requirements of principle 8 are considered being met by the Company.

The Company did not grant any termination, retirement and post-employment benefits to the Directors, the CEO and the rest of the Key Management Personnel during FY2019.

The RC performed the following activities in FY2019:-

- Reviewing the remuneration packages for employees and key-executives and making recommendation to the Board for approval;
- Reviewing the Directors' fees and making recommendation to the Board for approval; and
- Administering the Mirach ESOS Scheme and Mirach PSP.

(C) ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the governance of risk. It ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board acknowledges that it is responsible for maintaining a sound system of internal control and risk management, but recognises that no cost effective internal control system and risk management will preclude all errors and irregularities. Internal controls and risk management can provide only reasonable and not absolute assurance against material misstatement, losses, human errors, fraud or other irregularities.

Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd was engaged in FY2019 to carry out a review on the agriculture business in Malaysia of the Group and identify the key risks that would impact the achievement of the Group's business objectives and strategies. The Board and the AC also work with the internal auditors, external auditors, and the Management on their recommendations to institute and execute relevant controls to manage the risks identified in the assessment.

The Board received assurance from the Executive Chairman and the Finance Director that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the Group's risk management and internal control systems are adequate and effective as at 31 December 2019.

Based on the internal controls established and maintained by the Group, work performed by the internal auditors, discussions with external auditors, reviews performed by Management and the assurances provided by the Executive Chairman and the Finance Director as stated in the above paragraph, the Board, with the concurrence of the AC, is of the view that the Group's internal controls (including financial, operational and compliance and information technology controls) and risk management systems were adequate and effective for FY2019.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC comprises the following four members. Except for Mr. Wee Cheng Kwan, who is a Non-Executive Director, the other members including the Chairman are Independent Directors:

- Ms. Liu Mei Ling, Rhoda (AC Chairman and Independent Director)
- Mr. Loo Cheng Guan (Lead Independent Director)
- Mr. Lim Jun Xiong, Steven (Independent Director)
- Mr. Wee Cheng Kwan (Non-Executive and Non-Independent Director)

The Chairman of the AC, Ms. Liu Mei Ling, Rhoda, Mr. Lim Jun Xiong, Steven and Mr. Loo Cheng Guan, have recent and relevant accounting or related financial management expertise or experience as follows:-

Ms. Liu is a Member of the Canadian Chartered Professional Accountants, Fellow Practicing Member of the Hong Kong Institute of Certified Public Accountants, Fellow Member of the Taxation Institute of Hong Kong, and Fellow Member of the Hong Kong Institute of Directors. Ms. Liu holds a Bachelor of Art Degree in Finance and Commercial Studies from University of Western Ontario in Canada, Professional Degree in China Law from Tsing Hua University in China, and a Master of Business Administration Degree from McMaster University in Canada.

Mr. Lim holds a Bachelor of Commerce majoring in Accounting and Finance from the University of Newcastle, Australia. He is a fellow member of CPA Australia and the Institute of Singapore Chartered Accountants in addition to being a member of the Society of Trust and Estate Practitioners. He has more than 35 years of experience in the financial, trust and wealth management industry.

Mr. Loo is the managing director of Vermilion Gate Pte Ltd, a boutique merger and acquisition ("M&A") house based in Singapore, with over 25 years of experience in M&A, private equity and corporate finance. His experience in corporate finance and capital markets encompassed primary and secondary equity and debt capital offerings (including IPOs and listings) on the SGX, Bursa Malaysia, Tokyo Stock Exchange and other exchanges. Mr. Loo had also undertaken consultancy in studies of privatization of state-owned entities for the Malaysian and Singapore governments.

The NC and the Board are satisfied that the members of AC have recent and relevant accounting or related financial management expertise and experience to discharge the AC functions.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

The duties of the AC include:

- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

- reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;

- reviewing the assurance from the Executive Chairman and the Finance Director on the financial records and financial statements;

- making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and

- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on.

The AC reviews the independence and objectivity of the external auditors through discussions with the external auditors as well as the non-audit fees awarded to them. An analysis of fees paid in respect of audit and non-audit services provided by breakdown for FY2019 is as follows:-

Audit fees:	US$ 87,000 (2018: US$ 98,000)
Non-audit fees:	US$ Nil (2018: US$ Nil)
Total:	US$ 87,000 (2018: US$ 98,000)

There were no non-audit services rendered by the external auditors in FY2019.

The Group has complied with Rule 712, Rule 715, and Rule 716 of the Listing Manual in the appointment of its auditors. Messrs BDO LLP will retire and will not be seeking re-appointment as the external auditors of the Group at the forthcoming AGM.

In the course of FY2019, the AC carried out the following activities:-

- reviewed the financial statements of the Company and the consolidated financial statements of the Group, and any announcements relating to the Company's financial performance before submission to the Board for approval;
- reviewed interested/related parties transactions;
- reviewed the audit plan and assessed the independence of external auditors;
- reviewed the internal audit plan and the appointment of internal auditors;
- reviewed the nomination of external auditors for re-appointment at AGM and determined their remuneration, and made appropriate recommendations to the Board for approval; and
- met with the external auditors of the Company without the presence of management.

The Group recognises the importance of providing the Board with accurate and relevant information on a timely basis. Management provides the Board with management accounts, operations reviews and related explanations together with the financial statements on a quarterly basis and as the Board may require from time to time. The Audit Committee reviews the financial statements and reports to the Board for approval.

The Board reviews and approves the results before its release. The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters and full financial year are released to shareholders within the timeframe in line with Rule 705 of the Listing Manual. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of the Group's performance, position and prospects.

The AC is kept abreast by the Management, Company Secretaries and the independent auditor of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The Company has adopted a Whistle-Blowing Policy which sets the framework to encourage the reporting in good faith of serious concerns or escalate serious matters on a confidential basis without fear of reprisal, dismissal, or discriminatory treatment. The Whistle-Blowing Policy provides procedures to validate concerns and for investigation to be carried out independently. The employees of the Group are aware of the existence of the Whistle-Blowing Policy as it had been incorporated in the employee's handbook.

The Company has outsourced its internal audit function to Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd. The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the firm for the internal audit function. The internal audit function has access to the Company's documents, records, properties and personnel, including the AC.

The AC has met with the internal and external auditors, without the presence of management, in FY2019.

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Group recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders, are protected.

The Group is committed to providing shareholders with adequate, timely, and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Group strongly encourages shareholder participation during the AGM. Shareholders are able to proactively engage with the Board and management on the Group's business activities, financial performance, and other business-related matters.

The Board believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management personnel, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via SGXNET and published in local newspapers, as well as posted on the corporate website.

The Company's Constitution allows all shareholders to appoint up to two proxies to attend general meetings and vote on their behalf. As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

At the AGM, a member who is a relevant intermediary which provide nominee or custodial services is entitled to appoint more than two proxies to attend, speak and vote at the meeting, so shareholders who hold shares through such intermediary can attend and participate in general meeting as proxies.

The Company conducts poll voting for all proposed resolutions at AGM for greater transparency in the voting process. The total numbers of votes cast for or against the resolutions will also be announced after the meeting via SGXNET.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. Minutes of general meetings are published on the Company's corporate website.

The Company provides for separate resolutions at general meetings on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal.

All the resolutions at the general meetings are single item resolutions.

The Chairman of the Board and the Directors attend all general meetings to address questions and issues raised by shareholders. The external auditors are also present to address any relevant queries from shareholders on the conduct of audit and the preparation and content of the auditors' report. Key management executives are also present at the general meetings to respond to operational questions from shareholders.

The Company does not have a fixed dividend policy in place. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders.

No dividends have been declared or recommended for FY2019, as cash flows are being directed to the Group's various projects.

Engagement With Shareholders

Principle 12: The company communications regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders. The Group believes in regular, effective, and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns.

Material information is disclosed in an adequate, accurate, and timely manner via SGXNET, press release, and corporate website. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Group's interactions with the investing community, a media release or announcement will be released to the public via SGXNET.

The Group's corporate website is the key resource of information for shareholders. In addition to the quarterly financial results materials, it contains a wealth of investor related information on the Group, including investor presentations, annual reports, shares and dividend information and factsheets.

The Group participates in investor seminars and conferences to keep the market and investors apprised of the Group's corporate developments and financial performance. Such engagements provide invaluable insights to the Board and management on investors' views and also help the Group to identify areas of improvement for investor communication.

The Company has in place an investor relations arrangement which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.

The Company's website provides information through which shareholders may contact the Company with questions and the Company may respond to such questions i.e. email questions to the investor relation team.

(E) MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement With Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to work towards sustainable growth. The Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include employees, lenders, investors, clients and regulators / Government.

The Company maintains a current corporate website at http://investor.mirachenergy.com, an email alert function is available to members of public who wish to receive updates on the Company's corporate information and SGXNet announcements.

With the above, the Company hopes to have a good communication and engagement with all its stakeholders.

(F) OTHER CORPORATE GOVERNANCE MATTERS

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

There were no interested person transactions entered into by the Group during the course of FY2019.

Material Contracts

Save for the service agreements entered into between the Executive Directors and the Company, there was no material contract entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholders subsisting as at 31 December 2019.

Dealing In Securities

The Company has adopted an internal code on dealings in securities. Directors and Officers are not allowed to deal in the Company's shares during the periods commencing two weeks before announcement of the Group's quarterly results and one month before the announcement of the Group's full year results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the Officers of the Company are advised not to deal in the Company's securities on short term considerations and are expected to observe the insider trading rules at all times even when dealing in the Company's securities within the permitted trading periods.

Explanatory Note on Principle 8

The full remuneration of each individual director and aggregate of top key management personnel of the Group is not disclosed as the Company believes the disclosure may be prejudicial to its business interests given the sensitivity and confidentiality of remuneration matters. The Remuneration Committee has reviewed the practice of the industry in this regard, weighing the advantages and disadvantages of such disclosure.

The Company is transparent on remuneration policies as it has been disclosed as part of its compliance with Principle 8 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of Executive Directors and key management personnel and the factors taken into account for the remuneration of the Non-executive Directors. The Company has also disclosed the remuneration paid to each Director, the Chairman and the Key Management personnel using bands of S$250,000 for transparency.

The procedure for setting remuneration is clearly disclosed and the relationships between remuneration, performance and value creation are disclosed through the Company's disclosure on its remuneration policies, as well as the disclosed remuneration in bands of no wider than S$250,000 and the breakdown of the components of their remuneration.

The Board is of the view that in light of the above and despite its deviation from Provision 8.1 of the Code, the Company has provided a high level of transparency on remuneration matters, as information on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation has been disclosed in detail in the preceding paragraphs. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and key Management personnel will not be prejudicial to the interest of shareholders and complies with Principle 8 of the Code.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Directors of Mirach Energy Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2019 and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Chan Shut Li, William	
Loo Cheng Guan	
Chen Yizhong	(Appointed on 22 May 2019)
Chen Chengyuan	(Appointed on 22 May 2019)
Liu Mei Ling, Rhoda	
Lim Jun Xiong, Steven	
Wee Cheng Kwan	

3. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

4. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), except as follows:

	Direct interest		Deemed interest	
Name of Director	At beginning of financial year or date of appointment, if later	At the end of financial year	At beginning of financial year or date of appointment, if later	At the end of financial year
Ordinary shares of the Company				
Chan Shut Li, William	18,569,673	18,569,673	-	-
Liu Mei Ling, Rhoda	20,000	20,000	-	-
Wee Cheng Kwan	13,000,000	13,000,000	-	-

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Options and Performance share plan

Mirach Energy Limited has the following share options and share plan:

1. Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme")
2. Mirach Energy Performance Share Plan (the "Mirach PSP")

All share options and share plan are administered by the Remuneration Committee ("RC"), which comprises the following directors:

Loo Cheng Guan (Chairman)
Lim Jun Xiong Steven
Liu Mei Ling, Rhoda

The share options and share plan shall continue to be in force at the discretion of RC, subject to a maximum period of 10 years commencing from its adoption by the shareholders and may continue beyond the stipulated period with the approval of the shareholders by an ordinary resolution passed at a general meeting and of any relevant authorities which may then be required.

5. **Options and Performance share plan** (Continued)

Options

The Mirach ESOS Scheme was approved on 30 July 2014. Under the scheme, non-transferable options to subscribe for ordinary shares in the capital of the Company are granted to eligible executive directors, non-executive directors, controlling shareholders and their associates.

In the 2016, the Company granted 2,960,000 share options under Mirach ESOS Scheme. The Company has not granted any share options under the Mirach ESOS Scheme during the financial year.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Mirach ESOS Scheme as at 31 December 2019 are as follows:

Expiry date / Name	*Options granted during the financial year*	*Aggregate options granted since commencement of plan to end of financial year*	*Aggregate options exercised since commencement of plan to end of financial year*	*Aggregate options expired since commencement of plan to beginning of financial year*	*Aggregate options expired during the financial year*	*Aggregate options outstanding as at end of the financial year*
15 June 2018						
Lim Jun Xiong Steven	-	500,000	-	(500,000)	-	-
Liu Mei Ling, Rhoda	-	500,000	-	(500,000)	-	-
Richard Tan Kheng Swee	-	500,000	-	(500,000)	-	-
Other employees	-	1,460,000	-	(1,460,000)	-	-
		2,960,000[1]	-	(2,960,000)	-	-

[1] These options are exercisable between the periods from 16 June 2017 to 15 June 2018 at the exercise price of US$0.11 if the vesting conditions are met.

Other than as disclosed above, since the commencement of the employee share option plans till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participants have received 5% or more of the total options available under the Mirach ESOS Scheme;
- No options have been granted to directors and employees of the holding company and its subsidiaries;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

5. Options and Performance share plan (Continued)

Performance share plan

Under the Mirach PSP, the award of fully-paid shares will be granted, free of charge, to selected employees and directors of the Company and its subsidiaries, controlling shareholders and their associates with performance targets to be set over a performance period. Subject to the achievement of the prescribed performance targets and upon expiry of the prescribed performance period, either new shares will be allotted and issued or existing shares acquired previously and held as Treasury Shares will be delivered.

In 2016, the company granted 2,940,000 shares under Mirach PSP. The Company has not granted shares under the Mirach PSP during the financial year. The details are as follows:

Date granted / Name	*Share awards granted during the financial year*	*Aggregate share awards granted since commencement of plan to end of financial year*	*Aggregate share awards exercised since commencement of plan to end of financial year*	*Aggregate share awards expired since commencement of plan to beginning of financial year*	*Aggregate share awards expired during the financial year*	*Aggregate share awards outstanding as at end of the financial year*
16 June 2016						
Chan Shut Li, William	-	1,500,000	-	-	(1,500,000)	-
Other employees	-	1,440,000	-	(1,440,000)	-	-
		2,940,000	-	(1,440,000)	(1,500,000)	-

Other than as disclosed above, since the commencement of the Mirach PSP till the end of the financial year:

- No share awards were granted to the controlling shareholders of the Company and their associates;
- No participants have received 5% or more of the total number of shares or awards available under the Mirach PSP;
- No directors and employees of the holding company and its subsidiaries had received 5% or more of the total number of shares or awards available under the Mirach PSP; and
- No share awards have been granted to directors and employees of the holding company and its subsidiaries.

6. Audit committee

At the date of this report, the Audit Committee comprises the following members:

Liu Mei Ling, Rhoda	Chairman and Independent director
Lim Jun Xiong, Steven	Independent director
Loo Cheng Guan	Lead Independent director
Wee Cheng Kwan	Non - Executive director

6. Audit Committee (Continued)

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

(a) Reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
(b) Reviewing at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
(c) Reviewing the assurance from the Executive Chairman and the Finance Director on the financial records and financial statements;
(d) Making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
(e) Reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
(f) Reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
(g) Reviewing the financial statements of the Company and the consolidated financial statements of the Group, and any announcements relating to the Company's financial performance before submission to the Board for approval;
(h) Reviewed interested/related parties transactions;
(i) Reviewed the audit plan and assessed the independence of external auditors;
(j) Reviewed the internal audit plan and the appointment of internal auditors;
(k) Reviewed the nomination of external auditors for re-appointment at AGM and determined their remuneration, and made appropriate recommendations to the Board for approval; and
(l) Met with the external and internal auditors of the Company without the presence of management.

As there was no non-audit service provided by the external auditor to the Group, the AC is satisfied with the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC convened six meetings during the year with full attendance from all members. The AC has also met with the internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

On behalf of the Board of Directors

Liu Mei Ling, Rhoda
Director

Chan Shut Li, William
Director

Singapore
28 August 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Mirach Energy Limited

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Mirach Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Revenue recognition for the agriculture project in Malaysia

As disclosed in Note 21 to the financial statements, the Group reported revenue from contracts with its customers in relation to an agriculture project in Malaysia, which comprised mainly management and advisory services of US$1,652,000, net of reversal of revenue and significant financing component, and sale of reports of US$1,024,000 for the financial year ended 31 December 2019. The revenue recognised accounted for approximately 80% of the Group's revenue for the financial year ended 31 December 2019.

The revenue from these services and sale of reports were recognised by RCL Kelstar Sdn Bhd ("RCL"), the Group's subsidiary in Malaysia, and were related to the agreements entered with customers for the implementation and maintenance of an agriculture project for a period of 50 years. In accordance with the agreements with the customers, RCL will obtain the necessary approvals and license from the relevant authorities and thereafter, the customers can commence the implementation and maintenance of the agriculture project when the use permit is issued by the relevant authorities.

In accordance with the Group's accounting policy, as disclosed in Note 2.15 to the financial statements, revenue from management and advisory services are recognised on a straight-line basis, monthly over the contracted service period and revenue from sale of reports is recognised when the reports are delivered to the customer and all criteria for acceptance have been satisfied at a point in time.

Report on the Audit of the Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

1. Revenue recognition for the agriculture project in Malaysia (Continued)

The agreements with the customers are in substance lease arrangements in accordance with SFRS(I) 16 *Leases* ("SFRS(I) 16") and also contain non-lease components in the form of management and advisory services and the sale of reports to customers which are in the scope of SFRS(I) 15 *Revenue from Contracts with Customers* ("SFRS(I) 15"). Revenue from these services and sale of reports to customers are highly interrelated to the agriculture project and, therefore, should be allocated to the lease and the non-lease components of the agreements based on estimated stand-alone selling prices of these services and sale of reports as required under SFRS(I) 16 and SFRS(I) 15.

We were unable to obtain sufficient appropriate audit evidence in relation to the measurement of revenue for the financial year ended 31 December 2019, regarding the estimated stand-alone selling prices of these services and sale of reports provided to customers in accordance with the requirements of SFRS(I) 15. We were also unable to obtain sufficient appropriate audit evidence to determine the appropriateness of allocation of the transaction prices to the various distinct non-lease components and the lease components in accordance with the requirements of SFRS(I) 16 and SFRS(I) 15. As a result, we were unable to determine whether the revenue recognised from these services and sale of reports for the financial year ended 31 December 2019 were appropriate and whether any adjustments were necessary to the financial statements.

2. Adequacy of expected credit loss allowance of the trade receivables related to the agriculture project

The trade receivables of customers related to the RCL agriculture project included in the consolidated statement of financial position of the Group as at 31 December 2019 amounted to approximately US$3,872,000, net of an expected credit loss allowance of approximately US$74,000. These trade receivables accounted for approximately 69% of the Group's total trade and other receivables as at 31 December 2019.

We were unable to ascertain the adequacy of expected credit loss allowance of these trade receivables as at 31 December 2019. We were also unable to obtain sufficient appropriate audit evidence to assess the reasonableness of the management's credit risk assessment, including the basis of credit terms extended to the related customers, and whether any further loss allowance adjustments were required. As a result, we were unable to determine whether these trade receivables balances were recoverable and whether any adjustments were necessary to the financial statements.

Report on the Audit of the Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

3. Going concern assumption

As disclosed in Note 2.1 to the financial statements, the accompanying financial statements have been prepared on a going concern basis, the validity of which is premised on one of the key assumptions that the operations of the agriculture business is expected to be profitable in 2020 and generate positive cash flows based on the current work plan and progress. Management also expects to collect the outstanding trade receivables from customers of RCL.

Based on the cash flow forecast prepared by management, the Group is significantly dependent on the timely collection of the outstanding trade receivables of RCL to meet its obligations as and when they fall due.

These conditions indicate the existence of material uncertainties that may cast significant doubts on the Group's and Company's ability to continue as going concerns.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves on the validity of the key assumptions used by management as we were unable to assess whether the agriculture business will be profitable as the agriculture project has not commenced commercial operations as at the date of these financial statements and whether trade receivables of RCL were recoverable as described in paragraph (2) above. Consequently, we were unable to conclude whether the use of going concern basis in the preparation of these accompanying financial statements is appropriate.

4. Adequacy of expected credit loss allowance of amounts due from subsidiaries

As disclosed in Note 5 to the financial statements, the Company recorded amounts due from subsidiaries of US$8,713,000, net of an expected credit loss allowance of US$1,668,000 as at 31 December 2019. The amounts due from subsidiaries accounted for approximately 95% of the Company's total current assets as at 31 December 2019. Included in the amounts due from subsidiaries were amounts of approximately US$7,958,000 due from CPHL (HK) Limited ("CPHL") and approximately US$557,000 due from RCL. As CPHL is the immediate holding company of RCL, one of the key assumptions used by management in assessing the recoverability of the amounts due from CPHL and RCL are significantly dependent on the timely collection of the outstanding trade receivables from RCL.

We were unable to ascertain the adequacy of expected credit loss allowance of amounts due from these subsidiaries as at 31 December 2019 as we were unable to obtain sufficient appropriate audit evidence to determine whether the outstanding trade receivables from RCL were recoverable as described in paragraph (2) above. As a result, we were unable to determine whether the amounts due from subsidiaries were recoverable and whether any adjustments were necessary to the financial statements.

Report on the Audit of the Financial Statements (Continued)

Basis for Disclaimer of Opinion (Continued)

5. Equity accounting of an associate in China

As disclosed in Note 9 to the financial statements, on 11 November 2019, the Group acquired 30% equity interest of the share capital of Hu Bei ZeGang Supply-Chain Limited ("Hu Bei ZeGang").

The Group accounted for the investment in the associate using the equity method and recorded share of profits of US$294,000 from this associate in the Group's consolidated statement of comprehensive income for the financial year ended 31 December 2019.

The financial information of associate was prepared in accordance with generally accepted accounting policies in China and audited by another firm of auditors in China. No adjustments have been made by management to comply with SFRS(I). It is not practicable to quantify the effect of realignment to SFRS(I) due to the absence of further information and we were therefore unable to obtain sufficient appropriate audit evidence regarding the financial information for the purpose of equity accounting for the share of the associate's financial results, including whether any adjustments may be necessary to comply with SFRS(I). Consequently, we were unable to conclude whether any adjustments are necessary on the financial information of the associate which had been accounted for by the equity method in the Group's consolidated financial statements.

We were unable to perform any other satisfactory alternative procedures to fulfil the requirements of *Singapore Standard on Auditing 600, Special Considerations – Audit of Group Financial Statements (Including the Work of Component Auditors)* ("SSA 600") and also unable to satisfy ourselves as to whether the audited financial statements of Hu Bei ZeGang were in the form and content appropriate for the purpose of equity accounting for inclusion in consolidated financial statements of the Group for the financial year ended 31 December 2019.

6. Trade and other payables of a subsidiary in Indonesia

The trade and other payables of BUT KSO PT Pertamina EP-Prisma Kampung Minyak ("BUT KSO"), the Group's subsidiary in Indonesia, included in the consolidated statement of financial position of the Group amounted to approximately US$1,692,000 as at 31 December 2019. These trade and other payables accounted for approximately 27% of the Group's total trade and other payables as of 31 December 2019.

The unaudited financial information of BUT KSO were used by management to prepare the consolidated financial statements of the Group as the subsidiary is not required to be audited as disclosed in Note 8 to the financial statements.

We were unable to perform any satisfactory audit procedures to fulfil the requirements of SSA 600 including obtaining external audit confirmations to verify the completeness and validity of these trade and other payables due to the absence of accounting records and creditors contact information as the subsidiary ceased operations in 2017. Consequently, we were unable to satisfy ourselves as to whether any adjustments are necessary on the unaudited financial information of BUT KSO for inclusion in consolidated financial statements of the Group for the financial year ended 31 December 2019.

Report on the Audit of the Financial Statements (Continued)
Basis for Disclaimer of Opinion (Continued)

7. Opening balances

Arising from the matters described in the above paragraphs (1), (2), (4) and (6), we were unable to obtain sufficient appropriate audit evidence to satisfy ourselves whether any adjustments were necessary to the accumulated losses in the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 1 January 2019.

Other Matters

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were audited by another auditor whose report dated 3 April 2019 expressed an unqualified opinion on those financial statements with a Material Uncertainty Related to Going Concern section which draw attention to the material uncertainty with regards to the Group's ability to continue as going concern.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of these financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on the Audit of the Financial Statements (Continued)

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by the subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Adrian Lee Yu-Min.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
28 August 2020

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Current assets					
Cash and cash equivalents	4	1,087	1,575	365	1,314
Amount due from subsidiaries	5	-	-	8,713	7,541
Trade receivables and other receivables	5	4,897	2,759	58	58
Prepayments	6	2,265	1,615	13	14
Total current assets		8,249	5,949	9,149	8,927
Non-current assets					
Trade receivables	5	733	493	-	-
Deposits	7	4,939	4,939	-	-
Investments in subsidiaries	8	-	-	1	1
Investment in associates	9	1,526	1,371	-	-
Bearer plants	10	-	6,170		-
Right-of-use assets	12	238	-	238	-
Deferred tax assets	18	42	-	-	-
Property, plant and equipment	11	62	88	35	56
Total non-current assets		7,540	13,061	274	57
Total assets		15,789	19,010	9,423	8,984
LIABILITIES AND EQUITY					
Current liabilities					
Amount due to subsidiaries	13	-	-	-	2,531
Trade payables and other payables	13	4,253	11,056	152	2,194
Deferred revenue	14	-	341	-	-
Lease liabilities	15	159	-	159	-
Contract deposit	16	420	820	-	-
Contract liabilities	17	15	23	-	-
Income tax payable		1,346	730	-	-
Total current liabilities		6,193	12,970	311	4,725

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019	2018	2019	2018
		US$'000	US$'000	US$'000	US$'000
Non-current liabilities					
Other payables	13	2,014	-	1,720	-
Deferred revenue	14	-	5,829	-	-
Lease liabilities	15	75	-	75	-
Deferred tax liabilities	18	17	11	-	
Total non-current liabilities		2,106	5,840	1,795	-
Capital, reserves and non-controlling interests					
Share capital	19	89,992	86,878	89,992	86,878
Other reserve	20	861	854	59	89
Accumulated losses		(83,859)	(87,615)	(82,734)	(82,708)
Equity attributable to owners of the Company		6,994	117	7,317	4,259
Non-controlling interests		496	83	-	-
Total equity		7,490	200	7,317	4,259
Total liabilities and equity		15,789	19,010	9,423	8,984

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 US$'000	Group 2018 US$'000
Revenue	21	3,344	3,711
Cost of sales	22	(213)	(747)
Gross profit		3,131	2,964
Other operating income	23	4,033	1,579
Staff cost	24	(1,206)	(1,056)
Depreciation	25	(145)	(30)
Expected credit loss on trade and other receivables	5, 25	(184)	-
Impairment loss on investment in an associate	9	(193)	-
Other operating expenses	25	(1,034)	(1,220)
Share of profit of associates, net of tax		300	8
Finance costs		(4)	(8)
Profit before income tax		4,698	2,237
Income tax expense	26	(647)	(580)
Profit for the year		4,051	1,657
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation arising from translation of financial statements of foreign subsidiaries		67	(150)
Items that will not be reclassified subsequently to profit or loss			
Currency translation arising from presentation currency		58	(70)
Total comprehensive income for the year		4,176	1,437
Profit attributable to:			
Equity holders of the Company		3,648	383
Non-controlling interests		403	1,274
		4,051	1,657
Total comprehensive income attributable to:			
Equity holders of the Company		3,763	163
Non-controlling interests		413	1,274
		4,176	1,437
Basic and diluted earnings per share (cents)	27	1.61	0.22

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital US$'000	Merger Reserve (Note 20a) US$'000	Equity and share options reserve (Note 20b) US$'000	Foreign exchange reserve (Note 20c) US$'000	Accumulated losses US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Group								
Balance at 1 January 2019	86,878	763	108	(17)	(87,615)	117	83	200
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	3,648	3,648	403	4,051
Other comprehensive income for the year	-	-	-	115	-	115	10	125
Total	-	-	-	115	3,648	3,763	413	4,176
Issuance of shares arising from placement	3,158	-	-	-	-	3,158	-	3,158
Share issue expense	(44)	-	-	-	-	(44)	-	(44)
Expiration of share options	-	-	(108)	-	108	-	-	-
Balance at 31 December 2019	89,992	763	-	98	(83,859)	6,994	496	7,490

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital US$'000	Merger Reserve (Note 20a) US$'000	Equity and share options reserve (Note 20b) US$'000	Foreign exchange reserve (Note 20c) US$'000	Accumulated losses US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total US$'000
Group								
Balance at 1 January 2018, reported under FRS framework	82,522	763	220	(2,804)	(85,181)	(4,480)	(1,240)	(5,720)
Adjustment from adoption of SFRS(I)	-	-	-	3,019	(3,019)	-	-	-
Balance at 1 January 2018	82,522	763	220	215	(88,200)	(4,480)	(1,240)	(5,720)
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	383	383	1,274	1,657
Other comprehensive income for the year	-	-	15	(235)	-	(220)	-	(220)
Total	-	-	15	(235)	383	163	1,274	1,437
Issuance of shares arising from placement	4,421	-	-	-	-	4,421	-	4,421
Share issue expense	(65)	-	-	-	-	(65)	-	(65)
Share-based compensation expenses	-	-	67	3	-	70	-	70
Expiration of share options	-	-	(194)	-	194	-	-	-
Increase in non-controlling interests due to acquisition of subsidiary	-	-	-	-	-	-	49	49
Disposal or liquidation of subsidiaries	-	-	-	-	8	8	-	8
Balance at 31 December 2018	86,878	763	108	(17)	(87,615)	117	83	200

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital US$'000	Equity and share options reserve (Note 20b) US$'000	Foreign exchange reserve (Note 20c) US$'000	Accumulated losses US$'000	Total US$'000
Company					
At 1 January 2019	86,878	108	(19)	(82,708)	4,259
Loss for the year	-	-	-	(137)	(137)
Other comprehensive income	-	-	78	3	81
Total comprehensive income	-	-	78	(134)	(56)
Issuance of shares arising from placement	3,158	-	-	-	3,158
Share issue expense	(44)	-	-	-	(44)
Expiration share options		(108)	-	108	-
At 31 December 2019	89,992	-	59	(82,734)	7,317
Balance at 1 January 2018, reported under FRS framework	82,522	220	(4,015)	(78,098)	629
Adjustment from adoption of SFRS(I)	-	-	4,026	(4,026)	-
At 1 January 2018	82,522	220	11	(82,124)	629
Loss for the year	-	-	-	(778)	(778)
Other comprehensive income		15	(33)	-	(18)
Total comprehensive income	-	15	(33)	(778)	(796)
Issuance of shares arising from placement	4,421	-	-	-	4,421
Share issue expense	(65)	-	-	-	(65)
Shared-based compensation expenses	-	67	3	-	70
Expiration share options	-	(194)	-	194	-
At 31 December 2018	86,878	108	(19)	(82,708)	4,259

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	US$'000	US$'000
Operating activities		
Profit before income tax	4,698	2,237
Adjustments for:		
Share-based compensation expenses	-	67
Introducer fee expenses	-	316
Finance costs	4	8
Interest income	-	(1)
Depreciation of property, plant and equipment	27	30
Depreciation of right-of-use assets	118	-
Share of profit of associates	(300)	(8)
Expected credit loss on trade and other receivables	184	-
Significant financing component	77	-
Impairment loss on investment in an associate	193	-
Gain arising from reversal of liabilities	(60)	(546)
Gain arising from offset of amounts due from associate and contract deposits	-	(160)
Adjustment to payables and provisions in relation to the oil and gas business	(3,957)	(410)
Unrealised exchange loss/(gain)	148	(68)
Gain on disposal of subsidiary	-	(273)
Utilisation deferred rent liability	(3)	(4)
Operating cash flows before movements in working capital	1,129	1,188
Changes in working capital		
Inventories	-	192
Trade receivables and other receivables and prepayments	(3,289)	(2,656)
Contract liabilities	(8)	23
Trade payables and other payables	308	(559)
Cash used in operations	(1,860)	(1,812)
Interest received	-	1
Income tax paid	(78)	(4)
Net cash used in operating activities	(1,938)	(1,815)
Investing activities		
Payment relating to an asset acquisition	(1,120)	(2,968)
Legal expenses in relation to disposal of subsidiary	-	(3)
Purchases of property, plant and equipment (Note 11)	(1)	(2)
Net cash used in investing activities	(1,121)	(2,973)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group	
	2019	2018
	US$'000	US$'000
Financing activities		
Interest paid	(4)	(9)
Repayment of contract deposit	(400)	-
Payment of lease liabilities	(124)	-
Proceeds from placement in new shares	3,114	4,045
Net cash generated from financing activities	2,586	4,036
Net change in cash and cash equivalents	(473)	(752)
Cash and cash equivalents at beginning of the year	1,575	2,354
Effects of exchange rate changes on the balance of cash held in foreign currencies	(15)	(27)
Cash and cash equivalents at end of the year (Note 4)	1,087	1,575

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Mirach Energy Limited (the "Company") is a public company limited by shares, incorporated and domiciled in the Republic of Singapore with its registered office at 80 Robinson Road, #02-00, Singapore 068898. The Company's registration number is 200305397E.

The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements.

The consolidated financial statements of the Company and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019 were authorised for issue by the Board of Directors on 28 August 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention.

The individual financial statements of each Group entity within the Group are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollar ("US$"), which is different from the Company's functional currency of Singapore Dollar ("S$"). The Group has presented its consolidated financial statements in US$ so that it remains comparable to prior years' presentation.

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

All values are rounded to the nearest thousand (US$'000), except when otherwise indicated.

The preparation of financial statements in compliance with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect on the financial statements are disclosed in Note 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Going concern assumptions disclosure

The Group had cash outflows from operating activities of US$1,938,000 during the year ended 31 December 2019 and had cash and cash equivalents of US$1,087,000 as at 31 December 2019.

Notwithstanding the above, the consolidated financial statements are prepared on a going concern basis on the following assumptions:

- Subsequent to year end, the Company received a partial payment of US$20,000 relating to the receivable from the disposal of a subsidiary in 2018;

- Creditors with outstanding amounts of US$2,014,000 have agreed not to recall this amount before 30 September 2021 unless the cash flow of the Company permits;

- As disclosed in Note 7, the Group expects that the remaining amount of approximately US$1,120,000 (MYR4,500,000) owing to the previous shareholders of RCL Kelstar Sdn. Bhd. that has been recorded in “Trade and other payables” will be settled by the allotment and issuance of new ordinary shares (“Proposed Placement”) in Mirach Energy Limited, to the previous shareholders. The completion of the Proposed Placement with the previous shareholders of RCL is conditional upon the successful and concurrent completion by both previous shareholders, as well as an approval-in-principal (“AIP”) from the Singapore Exchange Securities Trading Limited (“SGX-ST”) for the dealing in and listing of a quotation for the Proposed Placement;

- In relation to the Group’s property and construction business, the construction project in West Malaysia was delayed in 2019 for a considerable amount of time due to a restructuring exercise by the project’s developer. The Group’s subsidiary, Premier Mirach Sdn. Bhd. (“PMSB”), has been in discussion with the relevant parties towards a recovery plan since 2019. The discussions were also 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. On 25 August 2020, PMSB signed a final settlement agreement with the developer. In this aspect, PMSB has made provisions for expected credit losses on its trade and other receivables (including a refundable performance bond) of US$85,000 (equivalent to MYR351,000), as well as a discount on revenue of US$97,000 (equivalent to MYR400,000). It is expected that upon the successful disposal of the project by the developer, the net performance bond and outstanding amounts due from the developer will be recovered in 2020;

- Operations from the agriculture business is expected to be profitable in 2020 and generate positive operating cash flows, based on the current work plan and progress. As disclosed in Note 34(b), RCL Kelstar Sdn. Bhd., has completed the logging activities and successfully obtained the Use Permit on 19 July 2020, for the first block of concession land in relation to the agriculture project in Malaysia. Management expects to collect the outstanding receivables from customers according to the credit terms extended; and

- Any economic outflow from the Group in relation to trade and other payables relating to the termination of the KSO contract for Prisma Kampung Minyak Limited (“PKM”) is remote.

2. **Summary of significant accounting policies** (Continued)

2.1 **Basis of preparation** (Continued)

Going concern assumptions disclosure (Continued)

Based on the above consideration, the Group will be able to meet its obligations as and when they fall due.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

Changes in accounting policies

New standards, amendments and interpretations effective from 1 January 2019

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies, except as detailed below.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the consolidated statement of financial position by recognising a 'right-of-use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

2. **Summary of significant accounting policies** (Continued)

2.1 **Basis of preparation** (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

SFRS(I) 16 *Leases* (Continued)

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Impairment losses on right-of-use assets as at 1 January 2019 have been measured by reference to the amount of any onerous lease provision recognised on 31 December 2018;
- Leases with a remaining term of twelve months from the date of initial application have been accounted for as short-term leases (i.e. not recognised on statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months;
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases.

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to office premises, which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 January 2019. The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 2.31%.

The right-of-use assets on office premises were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group US$'000
Assets	
Right-of-use assets	121
Liabilities	
Lease liabilities	121

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

New standards, amendments and interpretations effective from 1 January 2019 (Continued)

SFRS(I) 16 *Leases* (Continued)

The aggregate lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 and the Group's operating lease commitment as at 31 December 2018 can be reconciled as follows:

	Group US$'000
Operating lease commitment as at 31 December 2018 (Note 32)	9,857
Less: Operating lease in relation to agriculture concession land (Note 32)	(9,674)
Operating lease in relation to office leases	183
Less: Effect of short-term and low value leases	(62)
Weighted average incremental borrowing rate as at date of initial application	2.31%
Lease liability as at 1 January 2019	121

SFRS(I)s and SFRS(I) INT issued but not yet effective

At the date of authorisation of these financial statements, the following SFRS(I)s and SFRS(I) INT that may be relevant to the Group were issued but not yet effective.

		Effective date (annual periods beginning on or after)
SFRS(I) 3	: *Definition of a Business*	1 January 2020
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	: *Definition of Material*	1 January 2020
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	: Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 10 and SFRS(I) 1-28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 17	: *Insurance contracts*	1 January 2021
Various	: *Amendments to References to the Conceptual Framework in SFRS(I) Standards*	1 January 2020

Consequential amendments were also made to various standards as a result of these new or revised standards.

2. **Summary of significant accounting policies** (Continued)

2.1 **Basis of preparation** (Continued)

SFRS(I)s and SFRS(I) INT issued but not yet effective (Continued)

The management anticipates that the adoption of the above SFRS(I)s and SFRS(I) INT, where relevant, in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

2.2 **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be a change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

In the separate financial statements of the Company, investments in subsidiaries and an associate are carried at cost, less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration transferred also includes any contingent consideration measured at the fair value at the acquisition date. Subsequent changes in fair value of contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under SFRS(I) 3 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed.

2. **Summary of significant accounting policies** (Continued)

2.3 Business combinations (Continued)

If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where a business combination involves entities or businesses under common control, it is outside the scope of SFRS(I) 3 and may be accounted for using the pooling of interest method or the acquisition method (when the transaction has substance from the perspective of the reporting entity). The following is an illustrative accounting policy where the pooling of interest method is applied:

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities.
- No goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.4 Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition under common control.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

2. **Summary of significant accounting policies** (Continued)

2.5 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives, on the following bases:

Computer equipment	5 years
Furniture, fittings and office equipment	2 – 5 years
Motor vehicles	5 – 10 years
Oilfield equipment	4 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

2.6 Bearer plants

Bearer plants consist of durian tree sapling in Malaysia.

The tree saplings are stated at cost less accumulated depreciation and impairment, and depreciated over its useful live 50 years upon reaching maturity and bearing agricultural produce. Bearer plants which are not matured are not depreciated as these are not available for use.

The carrying value of the bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the profit or loss when the bearer plant is derecognised.

2.7 Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Associates are initially recognised in the consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is accounted as goodwill and included in the carrying amount of the investment in associate.

2. **Summary of significant accounting policies** (Continued)

2.7 **Associates** (Continued)

Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of comprehensive income. Post-acquisition changes in the Group’s share of net assets of associates and distributions received are adjusted against the carrying amount of the investments.

Losses of an associate in excess of the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate.

Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group’s interest in the associate. Unrealised losses are also eliminated but only to the extent that there is no impairment.

2.8 **Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2. **Summary of significant accounting policies** (Continued)

2.9 Financial instruments

The Group recognises a financial asset or a financial liability in its statements of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

Amortised cost (Continued)

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding prepayment and value-added tax receivables), cash and cash equivalents and deposits in the statements of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities

The Group classifies all its financial liabilities as subsequently measured at amortised cost.

Trade and other payables

Trade and other payables, excluding advances received, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and on hand are subject to insignificant risk of changes in value.

2.11 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

2. **Summary of significant accounting policies** (Continued)

2.11 Provisions (Continued)

General (Continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Decommissioning liability

The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of oil are expensed as incurred.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets.

Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated income statement and other comprehensive income.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated income statement and other comprehensive income as a finance cost. The Group recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

Deferred rent liability

Deferred rent liability arises from the rent free period offered by the landlord. The amount is amortised over to the lease period of the office premise.

2. **Summary of significant accounting policies** (Continued)

2.11 Provisions (Continued)

Provision of reinstatement cost

Provision of reinstatement cost arises from leases of office premises. This cost is based on comparable costs for similar properties necessary to reinstate the premises to its original condition upon the expiration of the tenancy. The reinstatement costs are capitalised as property, plant and equipment and amortised over the lease period.

2.12 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.13 Employee benefits

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in which the related service is performed.

(ii) Employee share option plans

Certain employees of the Company, including directors, receive remuneration in the form of share options and/or shares of the Company as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees for awards granted is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the consolidated income statement, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to consolidated income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in consolidated income statement upon cancellation.

2. **Summary of significant accounting policies** (Continued)

2.13 **Employee benefits** (Continued)

(ii) Employee share option plans (Continued)

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The employee share option reserve is transferred to retained earnings upon expiry of the share options.

2.14 **Leases**

Policy applicable from 1 January 2019

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. Right-of-use assets are depreciated on a straight-line basis over the lease term.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

2. **Summary of significant accounting policies** (Continued)

2.14 **Leases** (Continued)

Policy applicable from 1 January 2019 (Continued)

As lessee (Continued)

(ii) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments).

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

As lessee

Operating lease payments are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.15 **Revenue recognition**

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or services to the customer, which is when the customer obtains control of the good or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Rendering of sales of reports

Revenue is recognised when the reports are delivered to the customer and all criteria for acceptance have been satisfied at a point in time.

2. **Summary of significant accounting policies** (Continued)

2.15 Revenue recognition (Continued)

Rendering of management and advisory services

The Group renders services relating to management and advisory, which are recognised on a straight-line basis, monthly over the contracted service period.

Timber logging activities

The Group entered into a contract for the timber logging activities for Block 1 of land in Gua Musang. The Group will receive a consideration from the subcontractor for the rights to the logging activities and sales of the fell logs. Revenue from the timber logging activities is recognised by reference to the progress report of the logging activity at the end of the financial reporting period. The Group recognises the revenue over time as management determines that it provides a faithful representation.

Property construction and development

The Group entered into a contract for the construction and development project of 213 units single-storey terrace houses in West Malaysia ("First Project"). Revenue from property construction and development is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome can be estimated reliably. The Group satisfies its construction contracts performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction projects as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred. Stage of completion is determined by reference to contract costs incurred for work performed to date as a percentage of estimated total subcontractor costs.

Interest income

Interest income is recognised using the effective interest method.

2.16 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior periods shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and interpretation to applicable tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the reporting period. Management evaluates its income tax provisions on periodical basis.

Current income tax expenses are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. **Summary of significant accounting policies** (Continued)

2.16 Taxes (Continued)

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of assets and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of reporting period. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination.

Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2. Summary of significant accounting policies (Continued)

2.17 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.18 Dividends

Dividends to the Company's equity holders are recognised when the dividends are declared and approved for payment.

2.19 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.20 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the reporting period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

2. **Summary of significant accounting policies** (Continued)

2.20 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components.

The Group determines and presents operating segments based on information that is internally provided to the Group's chief operating decision maker and the Board. All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker and the Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3. **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the consolidated financial statements.

Revenue from sale of reports and management and advisory services in relation to the agriculture business

For the financial year ended 31 December 2019, the Group reported revenues of US$1,024,000 and US$2,593,000 (2018: US$ 220,000 and US$2,657,000) from the sale of reports and management and advisory services respectively from contracts with its customers. These revenues are recognised based on the transfer of the control of the performance obligations to its customers. The determination of performance obligations including the fair values of the considerations received, involved management judgement which may have an impact on the amount of revenue recognised during the year.

Revenue from management and advisory services are recognised on a straight-line basis, monthly over the contracted service period, by reference to the trainings that have been provided to the customers as satisfaction of the performance obligations.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Expected credit loss for trade and other receivables and amounts due from subsidiaries

The Group and Company determined expected credit losses on trade and other receivables from third parties, as well as on amount due from subsidiaries, by making individual assessment of expected credit loss for long overdue receivables and using a provision matrix for remaining receivables that is based on its historical credit loss experience, past due status of the receivables and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors.

The carrying amounts of trade and other receivables and amount due from subsidiaries at the end of the reporting period are disclosed in Note 5 to the financial statements.

Property construction and development

The Group recognised revenue for contracts using a measure depicting performance systematically during the period of project, by reference to timing of transferring control of services to customer.

Significant assumption is required to identify the performance obligations of such contract. The Group has identified that the components of the contract is not distinct within the context of the contract, as the Group performs a significant amount of work to integrate the goods or services with other goods or services promised in the contract and goods or services provided are highly interdependent. Hence the Group has identified that the components in contract revenue represent single performance obligation.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Property construction and development (Continued)

Contract revenue for property construction and development is measured by reference to actual cost incurred to date as a percentage of the total estimated costs for the contract. Significant assumptions are required to estimate the total contract costs. In making these estimates, the Group reviewed the status of the project and is satisfied that the estimates are realistic, and the estimates of total contract costs indicate full project recovery, and relied on experience and knowledge of the project engineers.

The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 17 to the financial statements. If the estimated total contract cost has been 5% higher than management estimate, the carrying amount of the assets and liabilities arising from construction contracts would have been US$4,000 (2018: US$36,000) higher and US$4,000 (2018: US$33,000) higher respectively.

Termination of KSO contract

The Group assesses provisions at the end of each reporting period and adjust to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. The carrying amount of the Group’s trade and other payables in relation to the termination of KSO contract at the end of the reporting period is disclosed in Note 13 to the financial statements.

Impairment of investments in associates

The Group assesses at the end of each reporting period whether there is any objective evidence that its investment in associates is impaired. This is complex and involves the significant use of management’s estimates and assumptions that may be affected by expected future market conditions.

The Group has investments in three associates, CPHL (Cambodia) Co., Ltd (“CPHL (Cambodia)”), Gunung Indah Lestari Limited (“GIL”) and Hu Bei ZeGang Supply-Chain Limited (“Hu Bei ZeGang”). CPHL Cambodia has been fully impaired in FY2016 and there were no indications of impairment for Hu Bei ZeGang. The recoverable amounts of the carrying value of its investment in GIL is determined based on its value-in-use, which was computed based on an estimate of the discounted future cash flows GIL expects to derive. The carrying amount of the Group’s investment in associates at the end of the reporting period is disclosed in Note 9 to the financial statements.

4. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Cash at banks and on hand	1,087	1,575	365	1,314

Cash at banks earn interest at floating rates based on daily bank deposit rates.

The currency profiles of the Group's and Company's cash and cash equivalents are as follows:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
United States Dollar	28	35	3	8
Singapore Dollar	337	1,142	323	1,130
Indonesian Rupiah	2	2	-	-
Chinese Yuan	12	12	-	-
Hong Kong Dollar	580	321	35	172
British Pound	4	3	4	4
Ringgit Malaysia	124	60	-	-
	1,087	1,575	365	1,314

5. Trade receivables and other receivables

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
<u>Current</u>				
Trade receivables				
- From third parties	3,794	1,840	-	-
- From related party	153	95	-	
	3,947	1,935	-	-
Less: Expected credit loss on trade receivables	(179)	(91)	-	-
Less: Exchange realignment on expected credit loss	(2)	-	-	-
	3,766	1,844	-	-

5. **Trade receivables and other receivables** (Continued)

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Current				
Other receivables (third parties)	1,564	1,656	6	8
Deposits	913	548	52	50
Less: Expected credit loss on other receivables	(1,546)	(1,492)	-	-
Less: Exchange realignment on expected credit loss	(1)	-	-	-
Amount due from related parties	197	197	-	-
Value-added tax receivable	4	6	-	-
	1,131	915	58	58
Total current trade and other receivables	4,897	2,759	58	58
Non-current				
Trade receivables (third party)	853	493	-	-
Less: Expected credit loss on trade receivables	(42)	-	-	-
Less: Significant financing component	(77)	-	-	-
Less: Exchange realignment on significant financing component	(1)	-	-	-
	733	493	-	-
Deposits (Note 7)	4,939	4,939	-	-
Total non-current trade and other receivables	5,672	5,432	-	-
Total trade and other receivables	10,569	8,191	58	58
Add: Amount due from subsidiaries	-	-	10,404	7,541
Less: Expected credit loss on amount due from subsidiaries	-	-	(1,668)	-
Less: Exchange realignment on expected credit loss	-	-	(23)	-
	-	-	8,713	7,541
Add: Cash and cash equivalents (Note 4)	1,087	1,575	365	1,314
Less: Value-added tax receivable	(4)	(6)	-	-
Financial assets at amortised costs	11,652	9,760	9,136	8,913

5. Trade receivables and other receivables (Continued)

Trade and other receivables are denominated in the following currencies as at 31 December:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Singapore Dollar	129	122	27	29
Ringgit Malaysia	10,205	7,836	-	-
United States Dollar	197	197	-	-
Chinese Yuan	7	7	-	-
Hong Kong Dollar	31	29	31	29
	10,569	8,191	58	58

Trade receivables

Trade receivables and amounts due from a related party are trade in nature, unsecured, non-interest bearing and are generally on 0 to 730 (2018: 70 to 90) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to US$412,000 as at 31 December 2019 (2018: US$545,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2019	2018
	US$'000	US$'000
Trade receivables past due but not impaired:		
Less than 30 days	-	56
31 - 60 days	-	114
61- 90 days	-	130
91 - 120 days	7	7
More than 120 days	405	238
	412	545

Trade and other receivables that are impaired

The Group determines expected credit losses on trade and other receivables from third parties by making individual assessment of expected credit loss for long overdue trade and other receivables and using a provision matrix for remaining trade receivables that is based on its historical credit loss experience, past due status of the trade and other receivables and adjusted with forward looking assumptions, as appropriate. Management takes into account historical provision trend and other relevant factors.

During the financial year, the Group provided for US$184,000 (2018: US$Nil) of expected credit loss on trade and other receivables. The individual impairment losses of the Group related to several customers who had indicated that they were not likely to repay the outstanding balances mainly due to economic circumstances.

5. **Trade receivables and other receivables** (Continued)

Trade and other receivables that are impaired (Continued)

The allowance matrix is based on actual credit loss experience over the past two years. The expected credit loss computed is derived from historical data and credit assessment includes forward-looking information which management is of the view that customer conditions are representative at the reporting date.

		Past due					
	Current	**1-30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**> 120 days**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
31 December 2019							
Gross carrying amount of trade and other receivables	4,785	-	-	-	10	2,043	6,838
Less: Expected credit loss	(128)	-	-	-	(3)	(1,636)	(1,767)
Less: Exchange realignment on expected credit loss	(2)	-	-	-	-	(1)	(3)
Net carrying amount of trade and other receivables	4,655	-	-	-	7	406	5,068
31 December 2018							
Gross carrying amount of trade and other receivables	1,791	56	114	130	7	1,822	3,920
Less: Expected credit loss	-	-	-	-	-	(1,583)	(1,583)
Net carrying amount of trade and other receivables	1,791	56	114	130	7	239	2,337

Expected credit loss

Movements in the expected credit loss on trade and other receivables are as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
At 1 January	1,583	1,583
Expected credit loss recognised during the financial year (Note 25)	184	-
Exchange realignment on expected credit loss during the financial year	3	-
At 31 December	1,770	1,583

5. **Trade receivables and other receivables** (Continued)

Significant financing component

Significant financing component relates to an adjustment to the consideration charged to a customer in the agriculture business, for the effects of the time value of money due to the credit term extended to this customer of more than 365 days.

Other receivables

Except as disclosed below, other receivables from third parties are non-trade in nature, unsecured, non-interest bearing and are expected to be settled in cash.

Included in the other receivables due from third parties is an amount of US$45,000 (equivalent to MYR184,000) which relates to interest charged by a subcontractor to Premier Mirach Sdn. Bhd. ("PMSB") due to delayed payments as a result of a restructuring exercised, discussed in the Deposits (current) section below, for which PMSB intends to recharge this amount to the developer and hence has accrued for this receivable. In this aspect, PMSB has made a provision for expected credit losses of US$4,000 (equivalent to MYR18,000). It is expected that upon the successful disposal of the project by the developer, the outstanding amounts due from the developer will be recovered in 2020.

Deposits (current)

Included in the deposits are rental deposits amounting to U$51,000, deposits paid to the authorities in relation to the agriculture project in Malaysia amounting to US$360,000 and a refundable performance bond in relation to a construction project in West Malaysia amounting to US$501,000 (equivalent to MYR2,050,000).

As the construction project in West Malaysia, was delayed in 2019 for a considerable amount of time due to a restructuring exercise by the project's developer, the Group's subsidiary, Premier Mirach Sdn. Bhd. ("PMSB"), has been in discussion with the relevant parties towards a recovery plan since 2019. The discussions were also 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. On 25 August 2020, PMSB signed a final settlement agreement with the developer. In this aspect, PMSB has made a provision for expected credit loss of US$50,000 (equivalent to MYR205,000) on its refundable performance bond of US$501,000 (equivalent to MYR2,050,000). It is expected that upon the successful disposal of the project by the developer, the net performance bond will be recovered in 2020.

Amount due from subsidiaries

These amounts are non-trade in nature, unsecured, non-interest bearing, repayable on demand, are to be settled in cash and are denominated in Singapore Dollar. At the end of the reporting period, the Company has assessed its subsidiaries' financial performance to meet the contractual cash flow obligations and recorded a provision for expected credit loss of US$1,668,000 (2018: US$Nil) on amount due from due from subsidiaries.

6. **Prepayments**

Included in the prepayments is an amount of US$2,252,000 (2018: US$1,601,000) which relates to prepaid consultancy fees to provide management and consultancy services in relation to the agricultural project in Malaysia.

7. Deposits

Amounts relate to deposits placed for the acquisition of 70% equity stake in RCL Kelstar Sdn. Bhd. ("RCL") of MYR21,000,000 (approximately US$4,939,000). These deposits are placed with the previous shareholders.

In 2018, the Group has paid an amount of MYR12,000,000 (approximately US$2,968,000) to the previous shareholders and obtained control of RCL. On 18 July 2018, the Group has received the share certificates comprising of 70% shares and obtained control of RCL Kelstar Sdn. Bhd.

In 2019, the Group has paid an additional amount of MYR4,500,000 (approximately US$1,120,000) to the previous shareholders. The remaining amount of MYR4,500,000 (approximately US$1,120,000) recorded in "Trade and other payables" will be settled by the allotment and issuance of new ordinary shares ("Proposed Placement") in Mirach Energy Limited to the previous shareholders. The completion of the Proposed Placement with the previous shareholders of RCL is conditional upon the successful and concurrent completion by both previous shareholders, as well as an approval-in-principal ("AIP") from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the dealing in and listing of a quotation for the Proposed Placement.

Based on the share sale agreement dated 18 July 2018, these deposits paid are refundable from the previous shareholders, if the necessary licenses and permits are not obtained from the relevant authorities for the agricultural project in Malaysia.

8. Investments in subsidiaries

	Company	
	2019	2018
	US$'000	US$'000
Unquoted equity shares, at cost	5,748	5,748
Less: Impairment loss	(5,747)	(5,747)
	1	1

Movements in the allowance for impairment loss are as follows:

	Group	
	2019	2018
	US$'000	US$'000
At 1 January/31 December	(5,747)	(5,747)

8. Investments in subsidiaries (Continued)

The details of the subsidiaries as at 31 December 2019 and 31 December 2018 are as follows:

Name of subsidiaries (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests	
		31 December		31 December	
		2019 %	2018 %	2019 %	2018 %
Held by the Company:					
Petroservice Engineering Inc.[3] (British Virgin Islands)	Provision of technical oilfield and advisory services	100	100	-	-
CPHL (HK) Limited [4] (Hong Kong)	Investment holding	100	100	-	-
Mirach HP Management Pte. Ltd. [1] (Singapore)	Provision of business and management consultancy services	100	100	-	-
Smart Life International Investment Group Co., Ltd [4] (Hong Kong)	Investment holding	100	-	-	-
Held by subsidiaries:					
RCL Kelstar Sdn. Bhd.[2] (Malaysia)	Agriculture project management	70	70	30	30
Premier Mirach Sdn. Bhd.[2] (Malaysia)	Property development and construction	75	75	25	25
Beijing Petroservice Engineering Inc.[5] (Republic of China)	Provision of technical oilfield and enhanced oil recovery services	100	100	100	100
East Energy Inc. Ltd. [4] (Hong Kong)	Investment holding	100	100	-	-
Prisma Kemuning Mandiri Limited [3] (British Virgin Islands)	Investment holding	95	95	5	5
Prisma Lampung Minyak Limited [3] (British Virgin Islands)	Investment holding	97.5	97.5	2.5	2.5
BUT KSO PT Pertamina EP-Prisma Kampung Minyak [3] (Indonesia)	Oil Production	97.5	97.5	2.5	2.5

[1] Audited by BDO LLP
[2] Audited by overseas member firms of the BDO network in the respective countries
[3] Not required to be audited by law in its country of incorporation
[4] Audited by KLC Kennic Lui & Co. Ltd., Hong Kong
[5] Not audited as not material to Group

8. Investments in subsidiaries (Continued)

Acquisition of Smart Life International Investment Group Co., Ltd

On 3 June 2019, the Company entered into an arrangement to acquired full equity interest in Smart Life International Investment Group Co., Limited ("Smart Life"), an incorporated entity in Hong Kong, for a purchase consideration of SGD1. The principal activity of Smart Life is investment holding.

Asset acquisition of RCL Kelstar Sdn. Bhd. ("RCL")

During the previous financial year, a subsidiary of the Company, CPHL (HK) Limited entered into an arrangement to acquire a 70% equity interest in RCL, for a purchase consideration of MYR21 million to participate in an agricultural project in Malaysia. The purchase consideration is refundable to the subsidiary of the Company if the necessary licenses and permits are not obtained from the relevant authorities.

Management concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of RCL and therefore the Group has control over RCL. As such, RCL is a subsidiary of the Group.

The fair value of the identifiable assets and liabilities as at acquisition date were:

	2018 US$'000
Plant, property and equipment	32
Other receivables and deposits	124
Prepayments	1,212
Cash and cash equivalents	1
	1,369
Other payables	(747)
Accrued operating expenses	(406)
Hire purchase obligations	(13)
	(1,166)
Total net identifiable assets at fair value	203
Deposits recognised (Note 7)	4,939
Non-controlling interest measured at non-controlling interest's proportionate share of RCL's net identifiable assets	(62)
	5,080
Consideration transferred for the acquisition of RCL	
Cash paid	2,968
Deferred settlement	2,226
	5,194
Effect of the acquisition of RCL on cash flows	
Total consideration for 70% equity interest acquired	5,194
Less: deferred cash settlement	(2,225)
Less: cash and cash equivalents of subsidiary acquired	(1)
	2,968

8. Investments in subsidiaries (Continued)

Asset acquisition of RCL Kelstar Sdn. Bhd. ("RCL") (Continued)

Transaction costs

Transaction costs related to the asset acquisition of US$76,000 have been recognised in the "Other expenses" line item in the Group's profit or loss for the year ended 31 December 2018.

Other receivables, deposits and prepayments acquired

The fair values of the other receivables, deposits and prepayments acquired approximate their carrying amounts due to their short-term nature.

Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership held by non-controlling interests	Profit/(loss) allocated to NCI during the reporting period	Accumulated NCI at the end of reporting period
		%	US$'000	US$'000
31.12.2019				
RCL Kelstar Sdn. Bhd.	Malaysia	30	436	1,024
Premier Mirach Sdn. Bhd.	Malaysia	25	(93)	(67)
31.12.2018				
RCL Kelstar Sdn. Bhd.	Malaysia	30	528	577
Premier Mirach Sdn. Bhd.	Malaysia	25	(26)	27

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

8. Investments in subsidiaries (Continued)

Summarised financial information about subsidiary with material NCI

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

	RCL Kelstar Sdn. Bhd.		Premier Mirach Sdn. Bhd.	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Current				
Assets	5,970	2,880	918	1,184
Liabilities	(3,349)	(1,821)	(1,186)	(1,077)
Net current assets/(liabilities)	2,621	1,059	(268)	107
Non-current				
Assets	801	6,693	1	1
Liabilities	(6)	(5,829)	-	-
Net non-current assets	795	864	1	1
Net assets/(liabilities)	3,416	1,923	(267)	108

Summarised statement of comprehensive income:

	RCL Kelstar Sdn. Bhd.		Premier Mirach Sdn. Bhd.	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Revenue, net of discount	3,305	2,877	(17)	730
Profit/(loss) before income tax	2,103	2,341	(372)	(104)
Income tax expense	(647)	(580)	-	-
Profit/(loss) after tax – continuing operations	1,456	1,761	(372)	(104)
Other comprehensive income	-	-	-	-
Total comprehensive income	1,456	1,761	(372)	(104)

Other summarised information

	RCL Kelstar Sdn. Bhd.		Premier Mirach Sdn. Bhd.	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Net cash flows from/(used in) operating activities	213	122	(60)	(350)

9. Investment in an associate

The Group's and Company's investments in associates are summarised below:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
CPHL (Cambodia) Co., Ltd				
Investment in associate, at cost at beginning	7,486	7,486	7,486	7,486
Share of post-acquisition reserves	(5,126)	(5,126)	-	-
Unquoted equity share, net	2,360	2,360	7,486	7,486
Less: Impairment	(2,360)	(2,360)	(7,486)	(7,486)
Unquoted equity share, net	-	-	-	-

In the financial year ended 31 December 2015, the Group has fully impaired its investment in CPHL (Cambodia) Co., Ltd. CPHL (Cambodia) Co., Ltd is in the progress of being struck off.

	Group	
	2019	2018
	US$'000	US$'000
Gunung Indah Lestari Limited		
Investment in associate, at cost at beginning	3,000	3,000
Share of post-acquisition reserves	(343)	(349)
Unquoted equity share, net	2,657	2,651
Less: Impairment	(1,473)	(1,280)
	1,184	1,371
Hu Bei ZeGang Supply-Chain Limited		
Investment in associate, at cost at beginning	43	-
Share of post-acquisition reserves	294	-
Exchange realignment	5	
Unquoted equity share, net	342	-
Less: Impairment	-	-
	342	-
Total investment in associates	1,526	1,371

During the financial year, the Group recognised an impairment loss of US$193,000 on its investment in Gunung Indah Lestari Limited ("GIL") as the recoverable amount of the associate is lower than the carrying amount of the investment. The recoverable amount of GIL of approximately US$1,186,000 is determined based on its value-in-use, which was computed based on an estimate of the discounted future cash flows GIL expects to derive. The discount rate of 9.75% used in the computation of the future cash flow was based on the incremental borrowing rate of the subsidiary in Indonesia.

9. Investment in an associate (Continued)

The details of the associates as at 31 December 2019 and 31 December 2018 are as follows:

Name of associate (Country of incorporation and principal place of business)	Principal activities	Proportion of ownership held by the Group 2019	2018
		%	%
Held by the Company:			
CPHL (Cambodia) Co., Ltd [(1)] (Kingdom of Cambodia)	Oil and gas exploration and production	48	48
Held by subsidiaries:			
Gunung Indah Lestari Limited [(1)] (Indonesia)	Investment holding	9	9
Hu Bei ZeGang Supply-Chain Limited [(2)] (People's Republic of China)	E-commerce, trading activities and provision of internet information services	30	-

(1) Not audited as deemed not material to the Group
(2) Audited by Gongshun Accounting Firm, China

The above associates are accounted for using the equity method in these consolidated financial statements. The Group's share of current year's profit from associates is US$300,000 (2018: US$8,000).

Acquisition of Hu Bei ZeGang Supply-Chain Limited

On 11 November 2019, the Group acquired 30% of the share capital of Hu Bei ZeGang Supply-Chain Limited ("Hu Bei ZeGang") for a consideration of RMB300,000 (approximately US$43,000). Hu Bei ZeGang, incorporated in The People's Republic of China, specialises in e-commerce, trading of agriculture products and construction material etc. as well as provision of internet information services.

The following table illustrates the summarised financial information of the Group's investment in Hu Bei ZeGang:

	Hu Bei ZeGang Supply-Chain Limited	
	2019	2018
	US$'000	US$'000
Summarised statement of financial position		
Current and total assets	4,026	-
Current and total liabilities	2,870	-

9. Investment in an associate (Continued)

	Hu Bei ZeGang Supply-Chain Limited	
	2019	**2018**
	US$'000	**US$'000**
Summarised statement of comprehensive income		
Revenue	6,847	-
Profit before tax	1,309	-
Profit after tax	980	-
Other comprehensive income	-	-
Total comprehensive income	980	-
Group's proportion of ownership interest	30%	-
Group's share of associate's profit for the year	294	-

10. Bearer plants

	Group	
	2019	**2018**
	US$'000	**US$'000**
Nursery		
Cost		
Balance at 1 January	**6,170**	**-**
- Tree saplings received	**-**	**6,170**
- Tree saplings returned	(6,170)	**-**
Balance as at 31 December	**-**	**6,170**

The Group entered into three cooperation agreements in 2018. In these agreements, RCL Kelstar Sdn. Bhd. ("RCL") agreed to provide services and to facilitate the respective business partners in the respective cooperation agreements in the operations and development of the agriculture land.

Initially, the consideration for the services rendered by RCL were in the form of service fees and in the form of durian saplings (i.e. bearer plants).

As RCL had received a number of durian saplings in 2018 in connection with the cooperation agreements then signed, the Group had recorded US$6,170,000 of bearer plants in the statement of financial position in 2018 to account for the durian saplings then received.

However, the management in 2019 took the view that having regard to RCL's resources and expertise, it would be more efficient and cost effective from the operational and business point of view, for RCL to receive a percentage from the sale proceeds of the durian fruits in the agriculture land instead of receiving durian saplings as part of the consideration. Accordingly, in 2019, the cooperation agreements that were signed in the previous year were varied in that the durian saplings were "returned" to the business partners of these agreements and the consideration became a service fee and a percentage from the sale proceeds of the durian fruits in the plantation. Thus, as the bearer plants were "returned" to the business partners for the reasons explained above, the bearer plants worth US$6,170,000 were reversed in 2019.

11. Property, plant and equipment

Group	Computer equipment US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Oilfield equipment US$'000	Total US$'000
2019					
Cost					
At 1 January 2019	32	245	58	435	770
Additions	1	-	-	-	1
At 31 December 2019	33	245	58	435	771
Accumulated depreciation and impairment					
At 1 January 2019	30	189	28	435	682
Depreciation charged	1	19	7	-	27
Exchange difference	-	3	(3)	-	-
At 31 December 2019	31	211	32	435	709
Group					
Net carrying amount:					
At 31 December 2019	2	34	26	-	62

11. Property, plant and equipment (Continued)

Group	Computer equipment US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Oilfield equipment US$'000	Total US$'000
2018					
Cost					
At 1 January 2018	30	245	26	435	736
Additions	2	-	-	-	2
Acquisition of subsidiary	-	-	32	-	32
At 31 December 2018	32	245	58	435	770
Accumulated depreciation and impairment					
At 1 January 2018	30	160	26	435	651
Depreciation charged	-	28	2	-	30
Exchange difference	-	1	-	-	1
At 31 December 2018	30	189	28	435	682
Group					
Net carrying amount:					
At 31 December 2018	2	56	30	-	88

11. Property, plant and equipment (Continued)

Company	Computer equipment US$'000	Furniture, fittings and office equipment US$'000	Total US$'000
2019			
Cost			
At 1 January 2019	31	143	174
Additions	-	-	-
At 31 December 2019	31	143	174
Accumulated depreciation			
At 1 January 2019	30	88	118
Depreciation	-	19	19
Exchange difference	-	2	2
At 31 December 2019	30	109	139
Carrying amount			
At 31 December 2019	1	34	35
2018			
Cost			
At 1 January 2018	30	143	173
Additions	1	-	1
At 31 December 2018	31	143	174
Accumulated depreciation			
At 1 January 2018	30	58	88
Depreciation	-	28	28
Exchange realignment	-	2	2
At 31 December 2018	30	88	118
Carrying amount			
At 31 December 2018	1	55	56

12. Right-of-use assets

	Total US$'000
Group and Company	
Cost	
At 1 January 2019	
- Adoption of SFRS(I) 16 (Note 2.1)	121
Additions during the year	237
At 31 December 2019	358
Depreciation charge	(118)
Exchange difference	(2)
At 31 December 2019	238

Upon adoption of SFRS(I) 16 in the current financial year, the Group has recognised right-of-use assets in relation to the rental of office premises in Singapore and Hong Kong, which had previously been classified as operating leases. None of the operating leases that have been recognised at right-of-use assets are secured.

13. Trade and other payables

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
<u>Current</u>				
Trade payables				
- Third parties	1,078	3,420	-	-
Other payables				
- Third parties	1,200	2,381	98	372
- Amount due to a related party	1,100	3,876	-	1,698
- Refundable deposits received for a proposed share placement	-	314	-	-
Provision for reinstatement cost	22	22	22	22
Deferred rent liability	-	3	-	3
Accrued expenses	853	1,040	32	99
Total current trade and other payables	4,253	11,056	152	2,194

13. Trade and other payables (Continued)

	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
<u>Non-current</u>				
Other payables				
- Third parties	294	-	-	-
- Amount due to a related party	1,720	-	1,720	-
Total non-current trade and other payables	2,014	-	1,720	-
Total trade and other payables	6,267	11,056	1,872	2,194
Add: Amount due to a subsidiary	-	-	-	2,531
Add: Contract deposit	420	820	-	-
Add: Lease liabilities (Note 15)	234	-	234	-
Less: Value-added tax payable	(334)	(194)	-	-
Financial liabilities at amortised cost	6,587	11,682	2,106	4,725

Trade and other payables are denominated in the following currencies as at 31 December:

	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
Singapore Dollar	110	464	129	454
Indonesian Rupiah	-	686	-	-
Ringgit Malaysia	2,404	2,969	1	9
United States Dollar	3,678	6,892	1,719	1,700
Chinese Yuan	6	6	-	-
Hong Kong Dollar	69	39	23	31
	6,267	11,056	1,872	2,194

Trade payables are unsecured, non-interest bearing, be settled in cash and are normally settled on 60-days term.

Other payables to third parties are non-trade in nature, unsecured, non-interest bearing, repayable on demand and are to be settled in cash. Included in the other payables is an amount of US$294,000 that one creditor has agreed not to recall before 30 September 2021. As such, this amount has been classified as non-current as at 31 December 2019.

Included in trade and other payables are amounts relating to the termination of the KSO contract for Prisma Kampung Minyak Limited ("PKM") of US$Nil (2018: US$3,957,000). These amounts include billings from subcontractor, accruals and provisions in relation to the KSO contract. Based on independent legal opinions on the Group's contractual obligations that were obtained during the year, the Group wrote back an amount of US$3,957,000.

13. Trade and other payables (Continued)

Amounts due to related parties are non-trade in nature, unsecured, non-interest bearing, repayable on demand and is to be settled in cash. Included in the amounts due to related parties is an amount of US$1,720,000 that one related party has agreed not to recall before 30 September 2021. As such, this amount has been classified as non-current as at 31 December 2019.

Amount due to a subsidiary is non-trade in nature, unsecured, non-interest bearing, repayable on demand, is to be settled in cash and is denominated in Singapore Dollar.

14. Deferred revenue

Deferred revenue relates to the fair value adjustment of durian tree saplings received as part of the revenue contract with customers signed in the prior year for the agricultural project in Malaysia. The revenue has been deferred in the previous financial year as the Group has not obtained the necessary licenses and permits from the relevant authorities.

In 2019, as the durian tree saplings have been returned (Note 10), the corresponding deferred revenue has been reversed.

15. Lease liabilities

	Office premises US$'000
2019	
Group and Company	
At 1 January 2019	
- Adoption of SFRS(I) 16 (Note 2.1)	121
Additions	237
Interest expense	4
Lease payments	
- Principal portion	(123)
- Interest portion	(4)
Exchange difference	(1)
At 31 December 2019	234

15. Lease liabilities (Continued)

The maturity analysis of lease liabilities of the Group at each reporting date are as follows:

	Group 2019 US$'000
Contractual undiscounted cash flows	
- Not later than a year	162
- Later than one year but not later than five years	76
	238
Less: Future interest expense	(4)
Present value of lease liabilities	234

The currency profiles of lease liabilities of the Group are as follows:

	Group 2019 US$'000
Singapore Dollar	41
Hong Kong Dollar	193
	234

The weighted average incremental borrowing rate applied to the finance lease liability was 2.31%.

All of the Group's lease liabilities are unsecured.

16. Contract deposit

On 29 April 2016, the Group entered into a contract with a service provider to jointly manage the Kampung Minyak Oil block ("KM") and the Sungai Taham – Batu Keras – Suban Jeriji Block ("ST-BK-SJ") from 1 May 2016 to 31 December 2019 (3 years and 8 months). The Group is relying on the contracted service provider's technical expertise to increase the production volume in both blocks through the reactivation of at least 30 old wells.

The key items are:

1) The contracted service provider will pay the Group 3 tranches of contract deposits totalling US$6 million – US$3million (already received in year 1); US$2 million in Year 2; US$1 million in Year 3.
2) The Group commits to fund US$560,000 monthly (from June/July2016 to December 2018) and US$360,000 monthly (from January 2017 onwards till December 2019) for the operation of both blocks.
3) The Group will pay a net monthly management fee of US$40,000 to the contracted service provider.
4) Depending on the production volume, the contract deposits will either be:

    (i) Fully converted into shares in a subsidiary and an associate; or
    (ii) Partially converted into the shares in a subsidiary and an associate with the remaining to be refunded to the contracted service provider; or
    (iii) Fully refunded to the contracted service provider.

In 2017, the Group terminated the services provided by the contract service provider due to the cessation of production in one of the blocks. As a result, the deposits relating to Years 2 and 3 have been written off.

As at 31 December 2019, the outstanding contract deposits amounted to US$420,000 (2018: US$ 820,000). The remaining US$420,000 is expected to be repaid within the next 12 months.

17. Contract liabilities

Information about receivables and contract liabilities from contracts with customers in the property construction and development segment is disclosed as follows:

	Group	
	2019	2018
	US$'000	US$'000
Receivables from contract with customers	441	600
Contract liabilities	15	23

The Group has not recognised any impairment losses on receivables arising from contracts with customers.

Contract liabilities primarily relate to the Group's obligation to transfer goods and services to customers for which the Group has received advances from customers for construction services provided. Contract liabilities are recognised as revenue as the Group performs under the contract.

18. Deferred tax assets/liabilities

	Group			
	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets				
Unrealised foreign exchange loss	5	-	(5)	-
Provision for expected credit loss	18	-	(18)	-
Significant financing component	19	-	(19)	-
	42			
Deferred tax liabilities				
Differences in depreciation	(17)	(11)	6	-
Exchange realignment			1	-
Deferred tax expense (Note 26)			(35)	-

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately US$2,513,000 (2018: US$1,746,000) which have no expiry date. These tax losses are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability.

The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Unrecognised temporary differences relating to investments in subsidiaries and associates

At the end of the reporting period, no deferred tax liability (2018: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries and associates as there are no overseas subsidiaries and associates with distributable earnings that will be subjected to tax.

19. Share capital

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		Share capital	
	'000	'000	U$'000	US$'000
Issued and paid up:				
At 1 January and 31 December	203,053	142,815	86,878	82,522
Issued during the financial year	28,562	56,000	3,158	4,110
Issuance of introducer shares	-	4,238	-	311
Share issue expense	-	-	(44)	(65)
At 31 December	231,615	203,053	89,992	86,878

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and have no par value.

On 6 July 2018, the Company allotted and issued a total of 56,000,000 new ordinary shares at an issue price of SGD0.10 per share for a new placement. On 6 August 2018, the Company further allotted and issued a total of 4,238,640 new ordinary shares at an issue price of SGD$0.10 per share as introducer shares as part of the placement in July 2018.

On 5 March 2019, the company allotted and issued a total of 28,562,000 new ordinary shares at an issue price of SGD0.15 per share.

20. Other reserves

(a) Merger reserve

The merger reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of shares acquired in respect of the acquisition of subsidiaries accounted for under the "pooling of interests" method of accounting in prior years.

(b) Equity and share options reserve

The equity and share options reserve represents the fair value of share options measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

(c) Foreign exchange reserve

The foreign exchange reserve represents exchange differences arising from the translation of the results and financial position of the Company into the presentation currency, and the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

21. Revenue

Disaggregation of revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- enable users to understand the relationship with revenue segment information provided in Note 30 to the financial statements.

	Group			
Segments	**Agriculture**	**Property construction and development**	**Management services**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Type of goods and services				
2019				
Timber logging activities	630	-	-	630
Sale of reports	1,024	-	-	1,024
Management and advisory services	2,593	-	56	2,649
Less: Reversal of revenue due to cancellation of agreement	(864)	-	-	(864)
Less: Significant financing component (Note 5)	(77)			(77)
Construction services	-	79	-	79
Less: Discount	-	(97)	-	(97)
	3,306	(18)	56	3,344
2018				
Sale of reports	220		-	220
Management and advisory services	2,657	-	104	2,761
Construction services	-	730	-	730
	2,877	730	104	3,711
Timing of transfer of goods and services				
2019				
At a point in time	1,024	-	56	1,080
Over time	2,282	(18)	-	2,264
	3,306	(18)	56	3,344
2018				
At a point in time	220	-	104	324
Over time	2,657	730	-	3,387
	2,877	730	104	3,711

21. Revenue (Continued)

Reversal of revenue due to cancellation of agreement in relation to the agriculture segment

During the financial year, there was a US$864,000 reversal of revenue due to a cancellation of contract. RCL Kelstar Sdn. Bhd. ("RCL") had successfully secured new customers in relation to its agriculture project in Malaysia and one of the customers ("Customer A") had expressed interest in two adjacent parcels of the concession land, one of which had been previously allocated to another manager ("Customer B") in 2018. RCL held discussion with Customer B, proposing to reallocate Customer B with another parcel of the concession land equivalent in size. However, Customer B declined the reallocation and preferred the cancellation of the cooperation agreement entered into with RCL. As RCL had successfully secured Customer A to take over the parcel of land together with another adjacent parcel, RCL considered the whole act to be a good commercial decision and was agreeable to cancel the cooperation agreement.

Discount given in relation to the property construction and development segment

In relation to the Group's property and construction business, the construction project in West Malaysia was delayed in 2019 for a considerable amount of time due to a restructuring exercise by the project's developer. The Group's subsidiary, Premier Mirach Sdn. Bhd. ("PMSB"), has been in discussion with the relevant parties towards a recovery plan since 2019. The discussions were also 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. On 25 August 2020, PMSB signed a final settlement agreement with the developer. In this aspect, PMSB has made provisions for a discount on revenue of US$97,000 (equivalent to MYR400,000). It is expected that upon the successful disposal of the project by the developer, the outstanding amounts due from the developer will be recovered in 2020;

22. Cost of sales

	Group	
	2019	**2018**
	US$'000	**US$'000**
Consultancy fees	58	89
Subcontractor costs (cost of projects including labour costs and other direct costs)	155	658
	213	747

23. Other operating income

	Group	
	2019	2018
	US$'000	US$'000
Gain arising from reversal of liabilities	60	546
Adjustment to payables and provisions in relation to the termination of oil and gas (Note 13)	3,957	410
Gain arising from offset of amounts due from associate and contract deposits	-	160
Gain on disposal or liquidation of subsidiaries	-	273
Service fee income	-	120
Foreign exchange gain, net	-	40
Others	16	30
	4,033	1,579

24. Staff cost

	Group	
	2019	2018
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonus	1,145	933
Central Provident Fund contributions	47	46
Share-based payments	-	67
Other short-term benefits	14	10
	1,206	1,056

Employee share option plan

The Mirach ESOS Scheme was approved on 30 July 2014 under which options to subscribe for the Company's ordinary shares have been granted to selected employees and directors of the Company and its subsidiaries (including non-executive directors) and controlling shareholders and/to their associates.

There was no expense (2018: US$19,000) recognised in the statement of comprehensive income granted under Mirach ESOS Scheme during the financial year. The weighted average fair value of options granted in 2016 was US$0.098. No new option was granted from 2017 to 2019. These options have expired in 2018. No options were exercised during the financial year (2018: Nil).

Performance shares

The Company has a performance share plan known as Mirach Performance Share Plan ("Mirach PSP"). Under the terms of Mirach PSP, the award of fully-paid shares will be granted, free of charge, to selected employees, directors of the Company and subsidiaries, controlling shareholders and their associates with performance targets to be set over a performance period. Subject to the achievement of prescribed performance targets and upon expiry of the prescribed performance period, either new share will be allotted and issued or existing shares acquired previously and held as Treasury Shares will be delivered.

24. Staff cost (Continued)

Performance shares (Continued)

There was no expense (2018: US$48,000) recognised in the consolidated income statement granted under Mirach PSP during the financial year. No PSP shares that were granted under this plan had vested at the end of the reporting period (2018: Nil). During the financial year, 1,500,000 PSP shares have expired.

25. Other operating expenses

The following items have been included in arriving at the other operating expenses:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Audit fees:		
- Auditors of the Company	77	84
- Other auditors	10	14
Depreciation of property, plant and equipment (Note 11)	27	30
Depreciation of right-of-use assets (Note 12)	118	-
Expected credit loss on trade and receivables (Note 5)	184	-
Operating lease expense	-	172
Legal and other professional fees	59	146
Foreign exchange loss, net	111	-
Consultancy fee	506	248

26. Income tax expense

	Group	
	2019	**2018**
	US$'000	**US$'000**
Current income tax		
- Current income tax	682	580
Deferred tax		
- Current deferred tax	(38)	-
- Under provision in respect of prior years	3	-
Income tax expense recognised in the statement of comprehensive income	647	580

26. Income tax expense (Continued)

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Profit before income tax	4,698	2,237
Tax at the domestic rates applicable to profits in countries where the Group operates	474	605
Adjustments:		
Effect of income that is exempt from taxation	(535)	(312)
Effect of expenses that are not deductible in determining taxable profit	540	138
Deferred tax assets not recognised	165	149
Under provision of deferred tax in respect of prior years	3	
Total income tax expense	647	580

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The statutory rate of Singapore, Hong Kong, Indonesia and Malaysia are 17%, 16.5%, 25% and 24% respectively.

27. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2019	**2018**
	US$'000	**US$'000**
Profit for the year attributable to owners of the Company	3,648	383
Weighted average number of ordinary shares for basic and diluted earnings per share computation	203,053	142,814
Effect of dilution on issuance of shares arising from placement	23,632	29,182
Weighted average number of ordinary shares for diluted earnings per share computation	226,685	171,996
Basic earnings per share (cents)	1.61	0.22
Diluted earnings per share (cents)	1.61	0.22

Basic earnings per share are calculated by dividing the profit for the year attributable to the owners of the parent by the weighted average number of ordinary shares in issue of 203,053,000 (2018: 142,814,000) during the financial year.

Basic and diluted earnings per share are the same as the Group does not have dilutive potential ordinary shares.

28. Dividends

The Company did not recommend any dividend in respect of the financial years ended 31 December 2019 and 2018.

29. Significant related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(i) A subsidiary, RCL Kelstar Sdn. Bhd., entered into a revenue contract with a related party in the prior year. The sale of reports and management and advisory services provided to this related party in the current year have generated approximately US$Nil (2018: US$996,000) of revenue.

(ii) A subsidiary of the Group, Mirach HP Management Pte. Ltd. provided management service amounting to US$56,000 (2018: US$104,000) to a related party of the Group.

(iii) In relation to management services rendered during the year, the Company charged and/or accrued for management fees amounting to US$671,000 (2018: US$322,000) to three subsidiaries of the Group, RCL Kelstar Sdn. Bhd, Mirach HP Management Pte. Ltd. and Premier Mirach Sdn. Bhd..

Related companies are subsidiaries and associates of Mirach Energy Limited and its subsidiaries.

(b) Compensation of key management personnel

	Group	
	2019	2018
	US$'000	US$'000
Short-term employee benefits	893	635
Central Provident Fund contributions	23	13
	916	648
Comprise amounts paid to:		
Directors of the Company	523	351
Other key management personnel	393	297
	916	648

There are no outstanding balances with related parties and key management personnel or their immediate family members.

30. Segment information

Services from which reportable segments derive their revenues

Operating segments are reported in a manner consistent with the internal reporting provided to management who is responsible for allocating resources and assessing performance of the operating segments. Segment revenue and segment results are also measured on a basis that is consistent with the internal reporting.

The Group business was organised into oilfield services and oil exploration and oilfield development segments. During the year of 2018, the Group had entered into a new business ventures relating to property construction development and agriculture.

For management purposes, the Group is organised into business units based on their products and services and has three reportable segments as follows:

I. Oilfield services segment is provision of oilfield services and sale of hardware products and equipment.

II. Oil exploration and oilfield development segment involves petroleum operations in an offshore area of Cambodia and Indonesia.

III. Property construction and development segment involves the construction and development of properties in Malaysia.

IV. Agricultural segment involves the cultivation of durian plantations in Malaysia.

V. Management services segment involves the provision of management services in Singapore.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) are managed on a group basis and are not allocated to operating segments,

Inter-segment transactions are eliminated.

30. Segment information (Continued)

Information regarding the Group's reportable operating segments are presented in the tables below:

	Oilfield services		Oil exploration and oilfield development		Property construction and development		Agriculture		Management services		E-commerce		Adjustments		Note	Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		2019	2018
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Revenue:																	
External customers	-	-	-	-	(18)	730	3,306	2,877	56	104	-	-	-	-		3,344	3,711
Inter-company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	A	-	-
Total revenue	-	-	-	-	(18)	730	3,306	2,877	56	104	-	-	-	-		3,344	3,711
Interest income	-	-	-	-	-	1	-	-	-	-		-	-	-		-	1
Finance costs	-	-	-	-	-	-	-	-	-	-		-	(4)	(8)		(4)	(8)
Depreciation	-	-	-	-	-	-	(5)	(2)	-	-	-	-	(140)	(28)		(145)	(30)
Share of profit of associates	-	-	6	8	-	-	-	-	-	-	294	-	-	-		300	8
Expected credit loss on trade and other receivables	-	-	-	-	(85)	-	(73)	-	(26)	-	-	-	-	-		(184)	-

30. Segment information (Continued)

	Oilfield services		Oil exploration and oilfield development		Property construction and development		Agriculture		Management services		E-commerce		Adjustments		Note	Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		2019	2018
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000		US$'000	US$'000
Significant financing component	-	-	-	-	-	-	(77)	-	-	-	-	-	-	-		(77)	-
Impairment loss on investment in associate	-	-	(193)	-	-	-	-	-	-	-	-	-	-	-		(193)	-
Gain on liquidation of subsidiary	-	273	-	-	-	-	-	-	-	-	-	-	-	-		-	273
Other non-cash items:																	
- Adjustment to payables and provisions in relation to the oil and gas business	-	-	3,957	410	-	-	-	-	-	-	-	-	-	-		3,957	410
- Gain arising from reversal of liabilities	50	-	-	-	-	-	-	-	-	-	-	-	10	546		60	546
- Introducer fee expense	-	-	-	-	-	-	-	-	-	-	-	-	-	(314)		-	(314)
- Gain arising from offset of amounts due from an associate and contract deposits	-	160	-	-	-	-	-	-	-	-	-	-	-	-		-	160
Segment (loss)/profit	(3,494)	211	3,957	405	(372)	(104)	1,456	1,761	(76)	(26)	294	-	2,286	(590)	A	4,051	1,657
Investment in associates	-	-	1,186	1,371	-	-	-	-	-	-	340	-	-	-		1,526	1,371
Additions to non-current assets	-	-	-	-	-	-	-	6,693	-	-	-	-	238	4,939	B	238	11,632
Segment assets	223	223	16	16	919	1,185	6,771	9,573	138	104	340	-	7,382	7,909	C	15,789	19,010
Segment liabilities	714	1,164	1,866	5,824	420	399	2,648	7,020	4	10	43	-	2,604	4,393	D	8,299	18,810

30. Segment information (Continued)

Notes:

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A The following are added to/(deducted from) segment income statement to arrive at "Profit before income tax" presented in the consolidated income statement:

	2019 US$'000	2018 US$'000
Depreciation and amortisation	(140)	(28)
Unallocated corporate income/(expenses)	2,426	(562)
	2,286	(590)

B Additions to non-current assets consist of additions to deposits

C The following items are added to segment assets to arrive at total assets reported in the statement of financial position:

	2019 US$'000	2018 US$'000
Property, plant and equipment	35	56
Cash and cash equivalents	908	1,463
Others	6,439	6,390
	7,382	7,909

D The following items are added to segment liabilities to arrive at total liabilities reported in the statement of financial position:

	2019 US$'000	2018 US$'000
Other payables	2,505	4,271
Accrued operating expenses	99	122
	2,604	4,393

30. Segment information (Continued)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Revenue		Non-current assets	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Geographical segments				
Malaysia	569	3,607	5,672	11,634
China	3,639	-	-	-
Singapore	(864)[1]	104	300	56
	3,344	3,711	5,972	11,690

[1] The revenue is negative as a result of a reversal of revenue due to cancellation of agreement in relation to the agriculture segment, as disclosed in Note 21.

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, trade receivables, deposits and bearer plants.

Information about major customers

Revenue mainly comprises of 3 (2018: 3) customers from the agriculture segment amounting to US$4,269,000 (2018: US$2,877,000).

31. Financial instruments, financial risks and capital risks management

The Group's activities expose it to credit risks, market risks (including foreign currency risks and interest rate risks) and liquidity risks. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

Risk management is carried out by the Board and periodic reviews are undertaken to ensure that the Group's and Company's policy guidelines are complied with. There has been no significant change to the Group's and Company's exposure to these financial risks or the manner in which it manages and measures the risk.

There have been no changes to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

31. Financial instruments, financial risks and capital risks management (Continued)

(a) Categories of financial instruments

The following sets out the financial instruments at the end of financial year:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Financial assets				
Financial assets carried at amortised cost (Note 5)	11,652	9,760	9,136	8,913
Financial liabilities				
Financial liabilities carried at amortised cost (Note 13)	6,587	11,682	2,106	4,725

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and Company. The Group and Company place their cash and cash equivalents with creditworthy institutions. The Group has adopted policies and procedures in extending credit terms to customers and in monitoring credit risk. Credit exposure is controlled by the counterparty limits that are reviewed and approved by management.

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect group of counterparties whose aggregate credit exposure is significant in relation to the Group's and Company's total credit exposure.

As at the end of the reporting period, the Group has 3 (2018: 3) major customer which accounted for 72% (2018: 67%) of the net trade receivable balances.

The Company has no concentration of credit risk other than the trade and other receivables and amount due from subsidiaries as disclosed in Note 5.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 5 (Trade and other receivables).

31. Financial instruments, financial risks and capital risks management (Continued)

(b) Credit risk (Continued)

Non-trade amounts due from third parties

The Group has assessed credit risk for non-trade amounts due from third parties based on 12-month expected loss basis which reflects the low credit risk of the exposures. The management is of the view that the amount of the allowance on remaining balances is insignificant.

Non-trade amounts due from subsidiaries

Management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. Management monitors and assess at each reporting date on any indicator of significant increase in credit risk on the amount due from the respective subsidiaries, by considering their performance ratio and any default in external debts. At the end of the reporting period, the Company has assessed its subsidiaries' financial performance to meet the contractual cash flow obligations and is of the view that expected credit loss allowance is US$1,668,000 (2018: US$Nil) for non-trade amounts due from subsidiaries.

Cash and cash equivalents

The cash and cash equivalents are held with reputable financial institutions with good credit ratings. The Board of Directors monitors the credit ratings of counterparties regularly. Impairment on cash and cash equivalents has been measured on the 12-month expected loss model. At the reporting date, the Group and the Company did not expect any credit losses from non-performance by the counterparties.

(c) Foreign exchange risk

The Group has minimal transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily US$, Singapore Dollar (S$), Indonesia Rupiah (IDR), Hong Kong Dollar (HKD) and Ringgit Malaysia (MYR). The foreign currencies in which these transactions are denominated are mainly in US$, IDR and MYR. The Group's trade receivables are denominated in US$. The Group's foreign operations are managed primarily through the engagement of services and purchases denominated in respective functional currencies of the foreign subsidiaries.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group uses foreign currency denominated assets and natural hedge against its foreign currency denominated liabilities. It is not the Group's policy to enter into derivative forward foreign exchange contracts for hedging or speculative purposes.

31. Financial instruments, financial risks and capital risks management (Continued)

(c) Foreign exchange risk (Continued)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities (including advances to foreign operations within the Group) denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Group				
Singapore Dollar	150	464	466	1,264
Ringgit Malaysia	2,142	2,846	10,325	7,890
Indonesian Rupiah	-	686	2	2
Hong Kong Dollar	262	39	611	350
Great British Pound	-	-	4	3
Chinese Yuan	6	6	19	19
United States Dollar	4,027	7,641	225	232

Foreign currency sensitivity

The following table details the sensitivity to a 4% (2018: 4%) increase and decrease in the relevant foreign currencies against the functional currency of each Group entity. 4% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 4% change in foreign exchange rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where they gave rise to an impact on the Group's profit or loss.

If the relevant foreign currency strengthens by 4% (2018: 4%) against the functional currency of each Group entities, profit before income tax will increase/(decrease) by:

	2019	2018
	US$'000	US$'000
Group		
Singapore Dollar	(13)	36
Indonesian Rupiah	-	27
Ringgit Malaysia	(327)	(202)
Chinese Yuan	(1)	(1)

If the relevant foreign currency weakens by 4%, there would be an equal and opposite impact on the Group's and Company's profit before income tax shown above, on the basis that all other variables remain constant.

There is no direct impact to the Group's and Company's equity arising from changes in foreign exchange rates.

31. Financial instruments, financial risks and capital risks management (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor and maintain a level of cash and cash equivalents deems adequate by its management to finance its operations and meet its financial obligations on a timely manner.

The Group's current funding is mainly from existing cash resources and share placements.

Analysis of financial instruments by remaining contractual maturities

The Group's and Company's financial assets and liabilities at the end of the current financial year are receivable and payable within the next twelve months, except for deposits of US$4,939,000 (2018: US$4,939,000), trade receivables of US$733,000 (2018: US$493,000) and other payables of US$2,014,000 (2018: US$Nil). The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature, subject to normal trade credit terms or interest rates close to market rate of interests for similar arrangements with financial institutions.

(e) Capital risks management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concerns and maintain an optimal capital structure so as to maximise shareholders' values.

The primary objective of the group's capital management is to ensure that it maintains financial resources to meet its contractual obligations. The Group monitors its cash flow to fund its operational, financing and investing needs, as well as manages its capital structure by taking necessary actions to increase share capital through borrowings or issuance of new shares.

32. Lease commitments

Operating lease commitments

As at 31 December 2019, the Group has approximately U$3,000 of aggregate undiscounted commitments for short-term leases.

Committed lease contracts – agriculture concession land

The Group has entered into a 50-year lease contract for a concession land in Malaysia, subject to the approvals from the relevant authorities. This lease has not yet commenced as at 31 December 2019. The future lease payments for this non-cancellable lease contract are as follows:

	Group 2019 US$'000
Not later than one year	679
Later than one year but not later than five years	1,045
Later than five years	7,732
	9,456

When the Group has obtained the approvals from the relevant authorities, the lease will commence and a right-of-use asset and corresponding lease liability will be recognised in the statement of financial position, in accordance with SFRS(I) 16.

Prior to the adoption of SFRS(I) 16, the future minimum rental payable under non-cancellable operating leases at the end of 31 December 2018 in respect of office premises and concession land were as follows:

	Group 2018 US$'000
Not later than one year	877
Later than one year but not later than five years	1,330
Later than five years	7,650
	9,857

Included in the table above are total future minimum rental payable arising from the land use permits of US$9,674,000 for 50 years, subject to the approvals from the relevant authorities.

Minimum lease payments recognised as an expense in the consolidated income statement for the financial year ended 31 December 2018 amounted to US$172,000.

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low-value leases.

33. Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities, classified as current assets and current liabilities on the statements of financial position, approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

34. Events subsequent to the reporting date

(a) Proposed placement of shares

On 5 March 2020, CPHL (HK) Limited ("CPHL") and the vendors of RCL Kelstar Sdn. Bhd. ("RCL") entered into a supplemental deed and have agreed that the final tranche of the consideration for the investment in RCL of MYR2,250,000 owed by CPHL to each RCL vendor, in aggregate RM 4,500,000 (approximately S$1,489,000 or US$1,082,000) ("Outstanding RCL Consideration") will be settled by the allotment and issuance of new ordinary shares in Mirach Energy Limited to the vendors of RCL.

The Company entered into a conditional share placement agreement with the vendors of RCL ("Placement Agreement") on 5 March 2020, pursuant to which the Company agreed to issue an aggregate of 11,453,712 new ordinary shares in the capital of the Company ("Shares" and "Placement Shares" respectively) as settlement for the Outstanding RCL Consideration and each RCL vendor shall be allotted 5,726,856 Placement Shares (the "Proposed Placement") at a price of S$0.13 per share, for an aggregate consideration of approximately US$1,082,000.

The completion of the Proposed Placement with the vendors of RCL is conditional upon the successful and concurrent completion by both RCL vendors, as well as an approval-in-principal ("AIP") from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the dealing in and listing of a quotation for the placement.

(b) Developments in the agricultural business

The Group via its subsidiary in Malaysia, RCL Kelstar Sdn. Bhd., has completed the logging activities and successfully obtained the Use Permit on 19 July 2020, for the first block of concession land in relation to the agriculture project in Malaysia.

(c) Developments in the property construction and development business

In relation to the Group's property and construction business, the construction project in West Malaysia was delayed in 2019 for a considerable amount of time due to a restructuring exercise by the project's developer. The Group's subsidiary, Premier Mirach Sdn. Bhd. ("PMSB"), has been in discussion with the relevant parties towards a recovery plan since 2019. The discussions were also 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. On 25 August 2020, PMSB signed a final settlement agreement with the developer. In this aspect, PMSB has made provisions for expected credit losses on its trade and other receivables (including a refundable performance bond) of US$85,000 (equivalent to MYR351,000), as well as a discount on revenue of US$97,000 (equivalent to MYR400,000). It is expected that upon the successful disposal of the project by the developer, the net performance bond and outstanding amounts due from the developer will be recovered in 2020.

34. Events subsequent to the reporting date (Continued)

(d) COVID-19

On 30 January 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak to be a public health emergency of international concern, with over 21 million confirmed cases and 216 countries or territories now affected. Many governments have taken stringent steps to help contain the spread of the virus. The Group has been monitoring the impact of the developments on the Group's business and operations.

A series of precautionary and control measures have been and continue to be implemented in Mainland China, Malaysia and Singapore, where the Group's major customers and operations are located in. This has brought about certain operational delays especially in the Group's agriculture business. As RCL Kelstar Sdn. Bhd. ("RCL") is located in Malaysia, its office premise was closed in compliance with the Malaysian Government's nationwide Movement Control Order ("MCO"), and our staff in Malaysia continued to provide the relevant support to the Group from their homes. Our timber logging activities were also halted during this MCO period, resulting in some developmental delays of the agriculture land. On the sales and marketing front, the Group also had to defer planned international trips due to the strict travel restrictions imposed.

Following the announcement of the Controlled Movement Control Order ("CMCO"), our Group applied to Malaysia's Ministry of International Trade and Industry to recommence operations in Malaysia. We obtained approval on 13 May 2020 and our staff have resumed workplace activities. Starting 10 June 2020, Malaysia entered into the Recovery Movement Control Order ("RMCO") phase and RCL is currently fully operational and expects business to gradually pick up in the second half of 2020.

For the financial year ending 31 December 2020, the Group expects to operate in a very challenging period as compared to the financial year ended 31 December 2019. The Group is expecting a reduction in revenue as well as slower collection of outstanding trade receivables as majority of our customers are located in China and Malaysia, where their operations were suspended or running at limited capacity due to the imposed lockdowns.

The Group considers the events surrounding the COVID-19 outbreak as non-adjusting events, which do not impact its financial position and performance as of and for the year ended 31 December 2019. Due to the uncertainty of the outcome of the current events, the Group cannot reasonably estimate the magnitude of the impact these events will have on the Group's financial position, results of operations or cash flows in the future. However, it is expected that when the epidemic is over, the Group's business will return to normal in a relatively short period of time.

The Group intends to continue operating in the long term and is actively taking measures to build up its liquidity to meet its near-term cashflow needs. If required, the Group will raise funds via bank financing and/or private placements.

On the oil and gas front, Group still retains minority ownership (9%) of the Gunung Kampung Minyak Ltd ("GKM") Oil Field in Indonesia. The recent fluctuation of oil prices since the end of February 2020, arising from ongoing oil price war between Russia and Saudi Arabia, may have limited impact on the project undertaken by GKM. The Group expects that while the production volume might not be affected by the fluctuated oil prices, it might result in a fall in overall revenue of GKM as well as our share of profit from associate in the short-term. We do not expect any major impact on the overall valuation of our investment in this associate as oil prices are forecasted to pick up in the long run.

The Group will continue to monitor the evolving COVID-19 situation and assess its impact on the Group's operation and financial performance, as wells as the Group's exposure to the risks and uncertainties in connection with COVID-19.

35. Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2019 were authorised for issue by the Board of Directors on 28 August 2020.

STATISTICS OF SHAREHOLDINGS

AS AT 26 AUGUST 2020

DISTRIBUTION OF SHAREHOLDERS AS AT 26 AUGUST 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	15	0.44	618	0.00
100 - 1,000	973	28.33	663,180	0.29
1,001 - 10,000	1,771	51.57	8,118,520	3.51
10,001 - 1,000,000	658	19.16	33,686,735	14.54
1,000,001 and above	17	0.50	189,146,272	81.66
Total	**3,434**	**100.00**	**231,615,325**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 26 AUGUST 2020

	SHAREHOLDER'S NAME	NO OF SHARES	%
1	UOB KAY HIAN PTE LTD	85,582,633	36.95
2	MAYBANK KIM ENG SECURITIES PTE. LTD	44,096,573	19.04
3	DB NOMINEES (SINGAPORE) PTE LTD	13,000,000	5.61
4	TEO CHIANG WEE	6,080,000	2.63
5	TEO CHIANG CHAI	6,000,000	2.59
6	TEO CHIANG SONG	6,000,000	2.59
7	CITIBANK NOMINEES SINGAPORE PTE LTD	5,365,330	2.32
8	PHILLIP SECURITIES PTE LTD	4,641,200	2.00
9	OCBC SECURITIES PRIVATE LTD	3,443,331	1.49
10	RAFFLES NOMINEES (PTE) LIMITED	3,389,030	1.46
11	THANABAL S/O PERUMAL	2,186,300	0.94
12	NA CHUN WEE	2,000,000	0.86
13	DBS NOMINEES PTE LTD	1,953,075	0.84
14	GOH HOON LEONG	1,500,000	0.65
15	HO BUN HOI	1,416,800	0.61
16	CHUNG YUK PHIN	1,262,000	0.54
17	TAN HEE NAM	1,230,000	0.53
18	LIM YI SHENN	873,068	0.38
19	TAN SOO CHONG	800,000	0.35
20	KUM HUN KAI PTE LTD	780,000	0.34
	Total	**191,599,340**	**82.72**

STATISTICS OF SHAREHOLDINGS

AS AT 26 AUGUST 2020

SHARE CAPITAL

Class of Shares	:	Ordinary Shares
Number of Shares	:	231,615,325
Issued and Paid-up Capital	:	S$121,844,067.8244

FREE FLOAT

Based on information available to the Company, as at 26 August 2020, approximately 79.78% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	Direct Interest (%)	No. of Shares	Deemed Interest (%)
Chan Shut Li, William	18,569,673	8.02	–	–
Wee Cheng Kwan	13,000,000	5.61	–	–

Percentage is calculated based on the total number of issued shares of 231,615,325 as at 26 August 2020.

DIRECTORS/CHIEF EXECUTIVE OFFICER

Name	Direct Interest Holdings beginning of year	Direct Interest Holdings end of year	Deemed Interest Holdings beginning of year	Deemed Interest Holdings end of year
Chan Shut Li, William	18,569,673	18,569,673	0	0
Liu Mei Ling, Rhoda	20,000	20,000	0	0
Wee Cheng Kwan	13,000,000	13,000,000	0	0
Chen Chengyuan*	9,746,500	9,746,500	0	0
Chen Yizhong	5,500,000	5,500,000	0	0

* Chen Chengyuan is director and CEO

NOTICE OF ANNUAL GENERAL MEETING

Important Notes to Members

1. The Annual General Meeting is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed Copies of this Notice will NOT be sent to members. Instead, this Notice will be sent to members by electronic means via an announcement on the SGX website at the URL https://www.sgx.com/securities/company-announcements and may be accessed on the Company's website at the URL https://www.mirachenergy.com.

2. The Annual Report 2019 may be accessed at the Company's website at the URL https://mirachenergy.listedcompany.com/ar.html and on the SGX website at the URL https://www.sgx.com/securities/annual-reports-related-documents.

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting ("**AGM**") of the Company will be held by way of electronics means on 14 September 2020 at 10:00 a.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2019 and the Directors' Statement and the Independent Auditors' Report thereon.

   (See Explanatory Note 1)

2. To approve the payment of Directors' fees of US$165,505.28 for the financial year ended 31 December 2019 (2018: US$133,295.45). **(Resolution 1)**

3. To re-elect Ms Liu Mei Ling, Rhoda retiring pursuant to Article 91 of the Company's Constitution **(Resolution 2)**

   (See Explanatory Note 2)

4. To re-elect and Mr Lim Jun Xiong, Steven retiring pursuant to Article 91 of the Company's Constitution. **(Resolution 3)**

   (See Explanatory Note 2)

5. To elect Mr Chen Chengyuan retiring pursuant to Article 97 of the Company's Constitution. **(Resolution 4)**

   (See Explanatory Note 2)

6. To elect Mr Chen Yizhong retiring pursuant to Article 97 of the Company's Constitution. **(Resolution 5)**

   (See Explanatory Note 2)

7. To note the retirement of Messrs BDO LLP as auditors of the Company at this AGM.

   (See Explanatory Note 3)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

8. **Authority to allot and issue shares**

   (a) "That, pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares excluding treasury shares of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

a) new shares arising from the conversion or exercise of convertible securities, or

b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and

c) any subsequent bonus issue, consolidation or subdivision of the Company's shares.

(ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 6)

(See Explanatory Note 4)

9. **Authority to grant options and to issue shares under Mirach Energy Employee Share Option Scheme**

(a) "That authority be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the provisions of the Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme"), and, pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Mirach ESOS Scheme, provided that the aggregate number of shares to be issued pursuant to the Mirach ESOS Scheme shall not exceed fifteen (15) per cent of the issued share capital of the Company from time to time, as determined in accordance with the provisions of the Scheme."

(b) Such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 7)

(See Explanatory Note 5)

10. **Authority to grant awards and to allot and issue shares under Mirach Energy Performance Share Plan**

(a) That approval be and is hereby given to the Directors to grant awards from time to time in accordance with the provisions of the Mirach Energy Performance Share Plan (the "Mirach PSP"), and pursuant to Section 161 of the Act, to allot and issue from time to time such number of shares in the capital of the Company (the "Award Shares") as may be required to be allotted, issued, and/or delivered pursuant to the vesting of the Awards Shares under the Mirach PSP, provided always that the aggregate number of Award Shares issued and/or issuable pursuant to the Mirach PSP, when aggregated together with the number of Ordinary Shares to be allotted and issued pursuant to the Mirach Energy Employee Share Option Scheme and any other existing share schemes of the Company shall not exceed fifteen (15) per cent of the total number of issued shares of the Company (excluding treasury shares) from time to time.

(b) Such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(Resolution 8)

(See Explanatory Note 6)

BY ORDER OF THE BOARD

Lin Moi Heyang
Company Secretary
30 August 2020

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, a member is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. A proxy need not be a member of the Company. Where a member appoints more than one proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form. A proxy need not be a member of the Company.

2. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

4. A corporation which is a member of the Company may authorise by resolution of its Directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Company at 80 Robinson Road, #11-02, Singapore 068898, not later than 48 hours before the time set for the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:-

1. The audited financial statements is meant for discussion only as under the provisions of Section 201(1) of the Companies Act, Cap. 50, the audited financial statements need to be laid before the Company at its Annual General Meeting and hence, the matter will not be put forward for voting.

2. Key information on the retiring directors can be found in the Annual Report.

   Ms Liu Mei Ling, Rhoda will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee. Ms Liu will be considered independent for the purposes of Rule 704(8) of the Singapore Exchange Securities Trading Limited ("SGX-St") Listing Manual.

   Mr Lim Jun Xiong, Steven will, upon re-election as a Director of the Company, remain as Independent Director, Chairman of Nominating Committee and a member of the Audit Committee. Mr Lim will be considered independent for the purposes of Rule 704(8) of the Singapore Exchange Securities Trading Limited ("SGX-St") Listing Manual.

   Mr Chen Chengyuan will, upon election as a Director of the Company, remain as Vice Chairman and Chief Executive Officer.

   Mr Chen Yizhong will, upon election as a Director of the Company, remain as Non-Executive and Non-Independent Director.

3. The Company had on 28 August 2020 received a formal notification from Messrs BDO LLP that they would not be seeking for re-appointment as auditor of the Company.

4. The ordinary resolution no. 6 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50 percent of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

5. The ordinary resolution no. 7, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to offer and grant options under the Mirach Energy Employee Share Option Scheme (the "Mirach ESOS Scheme") (which was approved at the extraordinary general meeting of the Company held on 30 July 2014) and to allot and issue shares pursuant to the exercise of such options under the Mirach ESOS Scheme and any other existing share incentive schemes of the Company does not exceed fifteen (15) per cent of the total number of issued share capital of the Company (excluding Treasury Shares) from time to time.

6. The ordinary resolution proposed in item no. 8, if passed, will empower the Directors of the Company, from the date of the Annual General Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to offer and grant awards under the Mirach Energy Performance Share Plan ("Mirach PSP") (which was approved at the extraordinary general meeting of the Company held on 30 July 2014) and to allot and issue shares pursuant to the exercise of such awards under the Mirach PSP, provided that the aggregate number of shares to be issued under the Mirach PSP and any other existing share incentive schemes of the Company does not exceed fifteen (15) per cent of the total number of issued share capital of the Company (excluding Treasury Shares) from time to time..

Date of Appointment	22 May 2019
Date of last re-appointment (if applicable)	Nil
Name of person	CHEN CHENGYUAN
Age	46
Country of principal residence	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee has assessed Mr Chen Chengyuan and is of the view that Mr Chen is suitably qualified for the role of Chief Executive Officer, Executive Director and Vice Chairman given his qualification and experience. The Board of Directors concurred with the recommendation of the Nominating Committee
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Chen is responsible for the e-commerce businesses of the Group.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	CEO, Executive Vice-Chairman and Executive Director
Professional qualifications	- Graduated from the Management Department of Zhejiang Industrial and Commercial College.(1995) - Bachelor degree of Management from Beijing Institute of Business Management(2003). - Studied International Cultural Financial Institution seminar at the Central Cadre Management School(2015). - Studied at Zhejiang University Senior Seminar in Business Administration(2019). - Currently studying for an master degree at Zhejiang University
Working experience and occupation(s) during the past 10 years	Mar. 2019 - Present - Mirach Energy Limited (Executive Vice-Chairman) - Zhejiang Dongruime Technology Co. Ltd (Director) Jul. 2017 - Mar. 2019 - Zhejiang Langchuang Corporation Ltd (Chairman) - Hubei Chuang Gou Commodity Purchase and Sale Service Ltd. (Counsel) 2015 - 2016 - China-Russia Cultural International Financial Exchange (Chief Operation Officer of East China) 2011 - 2014 - Jiangxi General Merchandise e-commerce Ltd. (Chairman) - Nanchang Cultural Property Exchange Center (Chief Operation Officer) - Jingdezhen municipality Yipinrenjian Encaustic Ltd. (Counsel)
Shareholding interest in the listed issuer and its subsidiaries	Yes. 9,746,500 shares in Mirach Energy Limited
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	Jul. 2017-Mar. 2019 - Zhejiang Langchuang Corporation Ltd (Chairman)
Present	March 2019- Present - Zhejiang Dongruime Technology Co. Ltd (Director)

SUPPLEMENTAL INFORMATION

Information required	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No

(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Information required		
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?		No
If yes, please provide details of prior experience.		
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.		Company will arrange for training.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		Nil

SUPPLEMENTAL INFORMATION

Date of Appointment	22 May 2019
Date of last re-appointment (if applicable)	Nil
Name of person	CHEN YIZHONG
Age	57
Country of principal residence	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee has assessed Mr Chen Yizhong and is of the view that Mr Chen is suitably qualified for the role of Non-Executive and Non-Independent Director given his qualification and experience. The Board of Directors concurred with the recommendation of the Nominating Committee.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Director
Professional qualifications	- Obtained a diploma in traditional Chinese medicine from Zhejiang Pharmaceutical College (2014) - Graduated from Zhejiang Institution of Economic and Trade Vocational School (formerly Zhejiang Supply and Marketing Staff College) majoring in Commercial Enterprise Management (Jul 1988).
Working experience and occupation(s) during the past 10 years	Oct 2011 - Present - Zhejiang Shangda Biotechnology Co., Ltd. (General Manager). Oct 1996 - Present - Zhejiang Pan'an Ankang Native Products Co., Ltd. (Chairman and General Manager).
Shareholding interest in the listed issuer and its subsidiaries	Yes. 5,500,000 Shares of Mirach Energy Limited.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	
Present	
<u>Information required</u>	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

SUPPLEMENTAL INFORMATION

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Information required	
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	No
If yes, please provide details of prior experience.	
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Company will arrange for training.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	

Date of Appointment	1 April 2007
Date of last re-appointment (if applicable)	28 April 2016
Name of person	LIU MEI LING, RHODA
Age	
Country of principal residence	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee has assessed Ms. Liu Mei Ling, Rhoda and is of the view that Ms. Liu is suitably qualified for the role of Independent Director given her qualification and experience. The Board of Directors concurred with the recommendation of the Nominating Committee.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director and AC Chairman
Professional qualifications	- Bachelor of Arts Degree in Commercial Study from University of Western Ontario - Master Degree in Business Administration from McMaster University - Professional Degree in China Law Program with Tsing Hwa University - Member of the Chartered Professional Accountants CA (Canada) - Practicing member of the Hong Kong Institute of Certified Public Accountants ("HKICPA") - Fellow member of HK Institute of Directors - Fellow member of the Hong Kong Taxation Institute
Working experience and occupation(s) during the past 10 years	- Liu and Wong, CPA - Senior Partner (Present) - PricewaterhouseCoopers (formerly known as Coopers & Lybrand (HK)) - Ernst & Young (Canada)
Shareholding interest in the listed issuer and its subsidiaries	Yes. 20,000 Shares of Mirach Energy Limited. (As at March 2019)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes.
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	
Present	- Mirach Energy Limited - Independent Director (2007-Present) - Modern Beauty Salon Holdings Limited - Independent Director (Hong Kong Stock Exchange Main Board) - Fujian Holdings Limited - Independent Director (HK Stock Exchange Main Board) - Ellipsiz Communications Ltd. - Independent Director (Toronto Stock Exchange Venture Capital Market)

SUPPLEMENTAL INFORMATION

Information required	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No

(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Information required	
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If yes, please provide details of prior experience.	- Mirach Energy Limited - Independent Director (2007-Present) - Modern Beauty Salon Holdings Limited - Independent Director (Hong Kong Stock Exchange Main Board) - Fujian Holdings Limited - Independent Director (HK Stock Exchange Main Board) - Ellipsiz Communications Ltd. - Independent Director (Toronto Stock Exchange Venture Capital Market)
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Nil
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Nil

SUPPLEMENTAL INFORMATION

Date of Appointment	15 May 2009
Date of last re-appointment (if applicable)	26 April 2018
Name of person	LIM JUN XIONG, STEVEN
Age	64
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Nominating Committee has assessed Ms Liu Mei Ling, Rhoda and is of the view that Ms Liu is suitably qualified for the role of Independent Director given her qualification and experience. The Board of Directors concurred with the recommendation of the Nominating Committee.
Whether appointment is executive, and if so, the area of responsibility	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, NC Chairman
Professional qualifications	- Bachelor of Commerce majoring in Accounting and Finance from the University of Newcastle, Australia - Member of CPA Australia - Member of Institute of Singapore Chartered Accountants - Member of the Society of Trust and Estate Practitioners
Working experience and occupation(s) during the past 10 years	- Consultant in the field of global wealth solutions (2014 - Present) - SG Trust (Asia) Ltd - CEO (2010 -2014)
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships#	
Past (for the last 5 years)	
Present	- Sinarmas Land Ltd - Independent Director - Bund Centre Investment Ltd - Lead Independent Director - Keong Hong Holdings Limited - Lead Independent Director - Emerging Towns & Cities Singapore Ltd - Independent Director - Mirach Energy Limited - Independent Director
<u>Information required</u>	
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No

(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c)	Whether there is any unsatisfied judgment against him?	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Information required	
Disclosure applicable to the appointment of Director only.	
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If yes, please provide details of prior experience.	- Bund Centre Investment Ltd - Lead Independent Director - Keong Hong Holdings Limited - Lead Independent Director - Emerging Towns & Cities Singapore Ltd - Independent Director - Mirach Energy Limited - Independent Director
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Nil
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Nil

MIRACH ENERGY LIMITED

(the "Company")
(Incorporated in the Republic of Singapore)
(Company Registration No. 200305397E)

IMPORTANT

1. The Annual General Meeting ("**AGM**") is being convened, and will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Annual Report and Notice of AGM dated 30 August 2020 may be accessed at the Company's website http://www.mirachenergy.com.sg/investor-relations-2-2/ and on the SGXNET at the URLs: https://www.sgx.com/securities/company-announcements.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via live audio-visual webcast or live audio-only feed), submission of questions to the Chairman of the Meeting of the AGM by 10:00 a.m. on 11 September 2020, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Notice.
3. **A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the Meeting as proxy to vote on his/her. A member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.**
4. For investors who have used their Central Provident Fund ("**CPF**")/Supplementary Retirement Scheme ("**SRS**") monies to buy shares in the capital of Mirach Energy Limited, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors are requested to contact their respective Agent Banks to specify their voting instructions and to submit their votes by 10:00 a.m. on 2 September 2020.
5. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

PROXY FORM
ANNUAL GENERAL MEETING

This proxy form has been made available on SGXNET and the Company's website and may be accessed at the URLs: https://www.sgx.com/securities/company-announcements and http://www.mirachenergy.com.sg/investor-relations-2-2/.

*I/We ______________________ (Name) ______________________ (NRIC/Passport Number)

of ____ (Address)

being a *member/members of **Mirach Energy Limited** (the "**Company**"), hereby appoint the **Chairman of the AGM** as *my/our proxy to vote for *me/us on *my/our behalf at the AGM of the Company to be held by way of electronic means on 14 September 2020 at 10:00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the AGM as *my/our proxy to vote for or against or abstain from voting on the resolutions proposed at the AGM as indicated hereunder.

No.	Ordinary Resolutions	For*	Against*	Abstain*
1.	Approval of Directors' fees for the financial year ended 31 December 2019			
2.	Re-election of Ms Liu Mei Ling, Rhoda as director			
3.	Re-election of Mr Lim Jun Xiong, Steven as director			
4.	Election of Mr Chen Chengyuan as director			
5.	Election of Mr Chen Yizhong as director			
6.	Authority to issue ordinary shares			
7.	Authority to grant options and to issue shares under Mirach Energy Employee Share Option Scheme			
8.	Authority to issue shares under Mirach Energy Performance Share Plan			

*If you wish to exercise all your votes "For" or "Against" or "Abstain", please tick (✓) within the box provided. Alternatively, please indicate the number of votes in the box appropriately. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this________ day of ________________ 2020

Total number of Shares held:	No. of Shares
CDP Register	
Register of members	

____
Signature/Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

2. The duly executed Proxy Form can be submitted to the Company in the following manner:

   a) if submitted in hard copy by post, be lodged at the office of the Company's Share Registrar office at 80 Robinson Road, #11-02, Singapore 068898; or

   a) if submitted electronically, by sending a scanned pdf copy electronically via email to sg.is.proxy@sg.tricorglobal.com

   in either case, by 10:00 a.m. on 12 September 2020 (being at least 48 hours before the time appointed for holding the AGM) (the "**Proxy Deadlines**").

   A member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email to sg.is.proxy@sg.tricorglobal.com.

3. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) Singapore), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert the number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his name in the Register of Members of the Company, he/she should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

5. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of a member of the Company whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member is not shown to have shares entered against his/her name in the Depository Register at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

6. Investors who hold their Shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 10:00 a.m. on 2 September 2020 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf **no later than the Proxy Deadlines.**

PERSONAL DATA PRIVACY:

By attending the Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 August 2020.

MIRACH ENERGY

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