

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

1. **INVESTMENT IN RELATION TO THE ACQUISITION OF 70% EQUITY INTEREST IN RCL KELSTAR SDN BHD (“RCL INVESTMENT”)**
 - **ENTRY INTO SUPPLEMENTAL DEED IN RESPECT OF THE PAYMENT OF THE FINAL TRANCHE OF THE CONSIDERATION FOR THE RCL INVESTMENT**
 2. **PROPOSED PLACEMENT OF 11,453,712 NEW ORDINARY SHARES IN THE SHARE CAPITAL OF MIRACH ENERGY LIMITED AT THE ISSUE PRICE OF S\$0.13 PER SHARE TO SETTLE THE FINAL TRANCHE OF THE CONSIDERATION FOR THE RCL INVESTMENT**
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1. INTRODUCTION

- 1.1 The Board of Directors (the “**Directors**”) of Mirach Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements made on 13 February, 22 March, 6 June, 6 July and 18 July 2018 in relation to the entry of the Company’s wholly-owned subsidiary, CPHL (HK) Limited (“**CPHL**”) into a conditional share sale agreement in relation to the RCL Investment, the Company’s circular dated 12 June 2018 in relation to the RCL Investment, the Company’s announcements made on 23 August 2018, 20 March 2019 in relation to the payment of the outstanding consideration for the RCL Investment to Kho Ah Tee and Lee Lip Khang (the “**RCL Vendors**” and each an “**RCL Vendor**”), and the Company’s announcement made on 30 December 2019 on the proposed deferment of the payment of the final tranche of the consideration to the RCL Vendors (collectively, the “**Earlier Announcements**”).
- 1.2 The Directors wish to announce that CPHL and the RCL Vendors have entered into a supplemental deed dated 5 March 2020 (“**Supplemental Deed**”) and have agreed that the final tranche of the consideration for the RCL Investment of RM 2,250,000 (approximately S\$744,491.25 based on an exchange rate of RM 1 : S\$0.330885) owed by CPHL to each RCL Vendor, in aggregate RM 4,500,000 (approximately S\$1,488,982.5 based on an exchange rate of RM 1 : S\$0.330885) (“**Outstanding RCL Consideration**”) will be settled by the allotment and issuance of new ordinary shares in the Company to the RCL Vendors.
- 1.3 In this regard, the Directors wish to announce that the Company had on 5 March 2020 entered into a conditional share placement agreement with the RCL Vendors (“**Placement Agreement**”), 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**”).

The price at which each Placement Share is to be issued is S\$0.13 per Placement Share (the “**Issue Price**”). The Issue Price represents a discount of approximately 1.54 % to the volume weighted average price of S\$0.132 for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 5 March 2020, being the full market day on which the Placement Agreement was signed.

Shareholders of the Company (“Shareholders”) and investors are to note that completion of the Proposed Placement with the RCL Vendors is conditional upon the successful and concurrent completion by both RCL Vendors.

- 1.4 When allotted and issued, the Placement Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with and carry all rights and entitlements similar to the existing Shares, except that the Placement Shares will not rank for any dividends, rights, allotments or other distributions the Record Date for which falls on or before the date of the issue of the Placement Shares. “**Record Date**” means in relation to

any dividend, right, allotment or other distributions, the date as at the close of business, on which members of the Company must be registered in order to participate in such dividend, right, allotment or other distributions.

- 1.5 The Company will be making an application to the SGX-ST for the listing and quotation of the Placement Shares on the SGX-ST and will make the necessary announcements once the approval in-principle of the listing and quotation of the Placement Shares has been obtained from the SGX-ST.
- 1.6 No placement agent has been appointed in respect of the Proposed Placement.
- 1.7 The Proposed Placement will be undertaken pursuant to the private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company and lodged with the Monetary Authority of Singapore in connection with the Proposed Placement.

2. GENERAL MANDATE

- 2.1 The Company intends to issue the Placement Shares pursuant to the general share issue mandate approved and granted by Shareholders at the annual general meeting of the Company held on 29 April 2019 (“**AGM**”) (“**General Mandate**”).
- 2.2 The General Mandate authorises the Directors to allot and issue new Shares not exceeding 50% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to existing Shareholders of the Company shall not exceed 20% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM. As at 29 April 2019, the Company had 231,615,325 Shares in issue (excluding treasury shares). Accordingly, the total number of shares that may be issued pursuant to the General Mandate is 115,807,662 Shares, of which the maximum number of Shares to be issued other than on a *pro rata* basis is 46,323,065. As at the date of this announcement, no new Shares have been issued pursuant to the General Mandate.
- 2.3 As such, the proposed allotment and issuance of 11,453,712 Placement Shares will fall within the limits of the General Mandate.
- 2.4 The Placement Shares represent approximately 4.95% of the existing issued and paid-up share capital of the Company comprising 231,615,325 Shares (“**Existing Share Capital**”). On completion of the Proposed Placement, the number of issued shares in the share capital of the Company will increase to 243,069,037 Shares (“**Enlarged Share Capital**”) and the Placement Shares will represent approximately 4.71% of the Enlarged Share Capital.

3. INFORMATION ON RCL VENDORS

Name of RCL Vendor(s)	Number of Placement Shares	Amount of Outstanding RCL Consideration to be Settled
Kho Ah Tee	5,726,856	RM 2,250,000 (approximately S\$744,491.25 based on an exchange rate of RM 1 : S\$0.330885)
Lee Lip Khang	5,726,856	RM 2,250,000 (approximately S\$744,491.25 based on an exchange rate of RM 1 : S\$0.330885)

- 3.1 The respective RCL Vendors have no connection (including business relationships) with the Company, its Directors and substantial Shareholders, and each of them is not a person to whom the Company is prohibited from issuing shares to, as provided by Rule 812 of the Listing Manual.

- 3.2 No commission or other payment is payable to any party in respect of the Proposed Placement.
- 3.3 As at the date of this announcement, the RCL Vendors do not hold any Shares in the Company.

3.4 **Details of RCL Vendors**

The RCL Vendors are the two shareholders of RCL who had sold an aggregate of 700,000 ordinary shares the shares they owned in the issued share capital of RCL representing 70% equity interest in RCL to CPHL pursuant to the RCL Investment. The RCL Vendors hold the remaining 30% equity interest in RCL. Shareholders may refer to the Company's Earlier Announcements, and in particular, the Company's circular dated 12 June 2018 in relation to the RCL Investment for further information on the RCL Vendors.

- 3.5 The Proposed Placement will not cause a transfer of controlling interest in the Company and Mr William Chan, the existing single largest shareholder of the Company, will continue to remain as the single largest shareholder of the Company after completion of the Proposed Placement. Please refer to paragraph 6.3 of this announcement for more details of the shareholding interest changes.
- 3.6 Under the Placement Agreement, the RCL Vendors have each warranted to the Company, *inter alia*, that he is acquiring the Placement Shares as principal and not as nominee or agent, and (other than in respect of the other RCL Vendor, if applicable), he is not acting in concert (as defined in the Singapore Code on Take-overs and Mergers) with any Shareholder.

4. **SALIENT TERMS OF THE SUPPLEMENTAL DEED**

- 4.1 On 18 July 2018, CPHL entered into a conditional share sale agreement with the RCL Vendors to purchase 700,000 ordinary shares of RCL representing 70% equity interests in RCL ("**RCL SSA**"). The RCL Vendors also provided a letter of undertaking dated 18 July 2018 ("**Letter of Undertaking**") to CPHL in respect of RCL's development of a multi storey agricultural project in Malaysia with the Kelantan State Economic Development Corporation ("**Project**").
- 4.2 Under the Letter of Undertaking, the RCL Vendors undertook to RCL that, *inter alia*, RCL would be able to obtain the relevant logging licenses and use permits to carry out the Project and also undertook to fully indemnify RCL for all costs, expenses, compensation and/or damages incurred by RCL in the event RCL is liable to any cost, expense and/or damages as a result of the confirmations and undertakings provided by the RCL Vendors in the Letter of Undertaking.
- 4.3 On 14 March 2019, CPHL and the RCL Vendors entered into a supplemental letter ("**First Supplemental Letter**") and agreed to delay the payment of the remaining consideration owed by CPHL to each of the RCL Vendors under the RCL SSA. Pursuant to the First Supplemental Letter, the penultimate tranche of the consideration owed by CPHL to the RCL Vendors was paid to the RCL Vendors on 19 March 2019, and it was agreed that the Outstanding RCL Consideration was to be settled by CPHL by 2019. No interest was payable by CPHL for the delayed payment of the remaining consideration to the RCL Vendors under the terms of the First Supplemental Letter.
- 4.4 As stated in paragraph 1.2 above, CPHL and the RCL Vendors have entered into a Supplemental Deed to settle the Outstanding RCL Consideration owed by CPHL to the RCL Vendors. The salient terms of the Supplemental Deed are:
- 4.4.1 the Outstanding RCL Consideration will be settled by the allotment and issuance of new ordinary shares in the Company at the issue price of S\$0.13 per Placement Share to each of the RCL Vendors;
- 4.4.2 against the Outstanding RCL Consideration being settled on the completion of the Proposed Placement, the Company will on the completion of the Proposed Placement allot and issue to the RCL Vendors the Placement Shares;

- 4.4.3 on completion of the Proposed Placement, the RCL Vendors shall have no further claims against CPHL in respect of the Outstanding RCL Consideration; and
- 4.4.4 in the event any approval or permit for the Project is not granted or if already granted, revoked or cancelled, in spite of CPHL and/or RCL fulfilling all the terms and conditions stipulated by the Kelantan Forestry Department and Kelantan State Economic Development Corporation, the RCL Vendors shall jointly and severally refund to CPHL an amount equal to the Outstanding RCL Consideration (i.e. RM 4,500,000).

5 SALIENT TERMS OF THE PLACEMENT AGREEMENT

5.1 Conditions to the subscription of the Placement Shares

Completion of the Proposed Placement is subject to, the following conditions precedent:

- 5.1.1 the Outstanding RCL Consideration is and will be settled on the occurrence of completion of the Proposed Placement;
- 5.1.2 (i) the RCL SSA as amended by the First Supplemental Letter and/or (ii) the Supplemental Deed remain in full force and effect as at completion of the Proposed Placement and neither of them are or will be terminated for any reason whatsoever up to and as at completion of the Proposed Placement;
- 5.1.3 the approval in principle for the listing and quotation of the Placement Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Company in its sole discretion, and to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before completion date, they are so fulfilled;
- 5.1.4 the subscription, issue and allotment and offering (if any) of the Placement Shares being in compliance with the Securities and Futures Act and/or other applicable legislation in applicable jurisdictions in connection with offers of securities and not being prohibited by any statute, order, rule or regulation promulgated by any legislative, executive or regulatory body or authority of Singapore, Malaysia and/or of any other applicable jurisdictions; and
- 5.1.5 there having been, as at the Completion Date, no occurrence of any event nor the discovery of any fact rendering untrue or incorrect in any respect or any breach of any of the warranties and undertakings contained in clauses 5 and 6 of the Placement Agreement if they were repeated on and as of the completion date.

If any of the conditions precedent set forth above are not satisfied or (i) in connection with paragraph 5.1.5, waived by the Company in respect of a breach by a RCL Vendor of any of the RCL Vendor's warranties and undertakings specified in clause 6 of the Placement Agreement; or (ii) in connection with paragraph 5.1.5, waived by a Vendor in respect of a breach by the Company of any of the Company's warranties and undertakings specified in clause 5 of the Placement Agreement, within two (2) months from the date of the Placement Agreement or such other date as the RCL Vendors and the Company may agree, the Placement Agreement shall terminate.

In the event of termination of the Placement Agreement, neither the RCL Vendors nor the Company shall have any claim against the other for costs, expenses, damages, losses, compensation or otherwise in respect of the Placement Agreement, save as expressly provided in the Placement Agreement and for any rights or liabilities accruing prior to such termination.

- 5.2 Completion of the Proposed Placement between the Company and the RCL Vendors shall be conditional upon successful and concurrent completion by both RCL Vendors.

6 RATIONALE FOR THE PROPOSED PLACEMENT

- 6.1 The rationale for the Proposed Placement is to settle the Outstanding RCL Consideration whilst conserving the cash reserves of the Group.
- 6.2 The Directors are of the opinion that the working capital available to the Group is sufficient to meet its present requirements.

Illustrative shareholding effects

- 6.3 For illustrative purposes only, the table below sets out the shareholdings of the existing substantial Shareholders of the Company and the RCL Vendors before and after the Proposed Placement:

	Before the Proposed Placement ⁽¹⁾		After the Proposed Placement ⁽²⁾	
	Direct Interest	Deemed Interest	Direct Interest	Deemed Interest
	No. of Shares %	No. of Shares %	No. of Shares %	No. of Shares %
<u>Existing Substantial Shareholders</u>				
Chan Shut Li, William	18,569,673 (8.02%)	-	18,569,673 (7.64%)	-
Wee Cheng Kwan	13,000,000 (5.61%)	-	13,000,000 (5.35%)	-
<u>RCL Vendors</u>				
Kho Ah Tee	-	-	5,726,858 (2.36%)	-
Lee Lip Khang	-	-	5,726,858 (2.36%)	-

Notes:

- (1) Based on the Existing Share Capital of 231,615,325 Shares as at the date of this announcement.
- (2) Based on the Enlarged Share Capital of 243,069,037 Shares on completion of the Proposed Placement.

7 FINANCIAL EFFECTS OF THE PROPOSED PLACEMENT

- 7.1 For illustrative purposes only and based on the unaudited consolidated financial statements of the Company for the financial year ended 31 December 2019, the financial effects of the Proposed Placement on the Company are set out below. The financial effects of the Proposed Placement have been prepared based on the assumptions that:-
- completion of the Proposed Placement of 11,453,712 Placement Shares on the basis of the Issue Price of S\$0.13 per Placement Share in consideration of the full settlement of the Outstanding RCL Consideration;
 - the expenses incurred in the Proposed Placement are approximately S\$42,000;
 - the financial effect on the consolidated net tangible asset (“**NTA**”) per Share is computed based on the assumption that the Proposed Placement was completed on 31 December 2019; and
 - the financial effect on the consolidated loss per Share (“**LPS**”) is computed based on the assumption that the Proposed Placement was completed on 1 January 2019.

Net Tangible Asset

As at 31 December 2019

	Before the Proposed Placement ⁽¹⁾	After the Proposed Placement ⁽²⁾
NTA (S\$)	4,074,516	5,563,499
Number of issued shares of the Company (“Shares”)	231,615,325	243,069,037
NTA per Share (Singapore cents)	1.76	2.29

Notes:

- (1) Based on the Existing Share Capital of 231,615,325 Shares as at the date of this announcement.
(2) Based on the Enlarged Share Capital of 243,069,037 Shares on completion of the Proposed Placement and all the Placement Shares are successfully allotted and issued.

Loss Per Share

For the financial year ended 31 December 2019

	Before the Proposed Placement ⁽¹⁾	After the Proposed Placement ⁽²⁾
Net loss attributable to Shareholders	(525,968)	(525,968)
Weighted average number of Shares used	231,615,325	243,069,037
Basic LPS (Singapore)	0.23	0.22

Notes:

- (1) Based on the Existing Share Capital of 231,615,325 Shares as at the date of this announcement.
(2) Based on the Enlarged Share Capital of 243,069,037 Shares on completion of the Proposed Placement and all the Placement Shares are successfully allotted and issued.

General Note: Exchange rate of USD 1 : SGD 1.38777 has been applied due to the Company’s reporting currency in USD.

8 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Placement other than through their respective shareholdings (direct and indirect) in the Company (if any). None of the Directors or substantial Shareholders of the Company or their respective associates has any connection or business relationship with any of the RCL Vendors.

9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Placement Agreement and the Supplemental Deed are available for inspection at the registered office of the Company at 96 Robinson Road, #17-01 SIF Building, Singapore

068899 during normal business hours for a period of three (3) months from the date of this announcement.

10 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

Where information has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

11 CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in trading their Shares. The completion of the Proposed Placement is subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Placement will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements as and when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and when in doubt as to the action they should take, they should consult their legal, financial, tax or other professional adviser immediately.

By Order of the Board

Mr Chan Shut Li, William
Executive Chairman

5 March 2020