

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

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**RESPONSE TO QUERIES FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON MIRACH ENERGY LIMITED'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The Board of Directors (the “**Directors**”) of Mirach Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s Annual Report for the financial year ended 31 December 2019 (the “**AR 2019**”). The Board wishes to announce that the Company has received queries from the Singapore Exchange Trading Limited (the “**SGX-ST**”) on 15 October 2020 in relation to its AR 2019 and wishes to provide its responses as set out below.

**Query 1:**

We refer to the Company’s announcement issued on 29 January 2019 entitled “Receipt of approval in-principle of the Singapore Exchange Securities Trading Limited on the proposed placement of 28,562,000 new ordinary shares in the share capital of Mirach Energy Limited at the placement price of S\$0.15 per share for an aggregate consideration of S\$4.28 million”. The Exchange provided an approval-in-principle for the listing and quotation of the placement shares subject to a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the proposed placement of shares and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company’s announcements on use of Proceeds for working capital in the Company’s announcements on the use of proceeds and in the annual report.

Please provide the breakdown with specific details on the use of proceeds for provision of working capital within the Group of US\$2.84 million as disclosed in the Company’s Annual Report.

**Response:**      **The Company has complied with Rule 704 (30) and Rule 1207(20).**

The utilization of the placement proceeds were in line with that reported quarterly and detailed breakdown for the Use of Proceeds for Working Capital were as follows:

	<u>US\$'000</u>
Director's fee and Staff cost	1,415
Authority payment for projects	253
Settlement of contract deposit	228
Consultancy fee	221
Rent	216
Tax payment	154
Other expenses	106
Audit fee	99
Administration expenses	87
Professional fee	61
<b>Total</b>	<b>2,840</b>

**Query 2 :**

Listing Rule 1207(10C) states that the annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.

Please clarify whether and how Listing Rule 1207(10C) has been complied with.

**Response: The Company has complied with Rule 1207(10C).**

In 2019, the Group has outsourced its internal audit function to an independent audit firm, Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd.

The key objective of the internal audit in FY2019 was to review, evaluate and test the effectiveness of controls that are in place for RCL Kelstar Sdn Bhd ("RCL" or "the Company"), a 70% owned subsidiary of Mirach Energy Limited ("Mirach") through CPHL (HK) Limited, with respect to the following business processes:

- a. Organisational Governance;
- b. Nursery Management and Bearer Plants (Tree Saplings) Access & Security Controls;
- c. Business Partners' Contract Administration and Management; and
- d. Finance Management & Treasury Function.

The internal audit assessed there were no material weaknesses and deficiencies in relation to RCL's internal controls. Some management issues have however been highlighted to the Audit Committee and Management had, in agreement, undertaken to take proactive actions to remediate the issues and to its internal control systems and governance practices remains adequate and effective through continuous improvement as recommended. The Board, with the concurrence of the Audit Committee, after reviewing the Internal Audit Report and management actions, is of the opinion that the internal controls of the Company are adequate to address operational, financial and compliance risks.

The Internal Audit Team was headed by a Division Head and assisted by 2 Associate Directors. The Head and Associate Directors have more than 17 years and 14 years of experience respectively, specifically in internal audit, internal control, risk and governance reviews and were Chartered Accountant of the Malaysian Institute of Accountants and member of the Institute of Internal Auditors ("IIA").

The Audit Committee is of the view that the outsourced internal audit function is adequately staffed by suitably qualified and experienced professionals and adheres to the Internal Professional Practices Framework established by the IIA and the internal audit function of the Group is independent, effective and adequately resourced.

**By Order of the Board**

Mr Chan Shut Li, William  
Executive Chairman

19 October 2020