

**NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF REACH ENERGY BERHAD (“REACH ENERGY” OR THE “COMPANY”) DATED 24 JULY 2014 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

**Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

**Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Hong Leong Investment Bank Berhad (“**HLIB**”), or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

**Jurisdictional Disclaimer**

This distribution of the Electronic Prospectus and the sale of the units are subject to Malaysian law. Bursa Securities, HLIB and Reach Energy take no responsibility for the distribution of the Electronic Prospectus and/or the sale of the units outside Malaysia, which may be restricted by law in other jurisdictions. The Electronic Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any units, to any person outside Malaysia or in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**Close of Application**

Applications will be accepted from 10.00 a.m. on 24 July 2014 and will remain open until 5.00 p.m. on 4 August 2014 or such later date or dates the Board of Directors of Reach Energy and HLIB in their absolute discretion may decide.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

**Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

WE ARE A SPECIAL PURPOSE ACQUISITION COMPANY. WE CURRENTLY HAVE NO OPERATIONS OR INCOME-GENERATING BUSINESS. INVESTING IN OUR SECURITIES MAY BE OF HIGH INVESTMENT RISK.

REACH  
ENERGY



## REACH ENERGY BERHAD

( Company No: 1034400-D )  
( Incorporated in Malaysia under the Companies Act, 1965 )

PROSPECTUS

PUBLIC ISSUE OF 1,000,000,000 NEW ORDINARY SHARES OF RM0.01 EACH IN OUR COMPANY ("PUBLIC ISSUE SHARES"), TOGETHER WITH 1,000,000,000 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED, AT AN ISSUE PRICE OF RM0.75 PER PUBLIC ISSUE SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- 980,000,000 PUBLIC ISSUE SHARES TOGETHER WITH 980,000,000 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED BY WAY OF PLACEMENT TO SELECTED INVESTORS; AND
- 20,000,000 PUBLIC ISSUE SHARES TOGETHER WITH 20,000,000 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC,

IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER TURN TO SECTION 4 FOR "RISK FACTORS".

This Prospectus is dated 24 July 2014

*Principal Adviser, Placement Agent  
and Underwriter*

 **HongLeong Investment Bank**

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)  
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

*Custodian*

**AMANAHRAYA**  
**TRUSTEES**

(766894-T)  
*AmanahRaya Trustees Berhad*

PROSPECTUS

## **RESPONSIBILITY STATEMENTS**

OUR DIRECTORS AND PROMOTERS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE AND/OR MISLEADING.

HONG LEONG INVESTMENT BANK BERHAD, BEING OUR PRINCIPAL ADVISER, PLACEMENT AGENT AND UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE (AS HEREINAFTER DEFINED).

## **STATEMENTS OF DISCLAIMER**

THE SECURITIES COMMISSION MALAYSIA ("SC") HAS APPROVED THE PUBLIC ISSUE AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PUBLIC ISSUE, OUR COMPANY OR OUR SECURITIES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("**CMSA**").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE PUBLIC ISSUE OR YOU ARE OR MIGHT BE SUBJECT. NEITHER WE NOR THE PRINCIPAL ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE PUBLIC ISSUE SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF OUR PUBLIC ISSUE, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WE WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION TO IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE PUBLIC ISSUE WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OF MALAYSIA.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE PUBLIC ISSUE WOULD BE IN COMPLIANCE WITH THE TERMS OF THE PUBLIC ISSUE AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE PUBLIC ISSUE IN MALAYSIA. HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

OUR SHARES ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC ("**SAC**") VIA ITS LETTER DATED 25 APRIL 2014, BASED ON OUR AUDITED FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SAC. UPDATES ON THE CLASSIFICATION WILL BE RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES ON THE LAST FRIDAY OF MAY AND NOVEMBER OF EACH YEAR.

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## ELECTRONIC PROSPECTUS

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com).

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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**INDICATIVE TIMETABLE**

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up ordinary share capital and warrants on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") is set out below:

<b>Event</b>	<b>Indicative date</b>
Opening date of the Application (as defined herein)	24 July 2014
Closing date of the Application	4 August 2014
Tentative date for balloting of the Application	7 August 2014
Tentative date for allotment for the Public Issue Shares and Warrants (as defined herein) to successful applicants	11 August 2014
Tentative listing date	15 August 2014

Save for the opening date of the Application, these dates are tentative and are subject to changes which may be necessary to facilitate implementation procedures.

Applications will be accepted from 10.00 a.m. on 24 July 2014 and will remain open until 5.00 p.m. on 4 August 2014 or such later date or dates our Board of Directors and Hong Leong Investment Bank Berhad ("**HLIB**") may jointly decide at their absolute discretion.

Our Directors together with HLIB may decide, at their absolute discretion to extend the closing date of the Application to a later date. Should the closing date of the Application be extended, the dates for the balloting, allotment and listing of our entire enlarged issued and paid-up ordinary share capital and warrants on the Main Market of Bursa Securities might be extended accordingly. We will notify all parties via an advertisement in a widely circulated English and Bahasa Malaysia newspaper in Malaysia in the event there is an extension of time on the closing date of the Application.

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## DEFINITIONS

Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Prospectus:

"Act"	: Companies Act, 1965
"ADA"	: Authorised Depository Agent
"AGM"	: Annual general meeting
"Application"	: Application for the Public Issue Shares by way of Application Forms, Electronic Share Application or Internet Share Application
"Application Form"	: The printed Application Form for application for the Public Issue Shares
"Articles of Association"	: The articles of association of our Company as may be amended from time to time
"ATM"	: Automated Teller Machine
"Authorised Financial Institution"	: Authorised financial institution participating in the Internet Share Application in respect of the payments for the Public Issue Shares
"Board" or "our Board"	: Board of Directors of Reach Energy
"Bursa Depository" or "Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities" or "Exchange"	: Bursa Malaysia Securities Berhad (635998-W)
"Cash Trust Account"	: A trust account maintained with a licenced Islamic bank (as defined in the Islamic Financial Services Act, 2013) or licenced bank or licenced investment bank (as defined in the Financial Services Act, 2013), by the Custodian to hold and deal with the Cash Trust Assets on behalf of our Company, in accordance with the SC Guidelines
"Cash Trust Assets"	: All cash monies derived from or attributable to the IPO Trust Proceeds and (if applicable) the Subsequent Rights Issue Trust Proceeds
"CCM"	: Companies Commission of Malaysia
"CDS"	: Central Depository System
"CEO"	: Chief Executive Officer
"CFO"	: Chief Financial Officer
"CMSA"	: Capital Markets and Services Act, 2007
"Conversion of RCPS"	: Conversion of 666,667 RCPS by the Initial Investor into 6,666,670 new Shares together with 6,666,670 Warrants upon receipt of the SC's approval for the IPO
"Cornerstone Investors"	: Collectively, Chua Sai Men, CIMB-Principal Asset Management Berhad, Hong Leong Asset Management Berhad, Lembaga Tabung Haji, MKW Jaya Sdn Bhd, MTD Capital Berhad and Poh Yang Hong



**DEFINITIONS (Cont'd)**

"Custodian"	:	AmanahRaya Trustees Berhad (766894-T)
"Custodian Agreement"	:	Custodian agreement dated 26 June 2014 between our Company and the Custodian
"Daya Materials"	:	Daya Materials Berhad (636357-W)
"Derivative Assets"	:	The securities, rights, benefits, advantages, dividends, interests, accretions or other property whether of a capital or income nature accruing, offered, issued or deriving at any time by way of dividend, interest, bonus, redemption, exchange, purchase, substitution, conversion, consolidation, sub-division, preference option or otherwise in connection with, or attributable to, any of the Trust Property (including, but not limited to, any part thereof)
"Director"	:	Director of our Company and shall have the meaning given in Section 4 of the Act
"Dissenting Shareholder"	:	Shareholder who votes against the Qualifying Acquisition at our EGM to be convened to consider the Qualifying Acquisition
"EGM"	:	Extraordinary general meeting
"Electronic Share Application"	:	An application for the Public Issue Shares through a Participating Financial Institution's ATM
"ETP"	:	Economic Transformation Programme
"ExxonMobil"	:	Exxon Mobil Corporation
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended
"GDP"	:	Gross domestic product
"HLIB" or "Principal Adviser" or "Placement Agent" or "Underwriter"	:	Hong Leong Investment Bank Berhad (10209-W)
"IMR Report"	:	Independent market research report by PFC Energy dated 4 July 2014
"Initial Investor"	:	Investor who invested in our Company prior to the IPO, namely Daya Materials
"Initial Investor's Shares"	:	The Shares subscribed by the Initial Investor pursuant to the Initial Investor's Subscription Agreements
"Initial Investor's Subscription Agreements"	:	The subscription agreements entered into by our Company and Initial Investor in relation to the Subscription by the Initial Investor
"Internet Participating Financial Institution"	:	The participating financial institutions for the Internet Share Application as listed in Section 13.6.2 of this Prospectus
"Internet Share Application"	:	An application for the Public Issue Shares through an Internet Participating Financial Institution
"IPO"	:	Initial public offering of the Public Issue Shares
"IPO Investors"	:	Investors who subscribe for the Public Issue Shares

**DEFINITIONS (Cont'd)**

"IPO Trust Proceeds"	:	94.75% of the gross proceeds raised by our Company in the IPO
"IRR"	:	Internal rate of return
"Islamic Trust Account"	:	A Shariah-compliant trust account maintained with a licenced Islamic bank (as defined in the Islamic Financial Services Act, 2013) or licenced bank or licenced investment bank (as defined in the Financial Services Act, 2013), by the Custodian to hold and deal with the IPO Trust Proceeds on behalf of our Company, in accordance with the SC Guidelines
"Issue Price"	:	RM0.75 per Public Issue Share
"Issuing House" or "MIH"	:	Malaysian Issuing House Sdn Bhd (258345-X)
"Liquidation Amount"	:	Amount held in the Islamic Trust Account, net of any taxes payable and expenses related to the Liquidation Distribution
"Liquidation Distribution"	:	Liquidation of our Company and the return of the Liquidation Amount to relevant shareholders upon the expiry of the Permitted Timeframe if the Qualifying Acquisition is not completed by then
"Listing"	:	Admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire issued and paid-up ordinary share capital comprising 1,277,822,425 Shares together with 1,277,822,225 Warrants on the Main Market of Bursa Securities
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	4 July 2014, being the latest practicable date prior to printing of this Prospectus
"Management Team"	:	The management team of our Company, presently comprising Ir. Shahul Hamid bin Mohd Ismail, Azmi bin Tan Sri Arshad, Abd Rahim bin Shamsudin, Dr Robert King Park, Ir. Syed Salim bin Syed Abu Bakar and Ronald Lee Schakosky and such other relevant future employees of our Company (if any) as referred to under the SC Guidelines
"Market Day"	:	A day of which the stock market of Bursa Securities is open for trading in securities
"Moratorium"	:	Moratorium on the sale, transfer or assignment of the securities in our Company held by Reach Energy Holdings from the date of Listing until after our Company has commenced Commercial Production and generated one full financial year of audited operating revenue and may thereafter sell, transfer or assign up to a maximum of 50% per annum (on a straight-line basis) of the securities held under moratorium as described in Section 8.2.1 of this Prospectus
"NA"	:	Net assets
"NL"	:	Net liabilities
"Non-Cash Trust Assets"	:	All the properties, rights, capital and income (other than Cash Trust Assets) attributable to, or derived from, the IPO Trust Proceeds and (if applicable), the Subsequent Rights Issue Trust Proceeds

**DEFINITIONS (Cont'd)**

"Non-Entitlement Obligations"	:	Comprising the non-entitlement to the Qualifying Acquisition Share Repurchase and non-entitlement to the Liquidation Distribution imposed on Reach Energy Holdings (including, where applicable, persons connected (as defined under the Listing Requirements) to our Management Team) and the Initial Investor
"Non-Participation Obligations"	:	Comprising the Non-Voting Obligations and the Non-Entitlement Obligations
"Non-Voting Obligations"	:	The non-voting obligation on a resolution approving the Qualifying Acquisition imposed on Reach Energy Holdings (including, where applicable, persons connected to our Management Team)
"Participating Financial Institution"	:	Participating financial institution for the Electronic Share Applications as listed in Section 13.5.2 of this Prospectus
"PDO"	:	Petroleum Development Oman, LLC
"Permitted Investments"	:	Shariah-compliant securities issued by the Malaysian government, money-market instruments and AAA-rated papers
"Permitted Timeframe"	:	36 months from the date of Listing
"Pertamina"	:	Perusahaan Pertambangan Minyak dan Gas Bumi Negara
"PETRONAS"	:	Petroleum Nasional Berhad
"PETRONAS Carigali"	:	PETRONAS Carigali Sdn Bhd
"PFC Energy" or "IMR"	:	PFC Energy SARL (995313-A), being the Independent Market Researcher
"Pre-IPO Events"	:	Comprising Subdivision of Shares, Subscription by Reach Energy Holdings, Subscription by the Initial Investor and Conversion of RCPS
"Promoters"	:	The promoters of our Company are Reach Energy Holdings and our Management Team, namely, Ir. Shahul Hamid bin Mohd Ismail, Azmi bin Tan Sri Arshad, Abd Rahim bin Shamsudin, Dr Robert King Park, Ir. Syed Salim bin Syed Abu Bakar and Ronald Lee Schakosky who exercise significant influence in making strategic decisions of our Company
"Prospectus"	:	This Prospectus dated 24 July 2014 issued by our Company
"Public Issue"	:	The public issue of 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants on the basis of 1 Warrant for every 1 Public Issue Share subscribed, at the Issue Price
"Public Issue Share"	:	1,000,000,000 new Shares to be issued pursuant to the Public Issue subject to the terms and conditions of this Prospectus
"Qualifying Acquisition"	:	As described in the SC Guidelines, one or more initial acquisition of asset and/or business by our Company which has an aggregate fair market value equal to at least 80% of the aggregate amount then standing in the balance of the Islamic Trust Account, such acquisition(s) being in line with the business strategy of our Company, as described in Section 5.2 of this Prospectus

**DEFINITIONS (Cont'd)**

"Qualifying Acquisition Share Repurchase"	:	The repurchase by our Company of Shares held by Dissenting Shareholders
"RCPS"	:	Redeemable Convertible Preference Shares in our Company issued to the Initial Investor as described in Section 3.2(iii) of this Prospectus
"Reach Energy" or "our Company"	:	Reach Energy Berhad (1034400-D)
"Reach Energy Holdings"	:	Reach Energy Holdings Sdn Bhd (1034624-D)
"Reach Energy Holdings Share"	:	Ordinary share of RM1.00 each in Reach Energy Holdings
"Reach Energy Holdings Shareholders' Agreements"	:	The shareholders' agreements entered into between the members of our Management Team which give effect to their intentions and objectives and regulates their relationship as shareholders of Reach Energy Holdings
"Region of Focus"	:	Asia Pacific region with established hydrocarbon basins that Reach Energy intends to focus on which covers specifically Malaysia, Indonesia, Australia, Myanmar, Thailand, the Philippines and Vietnam
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Rules of the Depository"	:	The Rules of the Depository, including any amendment that may be made from time to time
"SC"	:	Securities Commission Malaysia
"SC Guidelines"	:	The Equity Guidelines issued by the SC
"SICDA"	:	The Securities Industry (Central Depositories) Act, 1991
"Share"	:	Ordinary share of RM0.01 each in our Company
"Shell"	:	Royal Dutch Shell, Plc
"Shell Malaysia"	:	Shell's group of companies in Malaysia
"SPAC"	:	Special purpose acquisition company
"SPAC Custodian"	:	A custodian duly qualified and able to act as a custodian for a SPAC in accordance with the SC Guidelines
"SPE"	:	Society of Petroleum Engineers
"Subdivision of Shares"	:	Subdivision of every 1 ordinary share of RM1.00 each in our Company into 100 Shares
"Subscription by Reach Energy Holdings"	:	Subscription of a total of 255,600,000 new Shares together with 255,600,000 Warrants at an effective subscription price of RM0.075 per Share by Reach Energy Holdings

## DEFINITIONS (Cont'd)

"Subscription by the Initial Investor"	:	Initial subscription of a total of 666,667 RCPS at a subscription price of RM4.50 per RCPS by the Initial Investor prior to the receipt of the SC's approval for the IPO and subsequent subscription of a total of 15,555,555 new Shares together with 15,555,555 Warrants at a subscription price of RM0.45 per new Share and Warrant prior to the IPO
"Subsequent Rights Issue Trust Proceeds"	:	90% of the gross proceeds raised by our Company in each rights issue of securities undertaken by our Company prior to the completion of the Qualifying Acquisition, if any
"Trust Account"	:	A trust account maintained with a licenced bank or investment bank, as defined in the Financial Services Act 2013, by the Custodian to hold and deal with the IPO Trust Proceeds on behalf of our Company, in accordance with the SC Guidelines
"Trust Property"	:	Comprising the IPO Trust Proceeds, the Subsequent Rights Issue Trust Proceeds (if any) and the Derivative Assets (including but not limited to the Non-Cash Trust Assets and the Cash Trust Assets)
"UK"	:	United Kingdom
"Underwriting Agreement"	:	Conditional underwriting agreement dated 26 June 2014 between our Company and the Underwriter to underwrite 20,000,000 Public Issue Shares
"US" or "USA"	:	United States of America
"USD"	:	US Dollar
"VAT"	:	Value added tax
"Warrants"	:	Free detachable warrants in our Company issued to Reach Energy Holdings and to be issued to the Initial Investor and IPO Investors, collectively
"Warrants Deed Poll"	:	The deed poll dated 26 June 2013 and supplemental deed poll dated 20 June 2014 constituting the Warrants

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**GLOSSARY OF TECHNICAL TERMS**


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"1C"	:	Denotes low estimate scenario of Contingent Resources
"2C"	:	Denotes best estimate scenario of Contingent Resources
"3C"	:	Denotes high estimate scenario of Contingent Resources
"1P"	:	Proved Reserves; denotes low estimate scenario of Reserves
"2P"	:	Proved plus Probable Reserves; denotes best estimate scenario of Reserves
"3P"	:	Proved plus Probable plus Possible Reserves; denotes high estimate scenario of Reserves
"Brent"	:	Major trading classification of sweet light crude oil
"Brownfield"	:	A mature field on decline or in the final stages of productive life
"CBM"	:	Coal bed methane, is a form of natural gas extracted from coal beds
"Commercial Production"	:	A programme of regular production of oil and/or gas from the contract area and delivery of the same at the relevant delivery point for sale
"Concession"	:	A grant of access for a defined area and time period that transfers certain entitlements to produced hydrocarbons from the host country to an enterprise. The enterprise is generally responsible for exploration, development, production, and sale of hydrocarbons that may be discovered  Under a typical Concession fiscal regime arrangement, the oil company (enterprise) bears all exploration and production risks, holds control and ownership of the oil and gas Reserves, and pays taxes and royalties to the host government (host country). In general, end of field life abandonment obligations remain with the oil company
"Contingent Resources"	:	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources. Contingent Resources are classified into three categories in accordance with the level of certainty associated with the estimates, namely, 1C, 2C and 3C with 1C being the most certain
"E&P"	:	Exploration and production (oil and gas exploration, development and production)
"Enhanced Oil Recovery" or "EOR"	:	The enhanced recovery techniques that go beyond water or gas flooding to maximise total reservoir recovery. It may involve steam, fire, chemicals, miscible gases, bacteria or other techniques
"EPCC"	:	Engineering, procurement, construction and commissioning

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**


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"FDP"	:	Field development plan, a document outlining the proposed development of an oil and gas field or the proposed extension to an existing oil and gas development to optimise oil and gas production. It encompasses the conceptual project specification for subsurface (i.e. the type, number and location of wells, geological aspects of the fields) and surface (i.e. oil and gas processing, piping, storage and transportation, etc). An FDP also includes petroleum engineering data, cost estimates, human resources requirements and the project planning schedule. It is usually a regulatory or host government requirement to prepare, review and have approval of the FDP
"HSE"	:	Health, safety and environment
"Improved Oil Recovery" or "IOR"	:	Any of the various methods, chiefly reservoir drive mechanism and enhanced recovery techniques, designed to improve the flow of hydrocarbons from the reservoir to the wellbore or to recover more oil after the primary and secondary methods (water and gas floods) are uneconomical
"IOC"	:	International oil company, publicly owned international oil and gas companies such as ExxonMobil, Shell, BP, Total SA and Chevron Corporation with operations across various aspect of the oil and gas business in the upstream, midstream and downstream segment
"LNG"	:	Liquefied natural gas
"NOC"	:	National oil company, oil and gas company fully, or majority owned by the government. Examples include PETRONAS, PDO, Pertamina and PTT Exploration and Production Public Company Limited
"Possible Reserves"	:	An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional Reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible ("3P") Reserves, which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate
"Probable Reserves"	:	An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves ("2P"). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**


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- "Prospective Resources" : Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. This class represents a higher risk than Contingent Resources since the risk of discovery is also added. For Prospective Resources to become classified as Contingent Resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared
- "Proved Reserves" : An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as "1P", also as "Proven"
- "PSC" : Production sharing contract, a contract signed between a host country and a contractor (oil company). In production sharing contracts, the host government awards the execution of exploration and production activities to a contractor. The contractor typically bears all risk and costs for exploration, development, and production. In return, if exploration is successful, the contractor is given the opportunity to recover the investment from production, subject to pre-agreed terms and conditions. The oil company is first entitled to cost recovery for both capital investment and operating expenses (Cost Oil) from the revenue generated by oil and gas production. The remaining revenue, less applicable taxes, royalties and field abandonment provisions, is shared between the oil company and the host government (Profit Oil). In general, end of field life abandonment obligations remain with the contractor
- "Range of uncertainty" : The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:
- There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate
  - There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate
  - There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate



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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**


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		When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental (risk-based) approach, quantities at each level of uncertainty are estimated discretely and separately
"Reserves"	:	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: They must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied. For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible
"Reserves Replacement Ratio"	:	This ratio measures the amount of proved Reserves added to an E&P company's Reserves base during a year relative to the amount of oil and gas produced in that year. A company's Reserves replacement ratio must be at least 1.0 or 100% for the company to stay in business. Otherwise, it will eventually run out of oil and gas. A ratio of 100% means the current production is sustainable, above 100% means production can grow, and below 100% means production is likely to decline. This ratio is one of the measures used by shareholders to assess the operating performance of an E&P company
"RSC"	:	Risk service contract, a contract signed between a host country and a contractor (oil company). Under a typical RSC, the host government is the owner of the oil and gas field, hence it will own all the Reserves and production, but the oil company's capital investment is recoverable. The oil company will earn a remuneration fee that would cover the costs of service and infrastructure provided to extract the oil and gas and will also be rewarded with certain performance bonuses should the oil company exceed the agreed key performance indicators (KPI). End of field life abandonment obligations remain with the host government
"Unconventional resources"	:	Unconventional resources exist in petroleum accumulations that are pervasive throughout a large area and are not significantly affected by hydrodynamic influences (also called "continuous-type deposits"). Examples include CBM, basin-centered gas, shale gas, gas hydrates, natural bitumen, and oil shale deposits. Typically, such accumulations require specialised extraction technology
"Wildcat"	:	A well in a previously undrilled area or an exploratory well
"Working Interest"	:	A company's equity interest in a project before reduction for royalties or production share owned to others under the applicable fiscal terms
"WTI"	:	West Texas Intermediate, a benchmark price for crude oil

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## OIL AND GAS UNITS OF MEASUREMENT

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### OIL AND GAS UNITS OF MEASUREMENT

Crude oil is normally measured by volume in US gallons or barrels, or by weight in tons or tonnes. Crude oil prices are generally quoted in USD per barrel. Quantities of oil produced, moved or processed are expressed in barrels of oil per day.

Natural gas is typically measured by volume and is stated in cubic feet or cubic meters under standard conditions of pressure and temperature. The pricing of gas is based on its energy content. The most common unit is USD per million British thermal unit.

In order to quantify the total oil and gas resources found in a field, country or region, in a single equivalent unit of measurement, the amount of gas can be converted into barrels or tonnes of oil equivalent. A barrel or tonne of oil equivalent is a unit of energy based on the approximate energy released by burning one barrel or tonne of crude oil.

Prefixes represent steps of 1000 and they are:

k (kilo) = 1,000

m (million) = 1,000,000

b (billion) = 1,000,000,000

t (trillion) = 1,000,000,000,000

The abbreviations of units of measurements used in this Prospectus are:

bbl	:	Barrel of oil
bcf	:	Billion cubic feet
boe	:	Barrels of oil equivalent
bpd	:	Barrels of oil per day
kbd	:	Thousand barrels of oil per day
MMbo	:	Million barrels of oil
MMcfd	:	Million cubic feet per day
MMboe	:	Million barrels of oil equivalent
MMtoe	:	Million tonnes of oil equivalent

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include natural persons, firms, companies, bodies corporate and corporations, unless otherwise specified.

Any reference in this Prospectus to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise stated.

Any references to "our Company", "the Company", "Reach Energy", "we", "us", "our" and "ourselves" in this Prospectus are to our Company. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors and Management Team.

Any references to "asset" in this Prospectus are to target company and/or asset.

This Prospectus includes statistical data provided by our Management Team and various third parties and cites third-party projections regarding growth and performance of the oil and gas industry. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the oil and gas industry. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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## FORWARD-LOOKING STATEMENTS

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This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management Team for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements expressed or implied by such forward-looking statements to be different. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Company's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would" and "could", or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies;
- (ii) plans and objectives of our Management Team for future operations; and
- (iii) our financial position.

Our actual performance or achievements may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation and regulation;
- (iii) the competitive environment in our industry; and
- (iv) any other factors beyond our control.

Additional factors that could cause our actual performance or achievements to differ materially include, but are not limited to those discussed in Section 4 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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**1. CORPORATE INFORMATION****BOARD OF DIRECTORS**

<b>Name</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Izlan bin Izhab (Chairman / Senior Independent Non-Executive Director)	9, Jalan SS14/5C 47500 Subang Jaya Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Ir. Shahul Hamid bin Mohd Ismail (Managing Director)	46, Jalan USJ 20/1E 47630 Subang Jaya Selangor Darul Ehsan Malaysia	Managing Director	Malaysian
Nik Din bin Nik Sulaiman (Independent Non-Executive Director)	No. 6, Lorong PJU 7/19A Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Aonghus Joseph O'Carroll (Independent Non-Executive Director)	1 Hascombe Terrace Love Walk, Camberwell London SE5 8SQ United Kingdom	Company Director	Irish

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Nik Din bin Nik Sulaiman	Chairman	Independent Non-Executive Director
Izlan bin Izhab	Member	Chairman/ Senior Independent Non-Executive Director
Aonghus Joseph O'Carroll	Member	Independent Non-Executive Director

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Izlan bin Izhab	Chairman	Chairman/ Senior Independent Non-Executive Director
Aonghus Joseph O'Carroll	Member	Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director



**1. CORPORATE INFORMATION (Cont'd)****REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Izlan bin Izhab	Chairman	Chairman/ Senior Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director
Ir. Shahul Hamid bin Mohd Ismail	Member	Managing Director

**RISK MANAGEMENT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Aonghus Joseph O'Carroll	Chairman	Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director
Ir. Shahul Hamid bin Mohd Ismail	Member	Managing Director
Azmi bin Tan Sri Arshad	Member	-

**COMPANY SECRETARIES**

: Chin Ngeok Mui (MAICSA 7003178)  
No. 3, Jalan Ibu Kota Empat  
Taman Ibu Kota  
Gombak  
53100 Kuala Lumpur

Chen Bee Ling (MAICSA 7046517)  
B-3-3A, Pangsapuri Impian  
Off Jalan Pipit  
Bandar Puchong Jaya  
47100 Puchong  
Selangor Darul Ehsan

**REGISTERED OFFICE**

: Level 8, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel no: +603-7841 8000  
Fax no: +603-7841 8199

**HEAD/MANAGEMENT OFFICE**

: Level U6, Block D3, Solaris Dutamas  
No.1, Jalan Dutamas 1  
50480 Kuala Lumpur  
Tel no: +603-6206 4928  
Fax no: +603-6206 4929  
Email: info@reachenergy.com.my  
Website: www.reachenergy.com.my

## 1. CORPORATE INFORMATION (Cont'd)

<b>AUDITORS/REPORTING ACCOUNTANTS</b>	: KPMG Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel no: +603-7721 3388 Fax no: +603-7721 3399
<b>SOLICITORS FOR THE LISTING</b>	: Lee Choon Wan & Co. No. 12, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Tel no: +603-2093 0078 Fax no: +603-2094 1750
<b>PRINCIPAL BANKERS</b>	: Hong Leong Islamic Bank Berhad G2-70, Level G2 Publika Shopping Gallery Solaris Dutamas 1 Jalan Dutamas 1 50480 Kuala Lumpur Tel no: +603-6205 3078 Fax no: +603-6205 3041  Standard Chartered Saadiq Berhad No. G15, Block 3 Laman Seri Business Park No. 7, Persiaran Sukan Seksyen 13 40100 Shah Alam Selangor Darul Ehsan Tel no: +603-5565 3688 Fax no: +603-5511 7585
<b>INDEPENDENT MARKET RESEARCHER</b>	: PFC Energy SARL Level 27, UBN Tower 10 Jalan P. Ramlee 50250 Kuala Lumpur Tel no: +603-2172 3400 Fax no: +603-2072 3599
<b>ISSUING HOUSE</b>	: Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel no: +603-7841 8000 Fax no: +603-7841 8150

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**1. CORPORATE INFORMATION (Cont'd)**

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<b>SHARE REGISTRAR</b>	: Symphony Share Registrars Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel no: +603-7841 8000 Fax no: +603-7841 8151/52
<b>CUSTODIAN</b>	: AmanahRaya Trustees Berhad Tingkat 2, Wisma TAS No. 21, Jalan Melaka 50100 Kuala Lumpur Tel no: +603-2036 5000 Fax no: +603-2072 0320
<b>PRINCIPAL ADVISER, PLACEMENT AGENT AND UNDERWRITER</b>	: Hong Leong Investment Bank Berhad Level 23, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel no: +603-2168 1168 Fax no: +603-2164 8880
<b>LISTING SOUGHT</b>	: Main Market of Bursa Securities
<b>SHARIAH STATUS</b>	: Approved by the Shariah Advisory Council of the SC

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## 2. SUMMARY INFORMATION

This is a summary of the salient information in the Prospectus. It may not contain all the information that may be important to you. You should read and understand the entire Prospectus carefully before you decide to invest in our Company.

### 2.1 OVERVIEW OF OUR BUSINESS

#### 2.1.1 Our Objective

We intend to list on the Main Market of Bursa Securities as a SPAC. SPACs are companies which have no operations or income generating business at the point of IPO but undertake an IPO for the purposes of raising funds to acquire operating companies, businesses or assets, otherwise known as Qualifying Acquisition.

Whilst we shall commence business as a SPAC listed on the Main Market of Bursa Securities, our vision is to establish our Company as an independent Malaysia-based E&P company with global and domestic operations.

#### 2.1.2 Our Rationale

We believe that there are favourable environment and market conditions in the oil and gas industry for our Qualifying Acquisition, particularly in the Region of Focus due to the following:

- (i) the liberalisation of the oil and gas industry resulting in the release of development and/or production assets by NOCs and governments for independent development;
- (ii) the improved financial viability of development and/or production assets;
- (iii) the economic viability for development and/or production assets to the incumbent larger IOCs and NOCs;
- (iv) the drive to develop huge unconventional oil and gas resources is attracting the attention of larger IOCs. This is opening up more opportunities for smaller independent oil companies; and
- (v) the application of new techniques to improve oil recovery and enhance oil production for development and/or production assets.

These opportunities will encourage a new breed of small and medium but more agile independent E&P companies like our Company to emerge and participate in the oil and gas development and production activities.

#### 2.1.3 Our Value Proposition

Our value proposition as an oil and gas SPAC is as follows:

- (i) Focus on relatively low-risk development and/or production assets with a primary objective to produce oil and gas and generate early revenue within two years from the date of completion of the Qualifying Acquisition.

We will not enter into exploration activities for the Qualifying Acquisition due to the inherent uncertainties associated with higher risk and longer gestation period from acquisition to generating revenue. Our focus on development and/or production assets is aligned with our main aim of early revenue i.e. within two years from date of completion of the Qualifying Acquisition. Post Qualifying Acquisition, we intend to eventually own a balanced portfolio of exploration and production assets with the objective of growing our Reserves.

## 2. SUMMARY INFORMATION (Cont'd)

### (ii) Strength of our Management Team

- A balanced Management Team comprising E&P veterans with practical and technical field experiences and track record encompassing the entire value chain of the E&P sector from identification of assets up to decommissioning/abandonment of fields.
- Familiarity with the Asia Pacific region that we intend to focus on which covers specifically Malaysia, Indonesia, Australia, Myanmar, Thailand, the Philippines and Vietnam.
- Wide networks and contacts within the oil and gas sector which will facilitate the sourcing and early identification of potential target company and/or asset.
- Entrusted with clear roles and responsibilities.

### (iii) More competitive financial position to acquire sizeable target company and/or asset for the purpose of the Qualifying Acquisition

Given the quantum of proceeds we intend to raise, i.e. RM750 million, we are well-positioned and have a more competitive financial position to acquire sizeable target company and/or asset for our Qualifying Acquisition.

#### 2.1.3.1 Our Business Strategies

For the Qualifying Acquisition, we will focus on Brownfields in the production phase and fields in the proximity of existing producing areas in the development and production phases within the Asia Pacific region in established hydrocarbon basins, with Reserves calculations of at least in the 2P Reserves category (namely Proved and Probable Reserves), as these are of lower risk and with more certainty of remaining and upside potential Reserves. For clarity, the fields in the proximity of existing producing areas may not be producing but are ready for development and these fields are not in the exploration phase.

In addition, we shall complete a Qualifying Acquisition by acquiring target company and/or asset. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company. In addition, we will be the operator where we will have management control.

We shall achieve the above objective of completing a Qualifying Acquisition by leveraging on the technical expertise, knowledge, network and experience of our Management Team and Board. We intend to acquire fields with production and development enhancement opportunities and accelerate production whenever possible using advanced technologies and/or techniques.

Further, we target to realise commercial production and generate early revenue within two years from the date of completion of the Qualifying Acquisition.

After the initial Qualifying Acquisition, our Management Team will implement various initiatives and strategies to ensure business continuity, growth and profitability of our Company with the following aims:

- (i) to build a strong base in the upstream oil and gas value chain globally and continue to generate revenue streams organically by adding value to our assets;
- (ii) to have a balanced portfolio of E&P assets for sustainable growth;
- (iii) to further develop our position as a regional operator of oil and gas assets; and

## 2. SUMMARY INFORMATION (Cont'd)

- (iv) to proactively participate in the growing E&P opportunities in Malaysia.

Further details of our Company and business are set out in Sections 5.1 to 5.2 of this Prospectus.

### 2.1.3.2 Our Team

Our team (Directors and Management Team) comprises both local and international expertise with proven track record and global networks in the oil and gas industry. Our Management Team members have an average of over 30 years of experience in the oil and gas industry worldwide especially in Asia Pacific, with IOCs and NOCs holding senior management roles. They are technical specialists with many years of practical experiences, encompassing the entire value chain of upstream segment of the oil and gas industry.

Our Management Team will also be guided by our Board made up of a blend of international industry experts who have led major IOCs and oil and gas consulting practices and legal and finance professionals who have held senior positions with international conglomerates as well as regulatory body. They are also an experienced Board well versed in implementing corporate governance practices to safeguard the best interest of our Company. Further details of our team are set out in Sections 5.2.1.6, 7.1.2 and 7.2.3 of this Prospectus.

## 2.2 PRINCIPAL STATISTICS OF THE IPO

**Issue Size** : We have made available 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants representing approximately 78.26% of our enlarged issued and paid-up ordinary share capital (after the Public Issue) at the Issue Price, payable in full upon application, as follows:

### (i) Selected investors by way of private placement

980,000,000 Public Issue Shares together with 980,000,000 Warrants are available for application by way of private placement to selected investors (including the Cornerstone Investors).

### (ii) Malaysian Public

20,000,000 Public Issue Shares together with 20,000,000 Warrants, to be allocated via balloting, are available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which 50% is to be set aside strictly for Bumiputera investors.

**Issue Price** : RM0.75 payable in full upon application.

**Ranking of shares** : Save for the Non-Participation Obligations, the Public Issue Shares will rank *pari passu* in all respects with our other existing issued and fully paid-up Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

**Purpose of IPO** : The purposes of the IPO are to facilitate our listing on the Main Market of Bursa Securities as a SPAC and to raise funds from the capital market to undertake the Qualifying Acquisition.

## 2. SUMMARY INFORMATION (Cont'd)

Use of proceeds : We shall use the total proceeds from the IPO amounting to RM750,000,000 for the acquisition of target company and/or asset as Qualifying Acquisition, our working capital requirements and to defray estimated listing expenses. Please refer to Section 3.6 of this Prospectus for further details on the utilisation of proceeds.

### 2.3 HISTORICAL FINANCIAL INFORMATION

The audited financial statements of our Company from 7 February 2013 (i.e. date of our incorporation) to 31 July 2013 and for the financial period from 1 August 2013 to 31 January 2014 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

You should read our audited financial statements in conjunction with the management discussion and analysis of our financial conditions and results of operations as set out in Section 10.2 of this Prospectus and the Reporting Accountants' Letter on the Pro Forma Statements of Financial Position as at 31 January 2014 as set out in Section 10.5 of this Prospectus.

#### 2.3.1 Statement of Comprehensive Income

As Reach Energy has not commenced business operations since our incorporation on 7 February 2013, our Company has not generated any revenue, save for the interest income. Our Company's expenses comprise administrative and sundry expenses. The summary of the audited Statement of Comprehensive Income of our Company from 7 February 2013 (i.e. date of our incorporation) to 31 July 2013 and for the financial period from 1 August 2013 to 31 January 2014 is as follows:

	<-----Audited----->	
	7 February 2013 to 31 July 2013	1 August 2013 to 31 January 2014
	RM	RM
Operating expenses	(2,173,245)	(2,545,664)
Interest income	4,284	66,776
Loss before taxation	(2,168,961)	(2,478,888)
Less: Income tax expense	-	-
Loss / total comprehensive expenses for the period	(2,168,961)	(2,478,888)
No. of Shares in issue	113,600,200	113,600,200
Net loss per Share (sen)	(1.91)	(2.18)
Diluted loss per Share <sup>(1)</sup>	*	*

Notes:

(1) The diluted loss per Share after the Public Issue and upon the full conversion of Warrants is less than RM0.01.

\* Negligible.

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## 2. SUMMARY INFORMATION (Cont'd)

### 2.3.2 Pro Forma Statements of Financial Position as at 31 January 2014

The following table sets out the Pro Forma Statements of Financial Position of Reach Energy as at 31 January 2014, after adjusting for the IPO and payment of listing expenses, prepared solely for illustrative purposes. The Pro Forma Statements of Financial Position should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on the Pro Forma Statements of Financial Position as set out in Section 10.5 of this Prospectus.

	Pro Forma I	Pro Forma II After Pro Forma I, subscription of subsequent Shares and Warrants by Reach Energy Holdings, subscription of Shares and Warrants by the Initial Investor and Conversion of RCPS	Pro Forma III	Pro Forma IV	Pro Forma V	Pro Forma VI
	Audited as at 31 January 2014 RM	Advance payment by Reach Energy Holdings RM	After Pro Forma II and the Proposed Public Issue <sup>(1)</sup> RM	After Pro Forma III and payment of listing expenses RM	After Pro Forma IV and completion of Qualifying Acquisition <sup>(2)</sup> RM	After Pro Forma V and full exercise of Warrants RM
<b>Non-current assets</b>						
Plant and equipment	171,911	171,911	171,911	171,911	171,911	171,911
<b>Total non-current assets</b>	<b>171,911</b>	<b>171,911</b>	<b>171,911</b>	<b>171,911</b>	<b>171,911</b>	<b>171,911</b>
<b>Current assets</b>						
Cash and cash equivalents	5,589,157	19,647,157	776,647,157	750,647,157	750,647,157	1,709,013,826
Deposits and prepayments	37,280	37,280	37,280	37,280	37,280	37,280
<b>Total current assets</b>	<b>5,626,437</b>	<b>19,684,437</b>	<b>776,684,437</b>	<b>750,684,437</b>	<b>750,684,437</b>	<b>1,709,051,106</b>
<b>Total assets</b>	<b>5,798,348</b>	<b>19,856,348</b>	<b>776,856,348</b>	<b>750,856,348</b>	<b>750,856,348</b>	<b>1,709,223,017</b>
<b>Equity</b>						
Share capital	1,136,002	1,136,002	12,778,224	12,778,224	12,778,224	25,556,446
Share premium	1,908,480	1,908,480	17,470,970	12,322,970	520,447,970	1,688,657,226
Warrants reserves	2,067,520	2,067,520	8,920,809	20,120,809	222,620,809	-
Retained earnings	(4,647,849)	(5,085,341)	(5,383,541)	(8,060,541)	(7,239,781)	(7,239,781)
Share-based payment reserve	85,068	522,560	820,760	820,760	-	-
<b>Total equity</b>	<b>549,221</b>	<b>549,221</b>	<b>24,607,222</b>	<b>37,982,222</b>	<b>748,607,222</b>	<b>1,706,973,891</b>



## 2. SUMMARY INFORMATION (Cont'd)

	Pro Forma I	Pro Forma II After Pro Forma I, subscription of Shares and Warrants by Reach Energy Holdings, and subscription of Shares and Warrants by the Initial Investor and Conversion of RCPS	Pro Forma III After Pro Forma II and the Proposed Public Issue <sup>(1)</sup>	Pro Forma IV After Pro Forma III and payment of listing expenses	Pro Forma V After Pro Forma IV and completion of Qualifying Acquisition <sup>(2)</sup>	Pro Forma VI After Pro Forma V and full exercise of Warrants
<b>Audited as at 31 January 2014 RM</b>						
<b>Liability</b>						
<b>Non-current liability</b>						
Financial liability component of the Public Issue Share	-	-	710,625,000	710,625,000	-	-
<b>Total non-current liability</b>	-	-	710,625,000	710,625,000	-	-
<b>Current Liabilities</b>						
RCPS	3,000,001	-	-	-	-	-
Trade and other payables	2,249,126	2,249,126	2,249,126	2,249,126	2,249,126	2,249,126
Advance from holding company	-	-	-	-	-	-
<b>Total current liabilities</b>	5,249,127	2,249,126	2,249,126	2,249,126	2,249,126	2,249,126
<b>Total Liabilities</b>	5,249,127	2,249,126	712,874,126	712,874,126	2,249,126	2,249,126
<b>Total Equity and Liabilities</b>	<b>5,798,348</b>	<b>26,856,348</b>	<b>776,856,348</b>	<b>750,856,348</b>	<b>750,856,348</b>	<b>1,709,223,017</b>
Number of Shares	113,600,200	277,822,425	1,277,822,425	1,277,822,425	1,277,822,425	2,555,644,650
NA (RM)	549,221	24,607,222	63,982,222	37,982,222	748,607,222	1,706,973,891
NA per Share (RM)	0.005	0.09	0.05	0.03	0.59	0.67

## 2. SUMMARY INFORMATION (Cont'd)

Notes:

- (1) The Public Issue Shares is a compound financial instrument with a financial liability and equity component as defined under MFRS 132 Financial Instruments: Presentation. The financial liability component, being the fair value of the 94.75% of the gross proceeds; represents our obligation to refund the IPO Trust Proceeds held in the Islamic Trust Account to the IPO Investors in the event we fail to complete a Qualifying Acquisition within the Permitted Timeframe.
- (2) Pro Forma V incorporates the effects of Pro Forma IV and the effects of the completion of Qualifying Acquisition based on the SC Guidelines, being fulfillment of all conditions precedent set out in the sale and purchase agreement governing the Qualifying Acquisition. Consequently, the financial liability component of the Public Issue Share will be reclassified as equity and recognised through the share premium account and Warrant reserve account as the Company has no further obligation to refund the IPO Trust Proceeds held in the Islamic Trust Account. The completion of the Qualifying Acquisition is not illustrated in this Pro Forma.

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## 2. SUMMARY INFORMATION (Cont'd)

### 2.4 RISK FACTORS

As a SPAC, we are exposed to a number of possible risks that may arise from economic, business, market and financial factors and developments, which may have an adverse impact on our future performance. You should carefully consider the risks and investment considerations set out below along with the other matters in this Prospectus before you make your investment decision.

We believe that there are certain risks in relation to the nature of a SPAC and these risk factors that may affect our business and operations include, but are not limited to the following:

- (i) We do not have any operating history and accordingly you do not have a conventional basis on which to evaluate our ability to achieve our business objective.
- (ii) We have yet to select a target company or asset as the subject matter of a Qualifying Acquisition and are currently unable to ascertain the merits or risks of the company or asset which we may ultimately acquire. Additionally, your rights in relation to the Qualifying Acquisition is limited to voting for or against the proposed target company and/or asset tabled to our shareholders for approval.
- (iii) Our ability to successfully effect a Qualifying Acquisition and to successfully operate the acquired company or asset thereafter is dependent upon the expertise and experience of our Board and Management Team.
- (iv) We may only be able to complete one Qualifying Acquisition with the proceeds of this IPO, which will cause us to be solely dependent on a single company or asset.
- (v) If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be required to liquidate and distribute the IPO Trust Proceeds.
- (vi) Our public shareholders may receive less than the Issue Price per Share and our Warrants will expire worthless in the event of liquidation due to non-completion of a Qualifying Acquisition within the Permitted Timeframe.
- (vii) If we acquire a target company or asset which is located outside of Malaysia, we could be subject to a variety of additional risks that may negatively impact our operations.
- (viii) We are exposed to uncertainties in the evaluation of oil and gas assets.

In addition, we are also exposed to risks relating to the oil and gas industry such as the financial and economic risks, strategic risks, compliance risks and operational risks. These risks may include, but are not limited to, the risks of fluctuations in oil and gas prices, financial markets risks, economic and socio-political risks, competition for access to oil and gas resources, integration risks, dependency on third-party infrastructure, host governments' policies and regulations, restrictions on operations, inadequate Reserves replacement and increasing cost structure.

Please refer to Section 4 of this Prospectus for further information on the risks relating to our business and operations, risks relating to the oil and gas industry and risks relating to the IPO.

### 3. PARTICULARS OF THE IPO

This Prospectus is dated 24 July 2014. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

**The approval of the SC for the IPO (details of which are set out in Section 8.1 of this Prospectus) was obtained via its letter dated 19 June 2014. The approval of the SC shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.**

Bursa Securities has approved our admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up ordinary share capital of RM12,778,224 comprising 1,277,822,425 Shares, 1,277,822,225 Warrants and such new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities, via its letter dated 7 July 2014. Listing of and quotation for our Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment and allocation information for the crediting of the Public Issue Shares and Warrants and receipt of an undertaking that all notices of allotment will be issued and dispatched to all successful applicants prior to the date of listing of and quotation for our Shares and Warrants.

**Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares and Warrants as prescribed securities. In consequence thereof, our Shares and Warrants offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares and Warrants will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.**

Persons submitting Applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not have a CDS account, you may open one by contacting any of the ADAs listed in Section 13.10 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his / her CDS account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. In the event that the above requirements are not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted. The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of our merit or the merit of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

### 3. PARTICULARS OF THE IPO (Cont'd)

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

This Prospectus does not comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any countries or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which the Public Issue or you are or might be subject. Neither we nor the principal adviser nor any other advisers in relation to the Public Issue shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

**If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or any other professional advisers.**

#### 3.1 DETAILS OF THE PUBLIC ISSUE

We have made available 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants representing approximately 78.26% of our enlarged issued and paid-up ordinary share capital at the Issue Price, payable in full upon application, as follows:

##### (i) Selected investors by way of private placement

980,000,000 Public Issue Shares together with 980,000,000 Warrants are available for application by way of private placement to selected investors (including the Cornerstone Investors) ("**Placement Portion**").

The Cornerstone Investors have agreed to acquire an aggregate of 210,000,000 Public Issue Shares together with 210,000,000 Warrants, representing 16.43% of the enlarged issued and paid-up capital of Reach Energy upon Listing. The Placement Portion to the Cornerstone Investors consisting of the said Shares and Warrants is not subject to any lock-up arrangement.

##### (ii) Malaysian Public

20,000,000 Public Issue Shares together with 20,000,000 Warrants, to be allocated via balloting, are available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which 50% is to be set aside strictly for Bumiputera investors ("**Retail Portion**").

If there is an under-application in the Placement Portion such that the offering of 980,000,000 Public Issue Shares has not been achieved and there is a corresponding over-application in the Retail Portion, the Public Issue Shares may be clawed back from the Placement Portion and allocated to the Retail Portion, subject always to the discretion of HLIB, in consultation with our Company.

If there is an under-application in the Retail Portion and there is a corresponding over-application in the Placement Portion over and above the offering of 980,000,000 Public Issue Shares, the Public Issue Shares may be clawed back from the Retail Portion and allocated to the Placement Portion, subject always to the discretion of HLIB, in consultation with our Company.

### 3. PARTICULARS OF THE IPO (Cont'd)

All the 20,000,000 Public Issue Shares available for application by the Malaysian Public have been fully underwritten by the Underwriter based on the terms and conditions of the Underwriting Agreement. Please refer to Section 3.9 of this Prospectus for further details on the Underwriting Agreement.

A total of 980,000,000 Public Issue Shares available for application by way of private placement to selected investors shall be placed out by our Placement Agent.

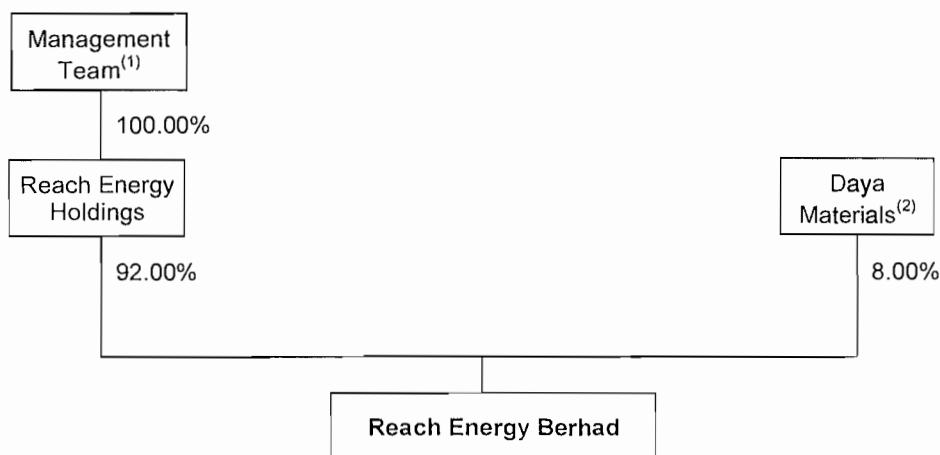
The Retail Portion will be allocated on a fair and equitable manner and the basis of allocation for the Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants in view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and adequate market in our Shares. Applicants for the Placement Portion will be selected in such manner as may be determined by our Placement Agent, in consultation with our Company, to be in the best interest of our Company. Our Placement Agent, in consultation with our Company has the absolute discretion to decide whether to accept or reject any placement application.

The amount of Public Issue Shares will not be increased via any over-allotment or "greenshoe" option.

There is no minimum subscription to be raised from the Public Issue.

#### 3.2 LISTING SCHEME

##### Shareholding structure of Reach Energy before the IPO



Notes:

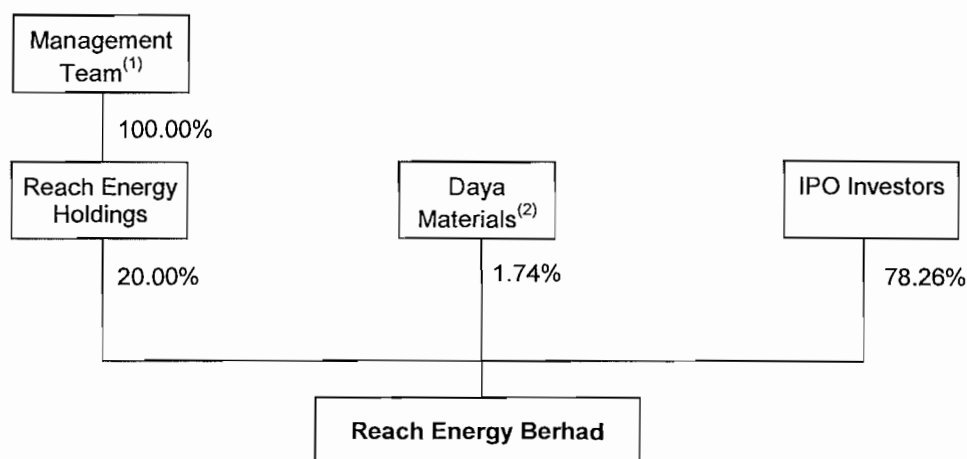
(1) Please refer to Section 7.3.2 of this Prospectus for background information on the shareholders of Reach Energy Holdings.

(2) Please refer to Section 7.3.2 of this Prospectus for background information on Daya Materials.

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### 3. PARTICULARS OF THE IPO (Cont'd)

#### Shareholding structure of Reach Energy immediately after the IPO



*Notes:*

- (1) Please refer to Section 7.3.2 of this Prospectus for background information on the shareholders of Reach Energy Holdings.
- (2) Please refer to Section 7.3.2 of this Prospectus for background information on Daya Materials.

In conjunction with and as an integral part of the Listing, we undertook the following:

**(i) Subdivision of Shares**

On 22 May 2013, we subdivided every 1 ordinary share of RM1.00 each in our Company into 100 Shares.

**(ii) Subscription by Reach Energy Holdings**

On 26 June 2013 and 5 February 2014, Reach Energy Holdings entered into the following agreements:

- (a) a subscription agreement with our Company for the subscription of 113,600,000 new Shares together with 113,600,000 Warrants at a subscription price of RM0.045 per Share. The 113,600,000 Shares together with 113,600,000 Warrants were issued on 10 July 2013; and
- (b) a supplemental subscription agreement with our Company for the subscription of 142,000,000 new Shares together with 142,000,000 Warrants at a subscription price of RM0.099 per Share, of which such number of new Shares together with the Warrants will be issued after the receipt of the SC's approval. The 142,000,000 Shares together with the 142,000,000 Warrants were issued on 20 June 2014.

The new Shares above collectively represent 20.00% of the enlarged share capital of Reach Energy pursuant to the Listing.

Overall, the Subscription by Reach Energy Holdings raised total proceeds of RM19,170,000.

### 3. PARTICULARS OF THE IPO (Cont'd)

The 255,600,000 Warrants will be listed on the Main Market of Bursa Securities simultaneously with the Warrants to be issued to the Initial Investor and IPO Investors upon the IPO (forming the same series under the Warrants Deed Poll).

#### (iii) Subscription by the Initial Investor

On 26 July 2013 and 2 July 2014, Daya Materials entered into a subscription agreement and supplemental subscription agreement, respectively with our Company. Further on 2 July 2014, Daya Materials, Midvest Asia Sdn Bhd and our Company entered into a novation agreement ("**Novation Agreement**")<sup>1</sup>, with a supplemental to the Novation Agreement entered on 2 July 2014 between Daya Materials and our Company. The above agreements were entered into for the following:

- (a) the subscription of a total of 666,667 RCPS at a subscription price of RM4.50 per RCPS. The RCPS were issued on 29 July 2013 and raised proceeds of RM3,000,001.50<sup>1</sup>; and
- (b) the subscription of a total of 15,555,555 new Shares together with 15,555,555 Warrants at a subscription price of RM0.45 per Share after the receipt of the SC's approval for the IPO. The total of 15,555,555 Shares were issued on 4 July 2014 and raised proceeds of RM6,999,999.75.

Overall, the Subscription by the Initial Investor raised a total proceeds of RM10,000,001.25 before the IPO.

The subscription amount, the number of RCPS and Shares subscribed together with the Warrants by the Initial Investor is as follows:

	Subscription amount (RM)	Number of RCPS subscribed	Number of Shares to be subscribed	Number of Warrants to be issued <sup>(1)</sup>
<b>Initial Investor</b>				
Daya Materials	10,000,001.25	666,667	15,555,555	22,222,225

*Note:*

- (1) Include the Warrants to be issued arising from the Conversion of RCPS as per item (iv) below.

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<sup>1</sup> Our Company has entered into the Novation Agreement with Daya Materials and Midvest Asia Sdn Bhd where Daya Materials assumed Midvest Asia Sdn Bhd's rights, title, interests, duties and obligations under the subscription agreement with our Company. Midvest Asia Sdn Bhd decided not to proceed with the subscription agreement in view of substantial deviations in terms and conditions from those contained in the subscription agreement dated 26 July 2013 between Midvest Asia Sdn Bhd and our Company.



### 3. PARTICULARS OF THE IPO (Cont'd)

The principal terms of the RCPS are as follows:

- Par Value : Each RCPS shall have a par value of RM0.01.
- Subscription Price : The subscription price for each RCPS shall be RM4.50.
- Premium : Each RCPS shall be issued at a premium of RM4.49.
- Dividends : The RCPS shall not be entitled to any dividend.
- Transferability : The RCPS shall be transferable.
- Conversion : Each RCPS is convertible into 10 Shares together with 10 Warrants through the surrender of the RCPS. The RCPS are to be converted into new Shares within 14 business days from the receipt of the SC's approval for the IPO.

Where applicable, for purposes of effecting the conversion, the share premium account of our Company will be utilised to fully pay up the nominal value of our Shares. In this regard, our Company shall ensure that it maintains and has sufficient balance in the share premium account at all times to fully pay up the nominal value of our Shares (as may be required).

- Redemption : Subject only to compliance with the requirements of Section 61 of the Act, all RCPS (unless earlier converted into Shares) shall be fully redeemable at the option of the holder, at the Redemption Price:
- (a) on the date falling 12 months after the date of issue of the RCPS if the approval from the SC is not received by our Company by then; or
  - (b) on the date falling 14 business days after our Company's receipt of any letter from the SC rejecting or stating its non-approval of our Company's application for the IPO,

whichever occurs first.

Our Company shall use its reasonable endeavours to ensure that it has sufficient funds (whether through profits or a new issue of shares or otherwise), which can be lawfully applied towards redemption of the RCPS at the relevant time.

No RCPS redeemed by our Company shall be capable of reissue.

- Redemption Price : RM4.50 per RCPS.
- Voting Rights : The RCPS shall entitle the holder to the voting rights as referred to in Section 148(2) of the Act and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights.

### 3. PARTICULARS OF THE IPO (Cont'd)

Protective Provisions	: The prior consent of the holders of the RCPS shall also be required for any proposal by our Company which relates to, or involves, any of the following:
	(a) the issue by our Company of any other preference shares or any type of convertible debt / equity instruments ranking <i>pari passu</i> or in priority to the RCPS;
	(b) any alteration or change to the rights, preferences and privileges of the RCPS;
	(c) any increase in the number of RCPS to be issued by our Company; and
	(d) anything which results or gives rise to a capital reduction by our Company.
Status	: The RCPS shall not be listed or quoted on any stock exchange.
Non-Entitlement Obligations	: The Shares held by the Initial Investor after conversion of RCPS are not entitled to participate in the Liquidation Distribution or the Qualifying Acquisition Share Repurchase.

#### (iv) Conversion of RCPS

On 8 July 2014, the Initial Investor converted a total of 666,667 RCPS held into 6,666,670 new Shares together with 6,666,670 Warrants. This together with the subscription of 15,555,555 new Shares together with 15,555,555 Warrants at a subscription price of RM0.45 per Share pursuant to the Subscription by the Initial Investor resulted in the Initial Investor holding a total of 22,222,225 Shares together with 22,222,225 Warrants.

The 22,222,225 Warrants will be allotted and issued to the Initial Investor on the date of allotment of the Public Issue Shares and Warrants under the Public Issue. In addition, the 22,222,225 Warrants will also be listed on the Main Market of Bursa Securities simultaneously with the 225,600,000 Warrants issued to Reach Energy Holdings and 1,000,000,000 Warrants to be issued to the IPO Investors upon the IPO (forming the same series under the Warrants Deed Poll).

#### (v) Public Issue

Our Company is undertaking a Public Issue and the details of the Public Issue have been set out in Section 3.1 of this Prospectus.

Thereafter, our Company shall be admitted to the Official List and our entire enlarged ordinary share capital comprising 1,277,822,425 Shares and 1,277,822,225 Warrants and such new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities shall also be listed and quoted on the Main Market of Bursa Securities.

**3. PARTICULARS OF THE IPO (Cont'd)****3.3 SHARE CAPITAL, CLASSES OF SECURITIES AND RANKING**

On Listing, we will have two classes of securities in our Company, namely the Shares and Warrants.

**3.3.1 The Shares**Authorised share capital

The authorised share capital of Reach Energy upon Listing will be as follows:

	<b>No. of Shares</b>	<b>RM</b>
Authorised share capital	5,000,000,000	50,000,000

Issued and paid-up

The issued and paid-up ordinary share capital upon Listing will be RM12,778,224.

	<b>No. of Shares</b>	<b>RM</b>
Existing issued and paid-up	277,822,425	2,778,224
New Shares to be issued as fully paid-up pursuant to the Public Issue	1,000,000,000	10,000,000
Enlarged ordinary share capital upon Listing	1,277,822,425	12,778,224
New Shares to be issued as fully paid-up assuming full exercise of Warrants	1,277,822,225	12,778,222
Enlarged ordinary share capital after Listing and assuming full exercise of Warrants	<b>2,555,644,650</b>	<b>25,556,447</b>

**Issue Price per Public Issue Share (RM)** **0.75**

**Market capitalisation of our Company upon Listing based on the Issue Price (RM)** **958,366,819**

Save for the Non-Participation Obligations, the Public Issue Shares will rank *pari passu* in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the allotment of Public Issue Shares.

Save for the Non-Participation Obligations, subject to the Articles of Association and any special rights attaching to any shares which may be issued by our Company in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions. In respect of the whole of any surplus in the event of winding up of our Company (save for winding up in the event of non-completion of Qualifying Acquisition), such surplus shall be distributed among our members in proportion to the paid-up capital at the commencement of the winding up, in accordance with the Articles of Association and the provisions of the Act.

### 3. PARTICULARS OF THE IPO (Cont'd)

Save for the Non-Participation Obligations, at any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held. A proxy may, but need not be, a member of our Company and the provisions of Section 149(1)(b) of the Act shall not apply.

#### 3.3.2 The Warrants

	<b>No. of Warrants</b>
Issued to Reach Energy Holdings	255,600,000
To be issued to the Initial Investor	
– Conversion of RCPS	6,666,670
– Subscription of new Shares	15,555,555
To be issued pursuant to the Public Issue	1,000,000,000
<b>Warrants in issue after the IPO</b>	<b>1,277,822,225</b>

The Warrants shall be issued in registered form and are constituted by the Warrants Deed Poll. The Warrants shall be exercisable at anytime during the period commencing from and inclusive of the date of completion of the Qualifying Acquisition up to and including the Expiry Date (as defined below).

Any Warrants not exercised during the Exercise Period (as defined below) will lapse and cease to be valid.

#### Salient terms of the Warrants

The salient terms of the Warrants are as follows:

- Issue size : 1,277,822,225 Warrants.
- Form : The Warrants will be issued in registered form and constituted by the Warrants Deed Poll.
- Expiry Date : The expiry date of the Warrants is as follows:
- (a) 5.00 p.m. on the 8<sup>th</sup> anniversary of the date of Listing if the completion of Qualifying Acquisition takes place within the Permitted Timeframe; or
  - (b) 5.00 p.m. on the 3<sup>rd</sup> anniversary of the date of Listing if the completion of Qualifying Acquisition does not take place within the Permitted Timeframe;
- provided that if the Expiry Date is not a Market Day, then it shall fall on the preceding Market Day.
- Exercise Period : The period commencing from and inclusive of the date of the completion of the Qualifying Acquisition of our Company and ending on the Expiry Date.

Any Warrants not exercised during the Exercise Period will lapse and cease to be valid.

### 3. PARTICULARS OF THE IPO (Cont'd)

Exercise Rights	: Each Warrant shall entitle the holder to subscribe for one new Share at the Exercise Price at any time during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Warrants Deed Poll.
Exercise Price	: RM0.75 per Warrant.
Listing	: Approval from Bursa Securities has been obtained for the admission of the Warrants to the Official List and the listing of and quotation for the Warrants and the new Shares to be issued arising from the exercise of Warrants on the Main Market of Bursa Securities.
Rights of the Warrant holders	: The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrant holders exercise their Warrants into new Shares.
Ranking	: The new Shares arising from the exercise of Warrants shall, upon allotment and issue, rank <i>pari passu</i> with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new Shares.
Board lot	: The Warrants shall be tradable upon listing on Bursa Securities in board lots of 100 Warrants.
Adjustment to the Exercise Price and/or number of Warrants	: Subject to the provisions of the Warrants Deed Poll, the Exercise Price of the Warrants and/or the number of Warrants held by each Warrant holder may from time to time be adjusted, calculated or determined by our Board in consultation with an approved principal adviser or auditor and certified by the auditor appointed by our Company, in the event of alteration to the share capital of our Company in accordance with the provisions as set out in the Warrants Deed Poll.
Transferability	: The Warrants shall be transferable in the manner in accordance with the Warrants Deed Poll subject always to the provisions of the SICDA and the Rules of Bursa Depository and any appendices.
Winding up	: Prior to the completion of Qualifying Acquisition, if a resolution is passed for a members' voluntary winding up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, every Warrant will cease thereafter to be valid for any purpose pursuant to the SC Guidelines.

If our Company is wound up other than by way of a members' voluntary winding-up prior to the completion of Qualifying Acquisition, every Warrant will cease thereafter to be valid for any purpose pursuant to the SC Guidelines.

### 3. PARTICULARS OF THE IPO (Cont'd)

**Winding up  
(Cont'd)**

: If during the Exercise Period and after the completion of Qualifying Acquisition, a resolution is passed for a members' voluntary winding up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of our Company with one or more companies, then:

- (a) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant holders; and
- (b) in any other case, every Warrant holder shall be entitled upon and subject to the conditions of the Warrants Deed Poll at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Exercise Rights to the extent specified in the exercise form and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant Exercise Price.

Our Company shall give notice to the Warrant holders in accordance with the Warrants Deed Poll of the passing of any such resolution within seven days after the passing thereof. Upon the expiration of the above six weeks period, any Exercise Rights which have not then been exercised will lapse and every Warrant will cease thereafter to be valid for any purpose.

If our Company is wound up other than by way of a members' voluntary winding-up within the Exercise Period and after the completion of Qualifying Acquisition, all Exercise Rights which have not been exercised prior to the date of commencement of the winding-up will lapse and every Warrant will cease thereafter to be valid for any purpose.

If our Company is wound up pursuant to Paragraph 6.41 of the SC Guidelines due to completion of Qualifying Acquisition not taking place within the Permitted Timeframe, every Warrant will cease thereafter to be valid for any purpose.

For the avoidance of doubt and notwithstanding any other condition, the Warrants shall not have any entitlement to the funds held in our Company's Islamic Trust Account upon any liquidation of our Company.

**Governing laws** : Laws of Malaysia.

### 3. PARTICULARS OF THE IPO (Cont'd)

#### 3.4 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price was determined and agreed upon by us and HLIB as the Principal Adviser, Placement Agent and Underwriter, after taking into account, *inter-alia* the following factors:

- (i) the minimum proceeds to be raised by a SPAC in accordance with the SC Guidelines;
- (ii) the estimated capital requirements of our Company to meet the selection criteria for the Qualifying Acquisition as set out in Section 5.2.1.1 of this Prospectus;
- (iii) the listing scheme as set out in Section 3.2 of this Prospectus; and
- (iv) the different risk level and timing of entry of our investors.

**Further, you should also note that the market price of our Shares and Warrants upon Listing are subject to the uncertainties of market forces and other factors, which may affect the trading price of our Shares and Warrants. You should form your own views on the valuation of the Public Issue Shares and Warrants before deciding to invest in our Shares and Warrants.**

#### 3.5 PURPOSES OF THE IPO

The purposes of the IPO are to facilitate our listing on the Main Market of Bursa Securities as a SPAC and to raise funds from the capital market to undertake the Qualifying Acquisition.

#### 3.6 PROCEEDS RAISED AND UTILISATION

##### 3.6.1 Proceeds raised/ to be raised

The Subscription by Reach Energy Holdings and Subscription by the Initial Investor raised gross proceeds of RM29.17 million. The Public Issue is expected to raise gross proceeds amounting to RM750.00 million for our Company. The proceeds raised and to be raised are as follows:

	<b>RM'000</b>
Subscription by Reach Energy Holdings	19,170
Subscription by the Initial Investor	10,000
	<u>29,170</u>
Proceeds from the Public Issue	750,000
<b>Total gross proceeds</b>	<b><u>779,170</u></b>

### 3. PARTICULARS OF THE IPO (Cont'd)

#### 3.6.2 Utilisation of proceeds

The total proceeds of RM779.17 million shall be utilised in the following manner after taking into consideration the requirement to have at least 90% of the gross proceeds from the IPO placed in a Trust Account, our selection criteria for the Qualifying Acquisition, the budgeted expenses associated with the Qualifying Acquisition and our day-to-day operational requirements:

Purposes	Expected time frame for utilisation from Listing	Note	Proceeds raised from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor	Proceeds to be raised from the Public Issue	Total
			RM'000	RM'000	RM'000
Acquisition of target company and/or asset	Within 36 months from the Listing	(a)	-	710,625	710,625
Working capital	Within 36 months from the Listing	(b)			
- Remuneration of the Management Team			15,459	-	42,545
- Pre-IPO office and corporate expenses			611	-	
- Others			-	26,475	
Estimated listing expenses	Within 1 month from the Listing	(c)	13,100	12,900	26,000
<b>Total gross proceeds</b>			<b>29,170</b>	<b>750,000</b>	<b>779,170</b>

Notes:

- (a) Please refer to Section 5.2 of this Prospectus for further details on the target company and/or asset to be acquired pursuant to the Qualifying Acquisition. If there is a surplus of funds subsequent to the Qualifying Acquisition, such surplus will be utilised or reserved for the development of the target company and/or asset, to acquire additional oil and gas assets and companies in the future and/or working capital.
- (b) A total of approximately RM42.55 million from the proceeds will be utilised as working capital in the following manner:

	RM'000
Remuneration of the Management Team <sup>(1)</sup>	15,459
Management and staff remunerations <sup>(2)</sup>	988
Administrative expenses <sup>(1)(3)</sup>	4,811
Qualifying Acquisition identification and evaluation disbursements <sup>(4)</sup>	13,000
Contingencies <sup>(5)</sup>	8,287
	<b>42,545</b>



### 3. PARTICULARS OF THE IPO (Cont'd)

*Notes:*

- (1) The proceeds of RM29.17 million raised from Reach Energy Holdings and Initial Investor are mainly used for the remuneration of our Management Team (including salaries, contribution to Employees' Provident Fund ("EPF") and employee benefits<sup>2</sup> such as insurance and allowances) from the commencement of the employment and up to the Permitted Timeframe which is approximately RM15.46 million, the initial operation of our Company prior to the IPO which include office and corporate expenses of approximately RM0.61 million and to defray part of the listing expenses amounting to RM13.00 million as set out in note (c) below.
- (2) An estimated RM0.33 million per annum will be utilised for remuneration of managerial and supporting staff.
- (3) The day-to-day administrative and operating expenses include the office rental expenses, office upkeep and maintenance, printing and stationery, utilities fees, travelling expenses, Board's remuneration, professional fees such as the statutory audit fees and secretarial fees and general meeting expenses.
- (4) Qualifying Acquisition identification and evaluation disbursements to be incurred may comprise identification, structuring and negotiation costs, due diligence costs such as legal, accounting, valuation and other professional fees in respect of the evaluation of the target company and/or asset and earnest deposit. Such provision is based on the best estimates by our Management Team given their past experiences.

The associated costs and/or disbursements for the Qualifying Acquisition are expected to increase accordingly based on the deal size and/or number of deals for the Qualifying Acquisition given that generally the earnest deposit is a percentage of the acquisition cost and that the larger the deals and targets, greater complexity will involve and hence more intense due diligence work is required.

- (5) An amount of approximately RM8.29 million will be allocated as contingencies for the Qualifying Acquisition in the event of any shortfall in the budgeted Qualifying Acquisition identification and evaluation disbursements and other unforeseen miscellaneous costs.
- (c) Our Company will bear the entire listing expenses and fees incidental to our Listing of RM26.00 million as follows:

	<b>RM'000</b>
Estimated professional fees*	1,841
Underwriting commissions	450
Placement commissions	22,050
Brokerage fees	150
Fees payable to authorities	673
Printing, advertisement and issuing house fees	385
Miscellaneous	451
<b>Total</b>	<b>26,000</b>

*Note:*

- \* Professional fees include amongst others, the fees for Principal Adviser, Solicitors, Reporting Accountants, IMR and Custodian.

If there are any surplus proceeds subsequent to the settlement of the actual listing expenses, such surplus will be utilised for our working capital. Conversely, if the actual listing expenses are higher than estimated, the deficit will be funded from the portion allocated for the working capital.

<sup>2</sup> The employee benefits of approximately RM0.29 million per annum will only be paid after the IPO during the Permitted Timeframe.

### 3. PARTICULARS OF THE IPO (Cont'd)

Pending full utilisation, an amount of approximately RM710.63 million, being 94.75% of the proceeds from the Public Issue will be placed in the Islamic Trust Account. Please refer to Section 5.1.5 of this Prospectus for further details of the Islamic Trust Account. The balance of the proceeds will be placed in profit bearing Islamic account with licenced financial institution pending utilisation.

#### 3.6.3 Proceeds from the exercise of the Warrants

Subject to the Warrants becoming exercisable, our Company may raise proceeds of RM958.37 million assuming full exercise of all the Warrants. Such actual proceeds arising from the exercise of the Warrants will depend on the actual number of Warrants exercised. The proceeds will be utilised for our business expansion and/or working capital, the precise allocation of which has yet to be determined at this juncture. Any investment plans, when they materialise, will be announced to Bursa Securities, and if required, be subject to approval by the relevant authorities and/or shareholders.

Pending future investment/utilisation by our Company, the proceeds from any exercise of the Warrants will be placed in profit bearing Islamic account with licenced financial institution.

#### 3.6.4 Financial impact from the utilisation of proceeds

As stated above, the proceeds from the IPO will be utilised to acquire target company and/or asset pursuant to the Qualifying Acquisition, working capital of our Company and to defray estimated expenses incidental to our Listing. A total of approximately RM710.63 million has been earmarked for the acquisition of target company and/or asset assuming that the Qualifying Acquisition is duly approved by our shareholders in accordance to the SC Guidelines. Please refer to Section 5.1.2 of this Prospectus for further information on the minimum requirements of a Qualifying Acquisition. As the target company and/or asset for the Qualifying Acquisition has yet to be identified at this juncture, the financial impact on our Company from the utilisation of proceeds cannot be ascertained at this point in time.

### 3.7 DILUTION

The IPO Investors will be diluted immediately after the Public Issue. The dilution is computed as the difference between the Issue Price paid by the IPO Investors and the pro forma NA per Share of our Company immediately after the Public Issue.

Subsequent to the Public Issue and the payment of listing expenses, the pro forma NA per Share of our Company as at 31 January 2014 based on our enlarged issued and paid-up ordinary share capital would be RM0.03. This represents a decrease in our pro forma NA per Share of RM0.72 to the IPO Investors. The dilution is because the IPO proceeds placed under the Islamic Trust Account amounting to RM710,625,000 is deemed as a liability to our Company instead of an equity component prior to completion of the Qualifying Acquisition. As a SPAC, our Company is required to return the IPO Trust Proceeds under the Islamic Trust Account to the IPO Investors if the Qualifying Acquisition is not completed within the Permitted Timeframe.

Subsequent to the Public Issue, the payment of listing expenses and the completion of the Qualifying Acquisition within the Permitted Timeframe, the IPO Trust Proceeds will be reclassified from liability to equity and recognised through the share premium and Warrants reserve account as our Company has no further obligation to refund the IPO Trust Proceeds. Accordingly, our pro forma NA per Share as at 31 January 2014 will increase to RM0.59. This represents a decrease in our pro forma NA per Share of RM0.16 to the IPO Investors.

**3. PARTICULARS OF THE IPO (Cont'd)**

Subsequent to the Public Issue, the payment of listing expenses, the completion of the Qualifying Acquisition within the Permitted Timeframe and assuming full exercise of the Warrants at the Exercise Price after the Qualifying Acquisition, our pro forma NA per Share as at 31 January 2014 based on our enlarged issued and paid-up ordinary share capital would be RM0.67. This represents a decrease in our pro forma NA per Share of RM0.08 to the IPO Investors.

The following illustrates such dilution on a per Share basis:

	RM
<b>Issue Price</b>	<b>0.75</b>
<b><u>Decrease in pro forma NA per Share subsequent to the Public Issue and payment of listing expenses</u></b>	
Pro forma NA per Share as at 31 January 2014 after the Public Issue and payment of listing expenses	0.03
Dilution in pro forma NA per Share to IPO Investors after the Public Issue and payment of listing expenses	0.72
Dilution in pro forma NA per Share to IPO Investors as a percentage of the Issue Price, after the Public Issue and payment of listing expenses	96.0%
<b><u>Decrease in pro forma NA per Share subsequent to the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition<sup>^</sup></u></b>	
Pro forma NA per Share as at 31 January 2014 after the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition	0.59
Dilution in pro forma NA per Share to IPO Investors after the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition	0.16
Dilution in pro forma NA per Share to IPO Investors as a percentage of the Issue Price after the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition	21.3%
<b><u>Decrease in pro forma NA per Share subsequent to the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition<sup>^</sup> and assuming full exercise of the Warrants</u></b>	
Pro forma NA per Share as at 31 January 2014 after the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition and assuming full exercise of the Warrants	0.67
Dilution in pro forma NA per Share to IPO Investors after the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition and assuming full exercise of the Warrants	0.08
Dilution in pro forma NA per Share to IPO Investors as a percentage of the Issue Price after the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition and assuming full exercise of the Warrants	10.7%

Note:

<sup>^</sup> Assuming the Qualifying Acquisition is completed within the Permitted Timeframe.

**3. PARTICULARS OF THE IPO (Cont'd)**

The following table summarises the total number of Shares acquired/to be acquired by Reach Energy Holdings and the Initial Investor since incorporation of our Company and prior to the date of Listing, the total consideration paid to our Company and the effective cash cost per Share to them and to the IPO Investors:

	Shares <sup>(1)</sup> acquired / to be acquired		Total consideration		Effective cash cost per Share	Attributable market capitalisation <sup>(2)</sup>
	No. of Shares	%	RM	%	RM	RM
Reach Energy Holdings	255,600,200	20.00	19,170,002	2.46	0.075	191,700,150
Initial Investor	22,222,225	1.74	10,000,001	1.28	0.450	16,666,669
IPO Investors	1,000,000,000	78.26	750,000,000	96.26	0.750	750,000,000
<b>Total</b>	<b>1,277,822,425</b>	<b>100.00</b>	<b>779,170,003</b>	<b>100.00</b>	<b>-</b>	<b>958,366,819</b>

Notes:

(1) Shares acquired/to be acquired include free Warrants, on a basis of 1 Warrant for every 1 Share acquired, save for the 200 Shares held by Reach Energy Holdings being the initial subscriber shares.

(2) Based on the Issue Price.

A summary of the different rights and entitlements of Reach Energy Holdings, Initial Investor and IPO Investors is set out below:

	Reach Energy Holdings	Initial Investor	IPO Investors
Investment amount	RM19.17 million	RM10 million	RM750 million
Funding for working capital	100% of investment amount	100% of investment amount	5.25% of investment amount
Protection on investment amount	No	No	94.75% of the investment amount plus profit accrued thereon are held in Islamic Trust Account
			In the event that the shareholders vote against the Qualifying Acquisition, they shall be entitled to the Qualifying Acquisition Share Repurchase

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**3. PARTICULARS OF THE IPO (Cont'd)**

	<b>Reach Energy Holdings</b>	<b>Initial Investor</b>	<b>IPO Investors</b>
Moratorium	Both Shares and Warrants held by Reach Energy Holdings are subject to a moratorium from the date of Listing until after our Company has commenced Commercial Production and generated one full financial year of audited operating revenue, please refer to Section 8.2.1 of this Prospectus	Both Shares and Warrants held by the Initial Investor are subject to a moratorium from the Listing until the completion of the Qualifying Acquisition, please refer to Section 8.2.3 of this Prospectus	No moratorium
Voting rights at EGM approving the Qualifying Acquisition	No	Yes	Yes
Entitlement to the Liquidation Distribution	No	No	Yes

**(i) Difference between the effective cash cost per Share to Reach Energy Holdings and IPO Investors**

The issue price of each new Share and Warrant issued to Reach Energy Holdings is 90% lower compared to the Issue Price, which may give rise to a potential unrealised gain of approximately RM172.53 million (based on the Issue Price) to Reach Energy Holdings upon the IPO. The discount accorded to Reach Energy Holdings is due to the following justifications:

- (a) Reach Energy Holdings has invested approximately RM19.17 million in our Company as initial funding, which will be utilised as working capital for our Company. In the event that (i) the IPO was not approved by the SC, (ii) the IPO is aborted due to the reasons as set out in Section 4.3.5 of this Prospectus or (iii) the Qualifying Acquisition is not completed within the Permitted Timeframe, the investment by Reach Energy Holdings will not be fully recoverable. Further, the Management Team's remuneration would be paid from the proceeds raised from Reach Energy Holdings and the Initial Investor until completion of the Qualifying Acquisition and not from the public investors;
- (b) our Management Team's commitment and contribution towards our Company for the Listing and subsequently the identification of a Qualifying Acquisition;

### 3. PARTICULARS OF THE IPO (Cont'd)

- (c) all our Shares and Warrants held by Reach Energy Holdings will be subject to a moratorium on the sale, transfer or assignment of the said Shares and Warrants. Please refer to Section 8.2 of this Prospectus for further information on the Moratorium and the additional restrictions on Reach Energy Holdings Shares held by our Management Team; and
- (d) Reach Energy Holdings is subject to the Non-Participation Obligations. In this respect, Reach Energy Holdings is subject to higher risk as compared to the IPO Investors as it is not entitled to a refund of a pro-rata portion of the amount held in the Islamic Trust Account in the event of a liquidation of our Company arising from a failure to complete the Qualifying Acquisition within the Permitted Timeframe and it is also not allowed to vote on the resolution approving the Qualifying Acquisition.

Our Management Team has invested in our Company via Reach Energy Holdings, i.e., through the Subscription by Reach Energy Holdings.

**(ii) Difference between the effective cash cost per Share to the Initial Investor and IPO Investors**

The issue/subscription price of RM0.45 of each new Share and Warrant issued to/subscribed by the Initial Investor is 40% lower compared to the Issue Price. This is due to the following justifications:

- (a) The Initial Investor has invested RM10 million in our Company as initial funding which will be utilised as working capital for our Company. In the event that (i) the IPO is aborted due to whatsoever reasons as set out in Section 4.3.5 of this Prospectus or (ii) the Qualifying Acquisition is not completed within the Permitted Timeframe, the investment by the Initial Investor may not be fully recoverable. Further, the Management Team's remuneration would be paid from the proceeds raised from Reach Energy Holdings and the Initial Investor until completion of the Qualifying Acquisition;
- (b) The Initial Investor's Shares and Warrants will be subject to a moratorium on the sale, transfer or assignment of the said Shares from the Listing until the completion of the Qualifying Acquisition. Please refer to Section 8.2.3 of this Prospectus for further information on the moratorium imposed on the Initial Investor; and
- (c) the Initial Investor is subject to the Non-Entitlement Obligations in respect of the Initial Investor's Shares. The Initial Investor is subject to higher risk as compared to the IPO Investors as the Initial Investor is not entitled to a refund of a pro-rata portion of the amount held in the Islamic Trust Account in the event they vote against the Qualifying Acquisition or a liquidation of our Company in the event of a failure to complete the Qualifying Acquisition within the Permitted Timeframe. Thus, the funds invested by the Initial Investor is not accorded the same protection mechanisms as the funds invested by the IPO Investors.

### 3. PARTICULARS OF THE IPO (Cont'd)

#### 3.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEE

The Underwriter has entered into the Underwriting Agreement with our Company for the underwriting of 20,000,000 Public Issue Shares, which are available for application by the Malaysian Public ("**Underwritten Shares**"). We will pay an underwriting commission in respect of the Underwritten Shares at the rate of 3% of the Issue Price.

We will pay brokerage in respect of the 20,000,000 Public Issue Shares described in Section 3.1 of this Prospectus, at the rate of 1% on the Issue Price in respect of successful Applications bearing the stamp of HLIB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

We will pay a placement commission at the rate of 3% of the value of the Public Issue Shares placed out to placees identified by the Placement Agent or any such parties as may be ascertained by our Company.

#### 3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following are extracts of the salient terms contained in the Underwriting Agreement including terms which allow the Underwriter to withdraw from the underwriting obligation after the opening of the Public Issue. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

3.9.1 The underwriting obligation of our Underwriter are subject to certain conditions precedent being satisfied on or prior to three Market Days after the Closing Date which in any case shall not be later than 31 August 2014 or such later date as consented to in writing by the Underwriter, the Underwriter, subject as mentioned below, thereupon be entitled to terminate the Underwriting Agreement by notice in writing to the Company. The conditions precedent under Clause 4.1 of the Underwriting Agreement includes the following:

- (a) there not being, in the reasonable opinion of the Underwriter, on or prior to the Closing Date, any Material Adverse Effect in the condition (financial, business, operations or otherwise) of the Company from that set out in the Prospectus which is material in the context of the Initial Public Offering; and
- (b) the delivery to the Underwriter on the Closing Date and Settlement Date, respectively a certificate in the agreed form of the Company, signed by a duly authorised officer of the Company, dated the Closing Date and the Settlement Date, to the effect that the person who provides such certificate has carefully examined this Agreement and that:
  - (i) the representations, warranties and undertakings of the Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date and Settlement Date (as the case may be), as though they had been given and made on the Closing Date and the Settlement Date (as the case may be), and the Company has complied with all the terms of this Agreement and satisfied all the conditions on its part under this Agreement to be performed and satisfied on or prior to the Closing Date and the Settlement Date (as the case may be); (ii) since the date of this Agreement, there has been no change or development that may have a Material Adverse Effect; and (iii) the allotment and issuance of the Retail Offering under the Initial Public Offering are not being prohibited by any statutes or regulations promulgated or issued by any legislative or regulatory body in Malaysia.

### 3. PARTICULARS OF THE IPO (*Cont'd*)

3.9.2 The Underwriter may by notice in writing to the Company given at any time before the Listing Date, terminate, cancel and withdraw its Underwriting Commitment if:

- (a) there is any breach by the Company of any of the representations, warranties or undertakings set out in this Agreement in any respect; or in the case of any warranties or representations or undertakings which are not qualified by any materiality requirements, in any material respect; and in either event, where such misrepresentation or breach is capable of remedy, the same not being remedied within five Market Days, but in any event no later than the Closing Date from the provision of a written notice to the Company, as the case may be, by the Underwriter;
- (b) the Company withholds any material information from the Underwriter, which, in the reasonable opinion of the Underwriter, is likely to have a Material Adverse Effect;
- (c) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reason of Force Majeure which would have or can reasonably be expected to have, a material adverse effect on the business, operations, financial condition or prospects of the Company or the success of the Initial Public Offering or which is reasonably likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms or the Company shall sustain any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, in each case, that has had or could reasonably be expected to have a Material Adverse Effect. "**Force Majeure**" means causes which are unpredictable and beyond the reasonable control of the Party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:
  - (i) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
  - (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or
  - (iii) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other Acts of God;
- (d) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect on the business, operations, financial condition or prospects of the Company or the success of the Initial Public Offering;
- (e) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
  - (i) on or after the date of this Agreement; and
  - (ii) prior to the Listing Date,



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**3. PARTICULARS OF THE IPO (Cont'd)**

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lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least five consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

- (f) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three consecutive Market Days or more;
- (g) any new law or regulation or change in law, regulation, directive, policy or ruling in any applicable jurisdiction which is reasonably likely to prejudice the success of the Listing or which is reasonably likely to have the effect of making any obligation under this Agreement incapable of performance in accordance with its terms;
- (h) the Placement or Retail Offering is stopped by the Company or the regulatory authorities for any reason whatsoever;
- (i) the Listing does not take place on or before 30 September 2014 or within three Market Days after the Settlement Date, whichever is earlier, or such other extended date as may be agreed by the Underwriter; or
- (j) the Placement Agreement shall have been terminated or rescinded in accordance with the terms thereof or any of the conditions precedent set forth in the Placement Agreement not having been satisfied in full or to the extent not satisfied as such, waived by the placement agent therein in accordance with its terms.

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## 4. RISK FACTORS

We are exposed to a number of possible risks that may arise from economic, business, market and financial factors and developments, which may have an adverse impact on our future performance. You should carefully consider the risks and investment considerations set out below along with the other matters in this Prospectus before you make your investment decision.

The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may have a material adverse effect on the financial performance of our Company and/or the prices of our Shares and Warrants.

### 4.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

#### 4.1.1 We do not have any operating history and accordingly you do not have a conventional basis on which to evaluate our ability to achieve our business objective

As we do not have an operating history, you do not have a conventional basis upon which to evaluate our ability to achieve our business objective, which is to acquire an E&P company or asset in the upstream sector of the oil and gas industry for our Qualifying Acquisition. As at the LPD, we have no plans, arrangements or understandings with any prospective acquisition candidates. As a SPAC, we will not generate any significant revenues until, at the earliest, after the completion of a Qualifying Acquisition.

Please refer to Sections 5.2.1.6, 7.1.2 and 7.2.3 of this Prospectus for further details on the experience of our Board and Management Team that may assist you in assessing our ability to complete a Qualifying Acquisition and to manage operations.

#### 4.1.2 We have yet to select a target company or asset as a subject matter of a Qualifying Acquisition and are currently unable to ascertain the merits or risks of the company or asset which we may ultimately acquire. Additionally, your rights in relation to the Qualifying Acquisition is limited to voting for or against the proposed target company and/or asset tabled to our shareholders for approval

We have yet to identify or select a target company or asset with which to complete a Qualifying Acquisition, thus, IPO Investors currently have no basis to evaluate the possible merits or risks of the target company or asset. While our Management Team will evaluate the merits and risks inherent in a particular target company or asset, we are not able to assure you that they can ascertain all risk factors. As such, we cannot assure you that an investment in our Shares and Warrants will ultimately prove to be more favourable to investors than a direct investment, if such opportunity was available, in a target company or asset. As we have not selected a target company or asset, we have not provided any projections of future returns at this stage in view of the uncertainty in the timing and nature of the Qualifying Acquisition. You should rely on your own evaluation and judgment to assess the merits, likely level of returns and risks of your investment in our Company. Your rights in relation to the Qualifying Acquisition is limited to voting for or against the proposed target asset tabled to our shareholders for approval.

Nevertheless, our Management Team will adopt the selection process as set out in Section 5.2.1.4 of this Prospectus for our Qualifying Acquisition. We have also established a Risk Management Committee to enhance our Company's risk management and procedures, including evaluation of a suitable target company or asset for our Qualifying Acquisition.

In addition, the Qualifying Acquisition is subject to our shareholders' approval at an EGM. The Qualifying Acquisition must be approved by a majority in number of our shareholders representing at least 75% of the total value of securities held by the shareholders present and voting either in person or by proxy.

#### 4. RISK FACTORS (Cont'd)

##### 4.1.3 Our ability to successfully effect a Qualifying Acquisition and to successfully operate the acquired company or asset thereafter is dependent upon the expertise and experience of our Board and Management Team

Our ability to successfully effect a Qualifying Acquisition is dependent upon the expertise and experience of our Board and Management Team. Thereafter, we will rely on our Management Team to manage and operate the acquired company or asset upon completion of the Qualifying Acquisition with the guidance and direction of our Board. Hence, the retention of our Board and Management Team is critical to ensure that we can successfully identify and operate the target company or asset.

Our Management Team owns Shares and Warrants in our Company through a holding company, Reach Energy Holdings. Pursuant to the IPO, our Management Team will collectively hold 20.00% equity interest in the enlarged issued and paid-up ordinary share capital of our Company. This will ensure that the interests of our Management Team are aligned with that of our Company. Our Management Team will continue to own the same proportion of equity interest in our Company assuming full exercise of all the Warrants.

In addition, as a greater commitment to Reach Energy, our Management Team has entered into the Reach Energy Holdings Shareholders' Agreements to regulate their relationship as shareholders of Reach Energy Holdings and to put in place the Moratorium. Nevertheless, there can be no assurance we can retain our Board and Management Team which may affect our ability to complete a Qualifying Acquisition and/or manage and operate the target company and/or asset pursuant to the Qualifying Acquisition. Please refer to Section 8.2 of this Prospectus for the details of the Moratorium.

Our ability to create value for shareholders depends on our ability to identify, evaluate and acquire a quality asset for our Qualifying Acquisition. Given that some of our Management Team members are at an advanced age, it may raise a concern about our ability to complete a quality Qualifying Acquisition or to continue as a going concern. In this respect, we recognise that in order to maintain our competitiveness and to ensure management continuity, our Management Team, by capitalising on their expertise and experiences, will mentor and develop selected younger and adequately experienced talent as part of a focused management succession planning process.

##### 4.1.4 We may not be able to complete the acquisition of an ideal target company or asset with the desired terms due to our limited resources

We may face competition from entities having a business objective similar to ours, including other SPACs, venture capital funds, private equity firms and operating businesses competing for acquisitions. Some of these entities are well established and may have extensive experience in identifying and effecting acquisitions directly or through affiliates. Some of these competitors may also possess greater technical, financial, human capital and other resources than we do. While we believe that there are numerous potential target companies or assets that we could acquire with the net proceeds of this IPO, our ability to compete in acquiring certain sizeable and quality target company or asset would be limited by our available financial resources. Furthermore, the obligation that we have to seek shareholders' approval for a Qualifying Acquisition may delay the completion of a transaction.

#### 4. RISK FACTORS (Cont'd)

In addition, as a SPAC, we are also constrained by the requirement to complete a Qualifying Acquisition within the Permitted Timeframe which may affect our ability to complete a Qualifying Acquisition with the desired terms due to the limited time available for carrying out due diligence and negotiations. Further, our potential vendors may have leverage over us in the negotiation of terms and conditions for the Qualifying Acquisition as they are aware of our requirement to complete a Qualifying Acquisition within the Permitted Timeframe. If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be forced to liquidate.

Nevertheless, there is an abundance of opportunities for development and/or production assets in the Asia Pacific region and globally and hence competition for such ventures may not pose as a major threat to our Company. Our Company riding on the experience and expertise of our Management Team would acquire and work these assets at lower cost base to benefit our shareholders. The critical success factor in this venture is the ability to carefully source, screen, analyse, secure and activate those assets that would deliver the expected returns.

##### **4.1.5 We may not complete a Qualifying Acquisition and realise the benefits arising from the Qualifying Acquisition due to the increase in oil and gas prices or changes in government policies and regulations towards the oil and gas industry**

Any significant increases in oil and gas prices may potentially result in an increase in the valuation of target company or asset. If such valuations exceed the funds available to us, our ability to complete a Qualifying Acquisition would be adversely affected or we may be forced to acquire a smaller interest or asset than originally envisaged. Adverse changes to government policies and regulations towards the oil and gas industry may limit the opportunities available.

##### **4.1.6 We may only be able to complete one Qualifying Acquisition with the proceeds of this IPO, which will cause us to be solely dependent on a single company or asset**

Our Qualifying Acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount in the Islamic Trust Account (net of any taxes payable). The fair market value of the target company or asset will be determined by our Board based upon one or more standards generally accepted by the financial community (which may include actual and potential revenues, earnings, cashflow and/or book value).

In view of the above, to achieve a Qualifying Acquisition, it may entail the simultaneous acquisition of several operating businesses at the same time. However, quality target company or asset usually command a higher price tag which may restrict us to only acquiring a single entity. By completing a Qualifying Acquisition with only a single entity, we would not be able to diversify our operations and our risks would be concentrated on such particular asset. Accordingly, the prospects for our success may be solely dependent upon the performance of such single company or asset.

##### **4.1.7 If we simultaneously acquire several companies or assets, we will need the acquisitions to be executed at the same time, thereby making it more difficult for us to complete the acquisitions due to our limited resources**

If we simultaneously acquire several companies or assets and such companies or assets are owned by different vendors, we will need each of the vendors to agree that our acquisition of their respective company or asset is contingent upon all approvals being obtained from our shareholders and the relevant regulatory authority as well as the simultaneous completion of the other acquisitions, which may make it more difficult for us and delay our ability to complete such acquisitions.

#### 4. RISK FACTORS (Cont'd)

In addition, we may also face additional risks for multiple acquisitions, which include amongst others, additional burdens and costs with respect to possible multiple negotiations and due diligence investigations and the additional risks associated with the subsequent assimilation and/or integration of the operations and services or products of the acquired companies in a single operating company or asset. If we are unable to adequately address these risks, these could negatively impact our profitability and disrupt our business operations.

##### 4.1.8 **We may face difficulty in obtaining additional financing, if required, to complete a Qualifying Acquisition or to fund the operations and growth of the target company or asset, which may cause us to restructure or abandon a particular Qualifying Acquisition**

If the net proceeds from this IPO prove to be insufficient for us to complete a particular Qualifying Acquisition either because of the size of the target company or asset, the depletion of the available net proceeds (other than the IPO Trust Proceeds) in search of a target company or asset, or the obligation to convert into cash a significant number of Shares from Dissenting Shareholders pursuant to the Qualifying Acquisition Share Repurchase, we will be required to seek additional financing. However, such additional financing, if any, may not be available on acceptable terms to us and we may need to restructure the transaction or abandon the Qualifying Acquisition and/or seek alternative target company or asset.

In addition, we may require additional financing to fund the operations or growth of the target company or asset after completion of Qualifying Acquisition. The failure to secure additional financing may have a material adverse effect on the development or growth of the target company or asset. Notwithstanding this, our Management Team will take into consideration the financial requirements of the target company or asset and our ability to undertake additional financing, if necessary before entering into a Qualifying Acquisition.

##### 4.1.9 **If the net proceeds of this IPO not held in the Islamic Trust Account are insufficient to allow us to operate for at least the next 36 months, we may be unable to complete a Qualifying Acquisition**

We will place 94.75% of the IPO Proceeds into an Islamic Trust Account. The remaining monies raised from the Public Issue which are not held under the Islamic Trust Account together with the monies raised from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor will be used to fund our administrative and operating expenses including but not limited to the expenses to be incurred for the identification of target company or asset, remuneration of our Management Team and listing expenses in the next 36 months from the Listing or upon the completion of a Qualifying Acquisition, whichever is earlier. We believe that the funds available to us (excluding the IPO Trust Proceeds) will be sufficient to allow us to operate for the next 36 months from the Listing or upon completion of a Qualifying Acquisition, whichever is earlier. However, there is no assurance that the funds available to us will be sufficient.

We could use a portion of the funds not being placed in the Islamic Trust Account to pay due diligence costs in connection with a potential Qualifying Acquisition or to pay fees to professionals and/or consultants to assist us with our search for a target company or asset. We could also use a portion of the funds not being placed in the Islamic Trust Account as a deposit, downpayment or to fund an "exclusive" provision (an exclusive provision in letters of intent designed to keep the target company or asset from "shopping" around for transactions with others on terms more favourable to such target company or asset) with respect to a particular proposed Qualifying Acquisition. If we enter into such a letter of intent where we have to pay for the right to receive exclusivity from a target company or asset and such funds were subsequently forfeited (whether as a result of our breach or otherwise), we may not have sufficient funds to continue searching for and/or conduct due diligence with respect to any other potential target company or asset thereafter for our Qualifying Acquisition.

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#### 4. RISK FACTORS (Cont'd)

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##### **4.1.10 If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be required to liquidate and distribute the IPO Trust Proceeds.**

We have 36 months from the Listing to complete a Qualifying Acquisition. As such, we are not obliged to return the funds to investors at any time within the Permitted Timeframe. There is no assurance that we will be able to complete a Qualifying Acquisition within the Permitted Timeframe. If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be required to liquidate our Company and our shareholders will be entitled to the Liquidation Distribution subject to the Non-Participation Obligations. During the Permitted Timeframe, the IPO Trust Proceeds will be held in the Islamic Trust Account and may not be returned to you until after 36 months from the Listing if the Qualifying Acquisition is not completed by then.

##### **4.1.11 Our public shareholders may receive less than the Issue Price per Share and our Warrants will expire worthless in the event of liquidation due to non-completion of a Qualifying Acquisition within the Permitted Timeframe**

If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe and are forced to liquidate our Company, our shareholders will be entitled to the Liquidation Distribution subject to the Non-Participation Obligations. However, the per-share Liquidation Distribution may be less than the Issue Price due to the expenses incurred arising from this IPO, our general and other expenses and the anticipated costs of identifying a Qualifying Acquisition. Additionally, there will be no distribution with respect to our outstanding Warrants which will expire worthless after the Permitted Timeframe.

Please refer to Section 5.1.3 of this Prospectus for further details on the Liquidation Distribution.

##### **4.1.12 IPO Investors may not be able to realise returns on their investment in the Public Issue Shares within their self-anticipated period**

You may not necessarily be able to immediately realise any gain or derive any benefit on your investment in the Public Issue Shares within your presumed period as our Company is a listed SPAC and requires time to complete a Qualifying Acquisition. Accordingly, the Public Issue Shares may not be suitable for short-term investment.

Notwithstanding the abovementioned risks, we have established a selection criterion for the Qualifying Acquisition as disclosed in Section 5.2.1.1 of this Prospectus. In identifying the oil and gas company or asset for the Qualifying Acquisition, we will take into consideration our selection criteria, which include amongst others, a minimum target project IRR of 15%. In evaluating whether the target company or asset will be able to achieve the minimum target project IRR, we are, to a certain extent, dependent on projections and estimations in respect of the target company or asset obtained internally and/or externally such as from third party experts. The projections and estimations include, amongst others, cash flow projections, projected production rate and timeline as well as estimated future costs in respect of the target company or asset. However, the actual performance of the target company or asset may differ from the projections and estimations made in respect of the target company or asset. As such, we cannot assure that the target company or asset acquired pursuant to the Qualifying Acquisition will be able to achieve our minimum target project IRR or if achieved, the quantum and timing of the eventual returns to our shareholders.

There may also be a risk that you may not be able to recover or receive returns on your investment in the event the Qualifying Acquisition is not profitable or require longer period than expected to be profitable.

#### 4. RISK FACTORS (Cont'd)

##### 4.1.13 The determination of the Issue Price is more arbitrary compared with the pricing of securities for an operating company

Prior to this IPO, there has been no public market for any of our securities. Factors considered in determining the prices and terms of the Public Issue Shares and the Warrants include:

- the minimum proceeds to be raised by a SPAC in accordance with the SC Guidelines;
- the estimated capital requirements of our Company to achieve a Qualifying Acquisition;
- different risk levels and timing of entry of our investors; and
- the listing scheme as set out in Section 3.2 of this Prospectus.

Although these factors were considered, the determination of the Issue Price is more arbitrary than the pricing of securities for an operating company since we have no historical operations or financial results as a valuation basis.

##### 4.1.14 If we acquire a target company or asset which is located outside of Malaysia, we could be subject to a variety of additional risks that may negatively impact our operations

If we acquire a target company or asset which is located outside of Malaysia, we could be subject to special considerations or risks associated with companies operating in the target company or asset's home jurisdiction, including but not limited to any one or more of the following:

- policies governing foreign investments, exchange control and repatriation of funds;
- tariffs and trade barriers;
- regulations relating to customs and import/export matters;
- longer payment cycles;
- tax issues specific to the jurisdiction of the target company or asset;
- currency fluctuations;
- challenges in collecting amounts receivable;
- cultural and language differences;
- employment regulations; and
- political and social stability.

These concerns are aspects of political and market risk that need to be considered thoroughly when evaluating entry options to a particular country or legal jurisdiction. If we are unable to adequately address these risks, our operations may be adversely affected.

##### 4.1.15 We are exposed to uncertainties in the evaluation of oil and gas assets

The evaluation of a particular oil and gas asset can be uncertain in terms of estimating the Reserves and production potential and the associated costs to develop and produce them. The estimation may also involve subjective judgements and determinations based on geological, technical, contractual and economic information. It is not an entirely exact calculation. There are numerous uncertainties inherent in the basis and assumptions used in the estimation, hence, the actual outcome may vary from the estimation.

#### 4. RISK FACTORS (Cont'd)

These risks can be mitigated by having the right expertise and experienced personnel in the evaluation team in order to minimise uncertainties in ascertaining the commercial viability of the resources as well as to formulate an effective FDP, using appropriate techniques, project management workflow and technologies as well as adopting global industry practices and standards for such development and production activities.

##### **4.1.16 We are exposed to corporate governance issues in relation to the acquired asset/company**

Given that some of the jurisdictions in our Region of Focus may not have adequate corporate governance framework, the target asset/company in these countries may not practise satisfactory corporate governance and best practices and may have fraud and/or mismanagement issues such as excessive risk taking, misappropriation of funds and non-compliance with standard operating procedures, by employees and/or contractors. As a public listed company, we acknowledge the importance of imposing a sound corporate governance structure in our organisation to safeguard the interest of our stakeholders. Hence, we aim to adopt globally accepted corporate governance best practices in relation to our acquired asset/company.

##### **4.1.17 We are exposed to risks in relation to post-completion of the Qualifying Acquisition particularly risks in relation to development and production operations**

In view of our business strategy as set out in Section 5.2 of this Prospectus to acquire oil and gas assets or companies in development and/or production stages, we are exposed to, amongst others, risks in drilling, extraction, evacuation and processing activities of oil and gas fields. These risks are directly driven by the strength in design, selection, procurement and installation standards applied to our oil and gas infrastructure as well as operating procedures and emergency response contingency planning during drilling, development and/or production. Weaknesses, such as but not limited to poor design, poor procedures, inadequate physical strength and limited capacity may adversely affect our operations.

Additionally, we are also exposed to risks in relation to poor management and maintenance of equipment or infrastructure vis-à-vis the assets that we acquire. This may range from loss, delays and/or decrease in capacity, to ultimately halting our operations altogether.

To mitigate these risks, we aim to adopt globally accepted industry standards in the area of design, procurement, operations and maintenance of all our assets. We will also focus on developing robust preventive maintenance and inspection practices, operating philosophies including sparring and strategic vendor arrangements to ensure we obtain consistent and good quality equipment and infrastructures.

#### **4.2 RISKS RELATING TO THE OIL AND GAS INDUSTRY**

The challenges in the oil and gas industry are categorised as follows:

- (i) Financial and economic risks;
- (ii) Strategic risks;
- (iii) Compliance risks; and
- (iv) Operational risks.



#### 4. RISK FACTORS (Cont'd)

##### 4.2.1 Financial and economic risks

###### 4.2.1.1 We are exposed to risk of fluctuations in oil and gas prices

Our business and profitability depends largely on oil and gas prices. As oil and gas are commodities, the prices are subject to price volatility which is unpredictable and may fluctuate in response to relatively minor changes in the supply and demand conditions for oil and gas, market uncertainty and a variety of additional factors that are beyond our control, such as, but not limited to, weather conditions, political instability, natural disasters, economic conditions and actions by major oil exporting countries.

Any adverse movement in the oil and gas prices will drive our revenues lower, erode into our margins and thus lower profitability. In addition, a prolonged decline in oil and gas prices will adversely affect the amount of our cash flow available for capital expenditures and working capital which may ultimately reduce the amount of oil and gas that we can produce economically and impede our future business growth.

###### 4.2.1.2 We are exposed to financial market risks including interest rate risks and foreign exchange risks

We are principally involved in the oil and gas industry, however we are intrinsically exposed to risks related to the financial markets. Such risks may include exposures to interest rate, particularly if we are undertaking borrowings to part finance our Qualifying Acquisition or finance our future operations after completing the Qualifying Acquisition as well as profits received from deposits in financial institutions.

As an independent E&P company, we may have business and operations in various countries and our revenues may be denominated in foreign currencies as commodities are principally denominated in USD. However, a portion of our expenses may be denominated in RM and other currencies depending on the locations of our Qualifying Acquisition. The RM operates on a managed float basis and an appreciation of the RM against foreign currencies may materially and adversely affect our financial performance as it may reduce our revenue in RM terms. Accordingly, changes in the foreign currencies to the RM rate could have an adverse impact on our results of operations and financial condition, including translation adjustments in converting foreign currencies to RM for financial statement purposes.

###### 4.2.1.3 We are exposed to economic and socio-political risks

Our Company's future operations may be adversely affected by political or economic developments or social instability in the Region of Focus or other regions which we may operate in, which are not within our control, including among others, a change in crude oil or natural gas pricing policy, import and export restrictions, the risks of war, terrorism, abduction, expropriation, nationalisation, renegotiation or nullification of existing concessions and contracts, taxation policies, economic sanctions, the imposition of specific drilling obligations, the development and abandonment of fields, fluctuating exchange rates and currency controls.

It is difficult to predict the timing or severity of these occurrences or their potential effect. If such risks materialise, they could affect the employees, reputation, operational performance and financial position of our Company.

#### **4. RISK FACTORS (Cont'd)**

##### **4.2.2 Strategic risks**

###### **4.2.2.1 We may face competition for access to oil and gas resources**

The oil and gas industry is generally competitive. We may compete with the NOCs, IOCs and other junior independent E&P companies, particularly in seeking access to oil and gas resources. In recent years, government-backed oil companies such as the NOCs control significant oil and gas resources whereas IOCs move towards the development of unconventional Reserves. Following the liberalisation of the oil and gas industry in the Region of Focus and various other factors which give rise to the opportunities for the investment in development and/or production assets, our Company could face stiff competition from other junior independent E&P companies that have substantially greater financial resources, workforce and facilities than those of our Company for oil and gas resources. In addition, an increase in competition for resources will affect the entry costs. Our inability to compete effectively with these larger competitors could have a material adverse impact on our business activities, financial condition and operations.

Hence, our future success will depend on our strength and ability to further exploit and develop the existing assets and to identify and acquire suitable producing assets or prospects in the exploration/appraisal and/or development stage.

###### **4.2.2.2 We are dependent on the infrastructure of third party service providers**

It is common in the oil and gas industry that we may not own or maintain the entire oil and gas infrastructure for the development, production, storage and transportation of oil and gas which includes amongst others, rigs, platforms, drilling equipment, pipelines, storage tanks and vessels. Some of these infrastructures are often leased from third party service providers. We may be dependent on such operators for the timing of activities related to such infrastructures and will be largely unable to direct or control the activities of these operators.

We may, from time to time, face a delay in the availability of these infrastructures due to technical and logistical issues. In such an event, our development and production activities may be interrupted resulting in cost overrun and delayed deliveries that may have an adverse impact on our financial performance.

###### **4.2.2.3 We may face integration and other risks associated with our acquisitions of oil and gas assets**

Increasing our oil and gas Reserves base through acquisitions is an important part of our business strategy. However, there are risks in acquiring oil and gas assets, including difficulties in integrating acquired assets into our business such as culture, technical and operational differences, additional liabilities and expenses associated with the acquired assets, diversion of management attention and increased costs of operating in new geographical areas and complexity of operations.

###### **4.2.2.4 We may have disputes with our strategic partners**

Inherently, oil and gas operations globally are conducted in a joint venture and/or partnership environment. Hence, we may, from time to time, enter into joint venture arrangement and form strategic alliances with our partners as well as acquire a controlling stake and/or operatorship in a company for the development and/or production of oil and gas assets.

#### 4. RISK FACTORS (Cont'd)

Notwithstanding having an operatorship role over the oil and gas assets, we could still be exposed to the risks associated with the affairs of the assets as we have limited influence and control over the behaviour and decision of our joint venture and/or strategic partners. Disputes with our partners and/or stakeholders may arise due to non-alignment on various strategic decisions or business directions. Our partners or members of a joint venture may also not be able to meet their financial or other obligations to the project, threatening the viability of the projects. These disputes may result in operational or production inefficiencies or delay that could adversely affect our business growth, financial performance and operations.

##### 4.2.3 Compliance risks

##### 4.2.3.1 We are subject to host government policies and regulations towards the oil and gas industry which may affect the level of E&P activities

Host governments implement various policies and regulations towards the oil and gas industry to influence the level of E&P activities in their respective countries. To promote the level of E&P activities, host governments may offer favourable fiscal terms and/or tax incentives to the E&P operators.

Any adverse change or development to the existing host government policies and regulations towards the oil and gas industry such as, but not limited to, imposition of new or higher taxes, higher profit sharing ratio to the host governments or a requirement for domestic sale at a significant discount may adversely affect our future business operations and financial performance.

##### 4.2.3.2 We are exposed to risks associated with future energy regulatory changes

All phases of the oil and gas business pose environmental risks and hazards and are subject to environmental regulation pursuant to a variety of laws, regulations and legal systems of the respective jurisdictions. Environmental legislation provides for, amongst others, restrictions and prohibitions on spills and emissions of greenhouse gas and pollutants produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines, penalties and liability for clean-up costs and reputational damages.

Over the years, there has been increasing emphasis on regulation and environmental legislation evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs to the oil and gas operators. In addition, existing or new laws, regulations or treaties (including incentives to conserve energy or use alternative energy sources) could also have a negative impact on our business and financial performance.

##### 4.2.3.3 We could be subject to substantial penalties, fines, restrictions on operations, remedial liabilities and sanctions if we fail to comply with some applicable statutes, rules, regulations and orders

The oil and gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government (federal, state and local). Each country would have differing degrees of laws and regulatory regimes and legal systems. Furthermore, oil and gas operators including the E&P companies require numerous licences, permits and approvals from various governmental agencies in order to commence operations. These laws, regulations and obligations could change with the promulgation of new laws and regulations or a change in the interpretation of existing laws and regulations.

#### 4. RISK FACTORS (Cont'd)

We are required to comply with the laws and regulations of the respective jurisdictions where we operate. In addition, we are required to apply for approvals, licences and permits from various governmental authorities in order to carry out the exploration, development and production activities and there can be no assurance that we will be able to obtain all necessary approvals, licences and permits. Compliance with these laws, regulations and obligations could require substantial expenditures and efforts from our Company.

Should we fail to obtain such approvals on a timely basis, fulfill the material conditions imposed for such approvals or comply with these requirements or any other applicable administered statutes, rules, regulations or orders, we could be subject to delay or disruption in operations, substantial penalties, fines, restrictions on operations, remedial liabilities and sanctions which would materially affect our operations, financial conditions and results of operations.

#### 4.2.4 Operational risks

##### 4.2.4.1 We are exposed to exploration, development and production risks

The exploration of oil and gas is uncertain and may involve unprofitable efforts, not only from dry wells, but from wells that are productive but uneconomical. Such activities may require substantial investments which may not be recoverable. The key factors in determining the commercial viability are the size of the Reserves, extraction costs, recovery rates and commodity price. In addition, physical exploration activities are subject to unforeseen adverse events during the operations such as, but not limited to, well blowouts (uncontrolled release of high pressure gas and liquid), oil spills and inadequate procedures or equipment failures. The geological environment of the area of operation may also complicate and increase the level of risks involved.

The development of oil and gas fields requires significant capital investment from the E&P companies and involves the specific design and construction of the infrastructure, which includes the wells, platforms, process equipment, pipelines and storage facilities. In view of the substantial capital commitments and various forms of approvals and permits required during the development process, there may be risks of cost overruns and delays during the development stage. Any material increase in estimated capital expenditure requirements including development expenditure and operating costs, delay in obtaining the relevant approvals and permits and unavailability or delay of equipment and services may have an adverse effect on our business, financial conditions and operations.

The production of oil and gas is subject to risks typically associated with operations activities, including unexpected formations or pressures, premature decline of reservoir pressures and the invasion of water into producing formations. In addition, the production operations may also face other inherent risks and hazards such as, but not limited to, fire, explosion, blowouts, cratering, sour gas releases and oil spills and other various field operating conditions each of which could result in increased cost of operations, damage to oil and gas wells, production facilities and the environment or personnel injuries. Losses resulting from the occurrence of any of these incidents or risks could have a materially adverse effect on our business and financial performance. While diligent supervision, monitoring and effective maintenance operations can minimise such occurrence, there is no assurance that we can completely eliminate any production risk.

##### 4.2.4.2 We face the risk of inadequate Reserves replacement

The long-term commercial success of an E&P company will depend on the ability to find, acquire, develop and commercially produce oil and gas Reserves and to replace the depleted Reserves. Without the continual addition of new Reserves, our existing Reserves will decline over time with production.

#### 4. RISK FACTORS (Cont'd)

Our future success depends largely on our ability to find, develop or acquire additional oil and gas Reserves that are economically recoverable. However, we may not be able to find, develop or to acquire additional Reserves at an acceptable value due to increasing competition from other E&P companies. In addition, substantial capital is required to replace and grow the Reserves. There is no assurance that further commercial quantities of oil and gas Reserves may be successfully discovered or acquired to replace our Reserves. Inability to replace our existing Reserves may have an adverse impact on our future business growth and financial performance.

##### 4.2.4.3 We face the risk of an increasing cost structure

E&P spending is the cost incurred in the process of exploration, development and production of oil and gas. These costs typically include geological and geophysical costs, drilling of wells, construction and installation of production facilities and infrastructure and operational costs. Corresponding with the higher oil and gas prices, the cost structure of E&P activities has generally increased over time partly due to the cost pressures from shortages and bottlenecks in many sectors (including providers of oil field services, materials and equipment as well as workforce).

The increasing cost structure in the oil and gas industry is likely to cause an increased focus on cost control by the oil and gas operators in order to remain competitive. Although our Company will strive for continuous improvement in planning and procurement and to achieve cost optimisation and reduction, there can be no assurance that our Company will be able to successfully manage our cost. This in turn could erode our competitive position and adversely affect our financial performance.

##### 4.2.4.4 We are exposed to evaluation risks

The process of estimating oil and gas Reserves is complex and involves a significant number of assumptions in evaluating available geological, geophysical, engineering, economic and production data. The process also requires certain economic assumptions such as oil and gas prices, drilling and operating expenses, capital expenditures, taxes and the cost of funds. The accuracy of Reserves estimate is a function of quality and quantity of available data, interpretation of that data and accuracy of various mandated economic assumptions. Any significant variance could materially affect the quantities and present value of the Reserves.

Hence, successful acquisitions depend on the extensive evaluation and accurate assessment. However, factors such as recoverable Reserves, exploration potential, future oil and gas prices, operating costs and potential environmental and other liabilities are inherently uncertain. If a high impact prospect identified by our Company fails to materialise in a given period, our future business prospects may be adversely affected.

These risks can be mitigated by using appropriate techniques, project management workflow and technologies as well as adopting global industry practices and standards for such evaluation activities.

##### 4.2.4.5 We face the risks of shortage of skilled and experienced workers in the oil and gas industry

There is a shortage of skilled and experienced workers in the oil and gas industry due to the boom in E&P activities globally as a result of high oil and gas prices in recent years. The issue of workforce shortages can be attributed to the previous lack of investment in training or developing skilled and experienced young workforce during the low oil price period of the early 1990s. While developing a skilled workforce for the oil and gas industry has expanded recently, there is still a shortage of oil and gas workforce with sufficient years of experience.

#### 4. RISK FACTORS (Cont'd)

The competition for qualified personnel or workers in the oil and gas industry is intense due to the shortage. The workforce shortage could threaten investment, growth and sustainability throughout the entire oil and gas value chain.

There can be no assurance that our Company will be able to attract and retain all personnel necessary for the development and operation of our business. The loss of any personnel to competitors or our inability to recruit sufficient workforce could adversely affect our operational performance and growth strategy.

##### 4.2.4.6 We are subject to changes in technologies in the oil and gas industry

We operate in the oil and gas industry where the most advanced technologies are needed to remain competitive. New technologies and techniques are developed to increase oil and gas production and commercialise complex projects such as deepwater, LNG, shale gas and oil and other imminent frontier technology plays. These new technologies may alter the supply, demand and commodity prices in local and global markets. Hence, the industry is increasingly reliant on better technologies and techniques to deliver more accurate and timely information for strategy planning and to enhance operational efficiency. Our inability to successfully deploy the right technologies and/or anticipate the impact of new technologies may adversely affect our business.

##### 4.2.4.7 We are exposed to the risks in relation to HSE in our operations

The oil and gas industry requires high standards of HSE practices in view of the risks inherent in the oil and gas business given the geographic range, operational diversity and technical complexity of the activities.

These risks include major process safety incidents, failure to comply with approved standards and policies, effects of natural disasters and pandemics, social unrest, civil war and terrorism, exposure to general operational hazards, personal health, safety lapses and crime. Any changes in the HSE requirements could increase our cost of operations in the future. A major HSE incident could result in injury, loss of life, environmental harm and disruption to business activities which may have an adverse effect on our business.

##### 4.2.4.8 We are exposed to limitations on insurance coverage

Our Company's involvement in the E&P activities may subject us to liability for pollution, blowouts, property damage, personnel injury or other hazards. We will obtain insurance coverage in accordance with industry standards to address such risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of our obligations for liabilities arising from material environmental incidents. Hence, the occurrence of a significant event that is not fully insured against could have a material adverse effect on our business.

#### 4.3 RISKS RELATING TO THE IPO

##### 4.3.1 There is no prior market for our Shares and Warrants and an active market for our Shares and Warrants may not develop after Listing

Prior to this IPO, there has been no public market for our Shares and Warrants. There can be no assurance that an active and liquid market for our Shares and Warrants will develop and continue to develop upon or subsequent to our Listing or, if developed, that such a market will be sustained. We believe that a variety of factors could cause our share price to fluctuate and such fluctuations may adversely affect the market price of our Shares and Warrants.

#### 4. RISK FACTORS (Cont'd)

The Issue Price has been determined after taking into consideration a number of factors as stated in Section 3.4 of this Prospectus. There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon or subsequent to our Listing.

##### 4.3.2 Our Management Team's effective cash cost per Share is RM0.075 and accordingly, the IPO Investors would face immediate and substantial dilution in the NA per Share after the Public Issue and may experience future dilution

The Issue Price is higher than our NA per Share after the Public Issue. The lower NA per Share is partly because of the Management Team's effective cash cost per Share of RM0.075 which is 90% lower compared to the Issue Price. The lower cash cost per Share of RM0.075 may give rise to a potential unrealised gain of approximately RM172.53 million (based on the Issue Price) to Reach Energy Holdings upon the IPO. After the Public Issue and payment of listing expenses, the NA per Share is RM0.03 per Share as compared to the Issue Price and the IPO Investors will experience an immediate dilution in NA per Share of RM0.72 per Share. The decrease in our pro forma NA per Share to the IPO Investors is also due to the IPO Trust Proceeds placed under the Islamic Trust Account is deemed as a liability to our Company prior to completion of the Qualifying Acquisition. As a SPAC, our Company is required to return the IPO Trust Proceeds under the Islamic Trust Account to the IPO Investors if the Qualifying Acquisition is not completed within the Permitted Timeframe.

Subsequent to the completion of the Qualifying Acquisition within the Permitted Timeframe, the IPO Trust Proceeds placed under the Islamic Trust Account will be reclassified from liability to equity as our Company has no further obligation to refund the IPO Trust Proceeds. The NA per Share will be RM0.59 per Share as compared to the Issue Price and the dilution in NA per Share will be RM0.16 per Share.

Subsequent to the completion of the Qualifying Acquisition within the Permitted Timeframe and full exercise of the Warrants, the NA per Share will be RM0.67 per Share as compared to the Issue Price and the IPO Investors will experience dilution in NA per Share of RM0.08 per Share.

In the future, after the completion of the Qualifying Acquisition, we may require additional funding and we may consider offering and issuing additional Shares or equity-linked securities. The IPO Investors may experience further dilution in NA per Share if we issue additional Shares or equity-linked securities on a non-pro rate basis in the future.

Please refer to Sections 3.3.1, 3.7, 7.1.1.1, 7.2.1.1 and 7.3.1.1 of this Prospectus for information on the dilutive effects of the full exercise of the Warrants on the issued and paid-up share capital, shareholding structure and pro forma NA per Share of our Company.

In addition, due to the differences in entry cost or effective cash cost of Reach Energy Holdings, the Initial Investor and the IPO Investors, the equity IRR to the IPO Investors will potentially be lower than the project IRR. Solely for illustrative purposes, assuming that we undertake the Qualifying Acquisition of a target company and/or asset with a minimum project IRR of approximately 15% and where the acquisition is fully funded via equity (i.e. the IPO Proceeds), the derived equity IRR to the IPO Investors is approximately 8.4% (based on our financial model which takes into consideration certain assumptions such as production profile, oil price, royalty structure, cost and taxes). Nevertheless, we may finance the Qualifying Acquisition via a combination of debt and equity. Under such circumstances, the equity IRR to the IPO Investors (based on the financial model) will be higher than 8.4% based on prevailing borrowing costs.



#### 4. RISK FACTORS (Cont'd)

##### 4.3.3 Investment in the capital market exposes the investor to capital market risk

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy.

These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price, which may already fluctuate significantly and rapidly as a result, *inter-alia*, of the following factors:

- differences between our Company's actual financial and operating results and those expected by investors and analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- fluctuations in stock market prices and volume;
- changes in our Company's operating results;
- changes in securities analysts' estimates of our Company's financial performance and recommendations;
- change in market valuation of similar companies;
- our involvement in litigation, arbitration or other forms of dispute resolution;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions.

##### 4.3.4 Forward-looking statements may not be reflective of our future prospects

Our Prospectus contains forward-looking statements which are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying this information should be carefully considered by the investors and should not be regarded as a representation by our Company and our advisers that the objectives and the future plans of our Company will be achieved. Any differences in the expectation of our Company from our actual performance may result in our Company's financial and business performances and plans to be either, materially or immaterially, different from those anticipated.

##### 4.3.5 Occurrence of certain events could result in the delay in Listing or the termination of the Listing exercise

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our Listing or our Listing to be aborted:

- (i) the Underwriter exercising the rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder; or
- (ii) we are unable to meet the public spread requirement as determined by Bursa Securities, i.e. at least 25% of our enlarged issued and paid-up ordinary share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing.



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#### 4. RISK FACTORS (Cont'd)

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In such an event, our Board will endeavour to take the necessary steps in the best interests of our Company and our shareholders as well as the economic conditions at that point in time, including, subject to restrictions set out in Section 4.3.6 below, return in full without interest, all monies paid in respect of any Applications accepted. Our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

##### **4.3.6 Delay between admission and trading of the Public Issue Shares may result in prolonged delays or the inability for investors to recover monies paid in respect of the Public Issue Shares**

After the Public Issue Shares and Warrants have been allotted and/or allocated to the respective investors' CDS accounts in Bursa Depository, which would occur at least two clear Market Days prior to the anticipated date for Admission, it may not be possible to recover monies paid in respect of the Public Issue Shares from us in the event the Admission and the commencement of trading on the Main Market of Bursa Securities do not occur.

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of a reduction of our share capital. A capital reduction would require the approval by special resolution of our shareholders as well as approval by the Malaysian High Court.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

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## 5. INFORMATION ON OUR BUSINESS

### 5.1 BACKGROUND INFORMATION

#### 5.1.1 Background

Our Company was incorporated in Malaysia under the Act as a private limited company on 7 February 2013 under the name of Reach Energy Sdn Bhd. On 2 August 2013, our Company converted into a public company under the name of Reach Energy Berhad. The principal activity of Reach Energy is investment holding. Our Company has yet to commence business operations as at the LPD.

We intend to list on the Main Market of Bursa Securities as a SPAC. SPACs are companies which have no operations or income generating business at the point of IPO but undertake an IPO for the purposes of raising funds to acquire operating companies or businesses, otherwise known as Qualifying Acquisition.

#### 5.1.2 Key criteria of a SPAC

The key criteria of a SPAC, as provided for under the SC Guidelines which our Company has met, are as follows:

Key Criteria	Requirements	Our Company's Proposition
Minimum funds raised	A SPAC must raise at least RM150,000,000 through its IPO.	The amount to be raised under our IPO is RM750,000,000.
Interest of management team	Members of the management team of the SPAC must, in aggregate, own at least 10% of the SPAC upon IPO.	Our Management Team will own 20.00% of the enlarged issued and paid-up ordinary share capital of Reach Energy upon IPO.
Management of IPO proceeds	A SPAC must place at least 90% of the gross proceeds from its IPO in a Trust Account immediately upon receipt of all proceeds. The monies in the Trust Account may only be released by the Custodian upon termination of the Trust Account.	We will be placing 94.75% of the gross proceeds raised by our Company from the IPO in an Islamic Trust Account immediately upon receipt of all the IPO Proceeds. The monies in the Islamic Trust Account may only be released by the Custodian upon termination of the Islamic Trust Account and dealt with in the manner as set out in Section 5.1.5 of this Prospectus.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Key Criteria	Requirements	Our Company's Proposition
Management of IPO proceeds ( <i>cont'd</i> )	<p>The proceeds in the Trust Account may be invested in Permitted Investments. Any interest generated by the funds held in the Trust Account including interest/dividend income derived from the Permitted Investments, must accrue to the Trust Account.</p> <p>The balance of the proceeds from the IPO, being 10% of the proceeds, may be utilised to defray expenses related to the IPO and for working capital purposes including but not limited to operating costs, fund the search for a target company or asset and completing the Qualifying Acquisition.</p>	<p>The proceeds in the Islamic Trust Account may be invested in Permitted Investments all of which are Shariah compliant and any profits generated from the Permitted Investments will be accrued to the Islamic Trust Account.</p> <p>We will use the balance of the IPO proceeds, being 5.25% of the total gross proceeds raised by our Company from the IPO, for working capital purposes and to defray listing expenses as set out in Section 3.6.2 of this Prospectus. The Audit Committee will review reports from the management, on a half-yearly basis, in respect of the utilisation of the 5.25% of the proceeds from the Public Issue. Further, the Audit Committee will also be approving the annual budget for identifying potential target assets for the Qualifying Acquisition.</p> <p>For avoidance of doubt, the proceeds from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor will not be included in the Islamic Trust Account.</p>
Qualifying Acquisition	An initial acquisition of target company or asset which has an aggregate fair market value of at least 80% of the aggregate amount in the Trust Account (net of any taxes payable).	Our Qualifying Acquisition will have an aggregate fair market value of at least 80% of the aggregate amount in the Islamic Trust Account (net of any taxes payable).
Timeframe for completion of a Qualifying Acquisition	Within three years from the date of listing of the SPAC. In the event the SPAC fails to complete the Qualifying Acquisition within the Permitted Timeframe, it will be delisted from the Main Market of Bursa Securities.	Our Company targets to complete a Qualifying Acquisition within the Permitted Timeframe. In the event that we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be delisted from the Main Market of Bursa Securities.

**5. INFORMATION ON OUR BUSINESS (Cont'd)**

<b>Key Criteria</b>	<b>Requirements</b>	<b>Our Company's Proposition</b>
Shareholders' approval for a Qualifying Acquisition	<p>The resolution on the Qualifying Acquisition must be approved by a majority in number of shareholders representing at least 75% of the total value of shares held by all shareholders present and voting either in person or by proxy at an EGM. Where the Qualifying Acquisition comprises more than one acquisition, each acquisition must be approved by the shareholders of the SPAC in the same manner.</p> <p>The management team and persons connected to the management team must abstain from voting.</p>	<p>The resolution on our Qualifying Acquisition must be approved by a majority in number of shareholders representing at least 75% of the total value of shares held by all shareholders present and voting either in person or by proxy at the EGM. Where our Qualifying Acquisition comprises more than one acquisition, we will subject each acquisition to the approval of our shareholders in the same manner.</p> <p>Reach Energy Holdings, our Management Team and persons connected to them are subject to the Non-Voting Obligations and will abstain from voting at the EGM to be convened for the approval of our Qualifying Acquisition.</p>
Refund to dissenting shareholders	<p>Shareholders (other than the management team and persons connected to them) who vote against a Qualifying Acquisition at the EGM will be entitled to receive, in exchange for their shares, a sum equivalent to a pro rata portion of the amount then held in the Trust Account (net of any taxes payable and expenses related to the facilitation of the exchange), provided that such Qualifying Acquisition is completed within the Permitted Timeframe. The Shares tendered in exchange for cash must be cancelled.</p>	<p>Our Articles of Association (as set out in Section 12.2(vii)(6) of this Prospectus) provide for the Qualifying Acquisition Share Repurchase to be made within seven days after the Qualifying Acquisition has been fully and duly completed. We will cancel the Shares tendered under the Qualifying Acquisition Share Repurchase.</p> <p>Please refer to Section 5.1.3 of this Prospectus for the basis of computation for the Qualifying Acquisition Share Repurchase.</p>
Custodian	<p>The SPAC will secure and maintain custodial arrangements at all times over the monies in the Trust Account until the termination of the Trust Account.</p>	<p>We have appointed AmanahRaya Trustees Berhad to hold in trust, the IPO Trust Proceeds and (if applicable) the Subsequent Rights Issue Trust Proceeds.</p>

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Key Criteria	Requirements	Our Company's Proposition
Custodian (cont'd)	<p>The roles and responsibilities of the Custodian are as follows:</p> <ul style="list-style-type: none"> <li>(i) the Custodian must hold in trust, the proceeds from an issuance of securities by the SPAC, in accordance with the Custodian Agreement, the SC Guidelines and applicable laws;</li> <li>(ii) the Custodian must take appropriate measures to ensure the safekeeping of the monies held in the Trust Account. In particular, the Custodian must ensure that: <ul style="list-style-type: none"> <li>(a) proper accounting records and other records as are necessary are kept in relation to the Trust Account; and</li> <li>(b) custody and control of monies held in the Trust Account is in accordance with the provisions of the Custodian Agreement;</li> </ul> </li> <li>(iii) the Custodian may be provided a mandate by the management team to invest the amounts held in the Trust Account in Permitted Investments; and</li> <li>(iv) the Custodian may only distribute and/or liquidate the funds held in the Trust Account in accordance with the provisions in the Custodian Agreement.</li> </ul>	Please refer to Section 5.1.5 of this Prospectus for the salient terms of the Custodian Agreement, including the roles and responsibilities of the Custodian.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

<b>Key Criteria</b>	<b>Requirements</b>	<b>Our Company's Proposition</b>
Liquidation	In the event the SPAC fails to complete a Qualifying Acquisition within the Permitted Timeframe, it must be liquidated. The amount then held in the Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution), must be distributed to the respective shareholders on a pro rata basis as soon as practicable, as permissible by the relevant laws and regulations. Any interest earned from the Permitted Investments accruing to the Trust Account will form part of the Liquidation Distribution. The management team and persons connected to them may not participate in the Liquidation Distribution, except for securities purchased by them after the date of listing of the SPAC on the Main Market of Bursa Securities.	<p>If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be forced to liquidate. In accordance with our Articles of Association, in such event, the amount then held in the Islamic Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution) shall be distributed to the holders of the ordinary shares on a pro-rata basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulations.</p> <p>Reach Energy Holdings, our Management Team, persons connected to our Management Team and the Initial Investor are subject to Non-Entitlement Obligations and shall not be entitled to (and shall not participate in) the Liquidation Distribution, except in relation to Shares purchased by them after the Listing and the Shares purchased by the persons connected to the Management Team and the Initial Investor pursuant to the Public Issue.</p> <p>Please refer to Section 5.1.3 of this Prospectus for the basis of computation for the Liquidation Distribution.</p> <p>In addition, the monies raised from the Public Issue which are not held under the Islamic Trust Account and the monies raised from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor, if any remaining, will also be distributed to the IPO Investors on a pro-rata basis.</p>

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### 5.1.3 Basis of computation for the Qualifying Acquisition Share Repurchase and the Liquidation Distribution

The basis of computation for the Qualifying Acquisition Share Repurchase (provided that such Qualifying Acquisition is duly approved and completed within the Permitted Timeframe) is as follows:

$$X = \frac{Y}{Z}$$

Where:

X = Amount per Share payable to the Dissenting Shareholder

Y = Amount then held in Islamic Trust Account (net of any taxes payable and expenses related to the Qualifying Acquisition Share Repurchase)

Z = Total number of Shares excluding Shares held by the Management Team, persons connected to the Management Team and the Initial Investor <sup>(1)</sup>

Note:

(1) Except in relation to Shares purchased by the Initial Investor after the Listing or pursuant to the Public Issue.

In order to exercise the right to require our Company to purchase Shares under the Qualifying Acquisition Share Repurchase, a shareholder shall be required to send a notice in writing to our Company (in such format and within such timeframe as may be prescribed by our Company from time to time). All Shares repurchased by our Company pursuant to the Qualifying Acquisition Share Repurchase shall be cancelled by our Company.

The satisfaction of the purchase consideration for the Qualifying Acquisition Share Repurchase shall be effected by our Company in favour of each Dissenting Shareholder within seven Market Days after the Qualifying Acquisition has been fully and duly completed. Such payment to the Dissenting Shareholders shall be effected in the same manner as provided in our Articles of Association in relation to dividends. Please refer to Section 12.2 of this Prospectus for the relevant extracts from our Articles of Association.

In the event that the Qualifying Acquisition cannot be completed, the Dissenting Shareholders shall not be paid and we shall search for another Qualifying Acquisition so long as it is within the Permitted Timeframe.

However, if our Company does not complete a Qualifying Acquisition within the Permitted Timeframe, our Company shall be dissolved, wound up and liquidated under the Act in accordance with all applicable laws and regulations. Upon liquidation, the amount then held in the Islamic Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution) shall be distributed to the shareholders on a pro-rata basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulations provided always that the members of the Management Team and persons connected to them and the Initial Investor shall not be entitled to (and shall not participate in) the Liquidation Distribution, except in relation to Shares purchased by them after the Listing and the Shares purchased by the persons connected to the Management Team and the Initial Investor pursuant to the Public Issue.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

The basis of computation for the Liquidation Distribution is as follows:

$$A = \frac{B}{C}$$

Where:

- A = Amount per Share payable to the Shareholder
- B = Liquidation Amount
- C = Total number of Shares excluding Shares held by the Management Team, persons connected to the Management Team and the Initial Investor <sup>(1)</sup>

Note:

- (1) Except in relation to Shares purchased by them after the Listing and Shares purchased by the persons connected to the Management Team and the Initial Investor pursuant to the Public Issue.

### 5.1.4 Share capital and changes in share capital

Our present authorised share capital is RM50,000,000 comprising 5,000,000,000 Shares, of which 277,822,425 Shares have been issued and fully paid-up. The changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are as follows:

Date of allotment/ subdivision	No of Shares allotted/ subdivided	Par value RM	Consideration	Cumulative issued and paid-up ordinary share capital RM
07.02.2013	2	1.00	Cash	2
22.05.2013	200	0.01	Subdivision of Shares	2
10.07.2013	113,600,000	0.01	Cash	1,136,002
20.06.2014	142,000,000	0.01	Cash	2,556,002
04.07.2014	15,555,555	0.01	Cash	2,711,557
08.07.2014	6,666,670	0.01	Conversion of RCPS	2,778,224

There were no discounts, special term or instalment payment plan in relation to the payment for the abovementioned Shares.

In addition to the above, our Company has and will be issuing 1,277,822,225 Warrants comprising the following:

- (i) 113,600,000 Warrants and 142,000,000 Warrants pursuant to the Subscription by Reach Energy Holdings which were allotted and issued on 10 July 2013 and 20 June 2014 respectively;
- (ii) 22,222,225 Warrants to the Initial Investor pursuant to the Subscription by the Initial Investor and Conversion of RCPS that will be allotted and issued on the date of allotment of the Public Issue Shares, simultaneously with the Warrants to be issued under the Public Issue; and
- (iii) 1,000,000,000 Warrants pursuant to the Public Issue.



## 5. INFORMATION ON OUR BUSINESS (Cont'd)

The Warrants will be listed simultaneously on the Official List of Bursa Securities. Details in relation to the terms and conditions of the Warrants have been set out in Section 3.3.2 of this Prospectus.

Save as disclosed above, there are no other outstanding warrants, options, convertible securities and uncalled capital in our Company.

### 5.1.5 Salient terms of the Custodian Agreement

The following are extracts of the salient terms contained in the Custodian Agreement:

#### (i) Appointment

- (a) The Company appoints the Custodian and the Custodian agrees to act, as the SPAC Custodian for the Company in accordance with the terms and conditions set forth in the Custodian Agreement, the SC Guidelines and other applicable laws.
- (b) The Custodian hereby confirms, represents and warrants to the Company that it is:
  - (aa) a trust company registered under the Trust Companies Act 1949;
  - (bb) in the list of "Registered Trustees in Relation to Unit Trust Funds" issued by the SC; and
  - (cc) duly qualified to act as a SPAC Custodian under the SC Guidelines and under the Custodian Agreement.
- (c) The Custodian's appointment shall commence on the date of the Custodian Agreement and shall continue until terminated pursuant to the provisions of clause (vi) below.

#### (ii) Trust and covenants

- (a) The Custodian declares, acknowledges and confirms that it shall hold the Trust Property in trust for the Company subject to the provisions of the Custodian Agreement.
- (b) Other than the right to require the Custodian to comply with the terms of the Custodian Agreement, the Company shall not be otherwise entitled to compel the transfer or distribution or any other dealing or application of the Trust Property or have any other entitlement or interest in relation to the Trust Property or any part thereof, except in accordance with the SC Guidelines.
- (c) The Custodian covenants that it shall duly perform all its obligations and covenants and all terms, conditions and provisions on its part to be performed solely and exclusively in accordance with the Custodian Agreement and warrants that:
  - (aa) it has the power to enter into and perform the obligations on its part to be performed under, the Custodian Agreement; and
  - (bb) its obligations under the Custodian Agreement are valid, binding and enforceable.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (d) Except in accordance with the Custodian Agreement or as directed by a competent court or authority, the Custodian agrees, covenants and undertakes not to assign, transfer, sell, charge, surrender, encumber or otherwise howsoever alienate or deal with the Trust Property or any part thereof or make the same subject to any burden, charge, encumbrance, liability or lien whatsoever, or agree or enter or execute any form of agreement or instrument to assign, transfer, sell, charge, surrender or otherwise howsoever deal with the Trust Property or any part thereof or to make the same subject to any burden, charge, encumbrance, liability or lien whatsoever.

### (iii) Responsibilities of Custodian

- (a) The Custodian shall be responsible for the following:
  - (aa) Opening and maintaining the Islamic Trust Account;
  - (bb) Depositing the IPO Trust Proceeds, the Subsequent Rights Issue Trust Proceeds and the Cash Trust Assets into the Islamic Trust Account immediately upon the Custodian's receipt of the same;
  - (cc) Undertaking such Permitted Investments as may be instructed in writing by the authorised person of the Company ("**Authorised Person**"), in accordance with the Custodian Agreement, on behalf of the Company;
  - (dd) Ensuring the prompt deposit of all profit, dividend and other income derived from (or attributable to) the Permitted Investments into the Islamic Trust Account, unless otherwise instructed in writing by the Authorised Person, in accordance with the Custodian Agreement, to invest the same in the Permitted Investments;
  - (ee) Other than for purposes of (cc) above, not withdrawing, transferring, distributing, liquidating or releasing any of the funds or monies deposited into (or held in) the Islamic Trust Account, except in accordance with the Custodian Agreement;
  - (ff) Ensuring that proper and complete books, statements and accounting records (including such other records as may be necessary or relevant) are duly kept and maintained in relation to all Trust Property and the Islamic Trust Account (including the transactions and dealings carried out by the Custodian in relation thereto);
  - (gg) Ensuring that custody and control of the monies held in the Islamic Trust Account is in accordance with the provisions of the Custodian Agreement and the SC Guidelines at all times;
  - (hh) Not exercising any voting or other rights in relation to the Permitted Investments constituting the Trust Property, except in accordance with the written instructions of the Authorised Person; and
  - (ii) Duly releasing such funds or make such payments out of the Trust Property in accordance with the Custodian Agreement.
- (b) Except in accordance with the Custodian Agreement, the Custodian shall not deal as beneficial owner on the sale or purchase of any Trust Property to or from the Company, or, without the consent of the Board, deal with the Company otherwise than as principal.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (c) The Custodian's books and records pertaining to the services provided under the Custodian Agreement shall be opened for inspection and audit at all reasonable times by the auditors of the Company and/or such other duly authorised representatives of the Company, upon reasonable written notice thereof being given to the Custodian.
- (d) The Custodian shall deliver to the Authorised Person the periodic and other reports listed in Schedule 2 of the Custodian Agreement, such reports to contain the relevant information as agreed by the parties.

### (iv) Powers of the Custodian

- (a) The Custodian shall have the following powers:
  - (aa) To do or omit all such acts or things as the Custodian reasonably considers to be necessary or relevant in order to perform its duties under the Custodian Agreement or to comply with any law, order, regulation or direction of any governmental or regulatory authority, without further reference to the Company; and
  - (bb) To invest the IPO Trust Proceeds, the Subsequent Rights Issue Trust Proceeds and Cash Trust Assets and other monies held in the Islamic Trust Account in such Permitted Investments as may be authorised or instructed in writing by the Authorised Person on behalf of the Company from time to time.
- (b) Unless mutually agreed by the parties, the Custodian shall not delegate its duties, responsibilities or powers under the Custodian Agreement to any other party.
- (c) Notwithstanding any provisions (whether expressed or implied) contained in the Trustee Act, 1949, it is expressly declared that the Custodian shall not, to the fullest extent permitted by law, have any other rights or powers over the Trust Property or any interest, title or benefit in relation thereto save as may be expressly provided in the Custodian Agreement.

### (v) Fees

In consideration of the Custodian acting in accordance with the Custodian Agreement, the Custodian shall be entitled to charge and be paid its agreed fees and charges and such fees and charges shall be borne or paid by the Company in accordance with Schedule 3 of the Custodian Agreement once the Custodian Agreement is executed, provided that when the Custodian retires or ceases to be the Custodian for any reason whatsoever the remuneration that may have been received prior thereto by the Custodian in excess of what the Custodian is entitled as provided in the Custodian Agreement on a proportionate basis shall be refunded by the Custodian to the Company after such retirement or cessation. The Company shall reimburse the Custodian for all reasonable out-of-pocket expenses incurred by the Custodian in the administration of the Islamic Trust Account.

### (vi) Termination and duration

- (a) Subject to earlier termination in accordance with the Custodian Agreement, the Custodian Agreement shall continue in force until the expiry of the Permitted Timeframe and all Trust Property has been duly transferred or released by the Custodian to the relevant parties.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (b) The Custodian Agreement may be terminated by either party with a minimum of three months prior written notice to the other party and the SC, such notice to also set out the reasons for such termination/resignation by the first-mentioned party in accordance with the SC Guidelines. Without limiting the generality of the above, either party may give notice to terminate the Custodian Agreement if any of the following events (other than a Relevant Event or as may be otherwise contemplated in the Custodian Agreement) occur:
  - (aa) the other party is in breach of any material term of the Custodian Agreement and such breach shall not have been remedied within 30 days after service of notice by the first-mentioned party requiring the same to be remedied;
  - (bb) the other party shall go into liquidation, a resolution is passed for its winding up, or a receiver or official administrator or similar officer is appointed over any assets of that party (except as contemplated in the Custodian Agreement, including, without limitation, as referred to in the Custodian Agreement, or a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the other party);
  - (cc) if the other party ceases or threatens to cease to carry on the whole or a substantial part of its business; or
  - (dd) if the other party becomes insolvent or is unable to pay its debts as they fall due or enters into any composition or arrangement with its creditors.
- (c) The Company shall ensure that:
  - (aa) a replacement SPAC Custodian is identified and duly appointed (in accordance with, and for purposes of, the SC Guidelines) within the notice period referred to in the Custodian Agreement; and
  - (bb) the newly appointed SPAC Custodian immediately notifies the SC in writing of its appointment.

The termination referred to in the Custodian Agreement shall only become effective when the appointment of the new SPAC Custodian by the Company becomes effective.

### (vii) Release / payment of Trust Property

- (a) Subject to the instructions of the Company in this regard and compliance with the applicable provisions of the Articles of Association and the SC Guidelines, the Custodian shall liquidate all the Permitted Investments and all Non-Cash Trust Assets into cash, and deposit all the monies into the Islamic Trust Account within five business days or such other timeline as may be agreed between the parties after receiving a notice in writing from the Company (together with an appropriate supporting statutory declaration from the Authorised Person) confirming the occurrence of a Relevant Event.
- (b) After the liquidation of Permitted Investments and the deposit of monies into the Islamic Trust Account pursuant to clause (vii)(a) above:
  - (aa) where the Relevant Event relates to the relevant Articles 47C(4) of the Articles of Association, the Custodian shall first apply the relevant amount of monies (as calculated in accordance with Article 47C(6) of the Articles of Association and net of any taxes payable and expenses related to the Qualifying Acquisition Share Repurchase) from the Islamic Trust Account

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

for purposes of the Qualifying Acquisition Share Repurchase (and shall thereafter release the balance of the monies to the Company (conditional upon the receipt of the relevant supporting documents deemed necessary by the Custodian from the Company for the Custodian's sole purpose of exercising its duties under this clause) for purposes of completion of the Qualifying Acquisition in accordance with the Articles of Association and the SC Guidelines; or

- (bb) where the Relevant Event relates to Article 47C(7) of the Articles of Association, the Custodian shall release all the monies standing from the balance of the Islamic Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution) in accordance with the provisions of Article 47C(7);

and thereafter, the trust referred to in clause (ii) above (including the holding of the Islamic Trust Account by the Custodian) and the Custodian Agreement will terminate accordingly.

- (c) Upon its receipt or issue (as may be applicable) of any termination notice pursuant to clause (vi)(b), the Custodian shall liquidate all the Permitted Investments and all Non-Cash Trust Assets into cash, and deposit all the monies into the Islamic Trust Account within five business days thereafter. All the monies standing to the balance of the Islamic Trust Account (net of any taxes payable) shall then be released as soon as possible to the new SPAC Custodian appointed pursuant to clause (vi)(c) above (and in any event within five business days after the appointment of the new SPAC Custodian), after which the Custodian Agreement will terminate accordingly.
- (d) In respect of a provision of the Custodian Agreement, the Company hereby warrants that all supporting documents to be submitted to the Custodian as copy or specimen documents are genuine, complete and conform to their originals.

### (viii) Liability and indemnity

- (a) In consideration of the Custodian agreeing to hold the Trust Property on trust under, and acting in accordance with the terms and conditions of the Custodian Agreement but subject always to the provisions of the Custodian Agreement, the Company agrees to indemnify and keep the Custodian fully indemnified on a continuing basis for all monies, claims, actions, demands, costs, charges, losses, expenses and other liabilities of whatsoever nature and howsoever, including without limitation the fees, costs and expenses of legal advisors and other experts (hereinafter collectively referred to as "**Liabilities**") arising that are or may be properly and reasonably sustained or incurred by the Custodian in the performance of its duties and obligations under the Custodian Agreement or the SC Guidelines or in the due exercise, preservation or enforcement, or the attempted exercise, preservation or enforcement, of any of its duties, rights, powers, authorities or discretions vested in it under the Custodian Agreement or the SC Guidelines (save and except where such Liabilities are sustained or incurred as a result of gross negligence, fraud, breach of trust or wilful default on the part of the Custodian). The parties hereto acknowledge that the foregoing indemnities shall survive the resignation or removal of the Custodian or the termination of the Custodian Agreement, to the relevant extent.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (b) Pursuant to provisions of the Custodian Agreement, as the Custodian is authorised to act on instruction(s) received by way of facsimile from the Company, the Company hereby agrees to indemnify the Custodian against any claims, losses and liability actions, proceeding, demand, damages, reasonable costs and reasonable expenses incurred or sustained by the Custodian or on its behalf, out of or in consequence of acting upon such fax directives and/or instructions or other communications, notwithstanding any error or misunderstanding or lack of clarity in the terms of such notice or instruction or other communication(s).
  - (c) For the avoidance of doubt and notwithstanding any other provision in the Custodian Agreement, the Custodian shall not be relieved, exempted or indemnified from any liability for breach of trust or for failure to show the degree of care and diligence required of it as a SPAC Custodian or a custodian / trustee generally and no provision or covenant contained in the Custodian Agreement should be construed as so releasing, exempting or indemnifying the Custodian.
  - (d) Subject to clause (viii)(b) above but notwithstanding any other term or provision of the Custodian Agreement to the contrary, neither party shall be liable under any circumstances for special, punitive, indirect or consequential loss or damage of any kind whatsoever including but not limited to loss of profits, whether or not foreseeable, even if that party is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for such loss or damage is made in negligence, for breach of contract, breach of trust or otherwise. The provisions of this clause shall survive the termination or expiry of the Custodian Agreement or the resignation or removal of the Custodian, to the relevant extent.
  - (e) Subject to clause (viii)(b) above but notwithstanding any other provision to the contrary in the Custodian Agreement, each party shall not in any event be liable for any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any existing or future law or regulation, any existing or future act of governmental authority, Act of God, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any reason which is beyond its control.
- (ix) Other provisions relating to the Custodian**
- (a) The Custodian shall not be responsible for recitals, statements, warranties or representations of the Company as contained in the Custodian Agreement or other documents entered into in connection herewith and shall assume the accuracy and correctness thereof or shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of the Custodian Agreement or such other documents.
  - (b) For purposes of the proper performance of its duties under the Custodian Agreement, the Custodian shall be entitled to engage and consult, at the expense of the Company, with any qualified legal adviser and professional adviser selected by it and rely upon any advice so obtained and shall be protected and shall not be liable in respect of any action properly taken, or omitted to be done or suffered to be taken, in accordance with such advice.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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- (c) To the extent provided by law (but subject to the prior written approval of the Company, where applicable), any corporation into which the Custodian may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Custodian shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Custodian shall be the successor to the Custodian hereunder without the execution or filing of any papers or any further act on the part of any of the parties hereto.
- (d) The Custodian shall pay or cause to be paid, from the Cash Trust Account all taxes and levies in the nature of taxes imposed on the Cash Trust Account thereof by any governmental authority or under any applicable law or enactment and shall notify the Company of all such payments made or to be made accordingly.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### 5.2 OUR BUSINESS APPROACH

We shall commence business as a SPAC that will be listed on the Main Market of Bursa Securities. Our near term objective is to establish a solid operational base by completing a Qualifying Acquisition. Upon completion of the IPO, we intend to acquire oil and gas Brownfields in the production phase and fields in the proximity of existing producing areas under the development and/or production phases, in our Region of Focus. In the longer term, post Qualifying Acquisition, we intend to establish our Company as an independent Malaysia-based E&P company with domestic and global operations.

For the Qualifying Acquisition, we will focus on Brownfields in the production phase and fields in the proximity of existing producing areas in the development and/or production phases with the aim of generating early revenue. As these are development and/or production assets, there is more certainty to the level of oil and gas Reserves and remaining upside potential which are of relatively lower risk as compared to exploration assets. In addition, we shall complete a Qualifying Acquisition by acquiring target company and/or asset. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company. In addition, we will be the operator, where we will have management control.

We shall achieve the above objectives by leveraging on the technical expertise, knowledge, network and experience of our Management Team and Board. They comprise both local and international experts with proven track record and global networks in the oil and gas industry. Our Management Team members have an average of over 30 years of experience in the oil and gas industry worldwide, especially in the Asia Pacific region, holding senior management roles with IOCs and NOCs. They are technical specialists with many years of practical experiences, encompassing the entire upstream segment of the oil and gas industry.

We are of the view that the opportunity to invest in the assets which we intend to focus on has emerged more markedly in recent years due to:

- (i) the liberalisation of the oil and gas industry over the last decade resulting in the release of development and/or production assets by NOCs and governments for independent development;
- (ii) the improved financial viability of development and/or production assets as a result of sustained high oil and gas prices, rapid technological advancements and the completion of major oil and gas transportation infrastructures such as established gas pipeline/evacuation systems and established offshore platform complexes/pipeline networks with ullage in oil and gas terminals;
- (iii) the economic viability to the incumbent larger IOCs and NOCs to exploit these opportunities because of their high cost base;
- (iv) the drive to develop huge unconventional oil and gas resources, namely shale oil and/or gas, CBM, etc. is attracting the attention of larger IOCs. This is opening up more opportunities for smaller independent oil companies; and
- (v) the availability of new techniques to improve oil recovery, enhance oil production, reactivation of idle wells and field wide facility rejuvenation for production assets.

The opportunity to acquire development and/or production assets is especially attractive in the Asia Pacific region. For instance, Malaysia has in recent years started the liberalisation process by releasing undeveloped small fields and matured fields for independent operatorship. Indonesia and Australia have reached a point where their landscape is dominated by independent operators that are operating many oil and gas fields. The governments of Philippines, Myanmar, Thailand and Vietnam are also encouraging E&P activities after easing regulatory and bureaucratic difficulties.



## 5. INFORMATION ON OUR BUSINESS (Cont'd)

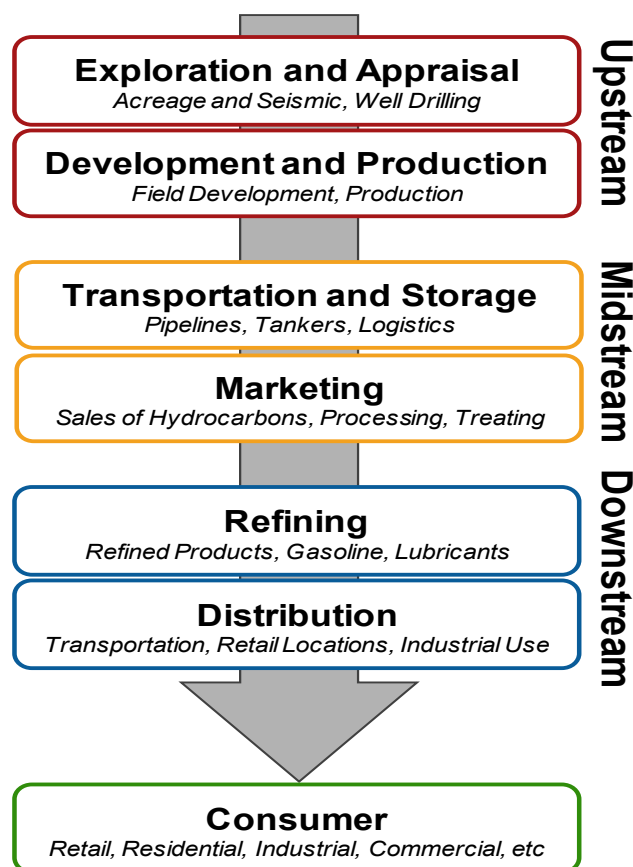
In the longer term, post Qualifying Acquisition, we intend to develop a balanced portfolio of E&P assets starting from the established base of development and production assets from the Qualifying Acquisition. We wish to achieve a balanced portfolio of both production and explorations assets with an indicative ratio of 70:30 respectively. The prime region of focus will still be the Asia Pacific countries as this is the most logical expansion in operational terms. However, opportunities in other geographic areas outside Asia Pacific countries will be pursued if the returns are attractive and the target assets meet our selection criteria. Please refer to Section 5.2.2 of this Prospectus on our post Qualifying Acquisition strategies.

### 5.2.1 Our Qualifying Acquisition

As a SPAC, we will initially identify and propose an appropriate business target as a Qualifying Acquisition. Based on the total IPO proceeds, we will shortlist specific investment opportunities available that meet our selection criteria as set out in Section 5.2.1.1 of this Prospectus and complete the Qualifying Acquisition within the Permitted Timeframe.

#### 5.2.1.1 Business strategies for our Qualifying Acquisition

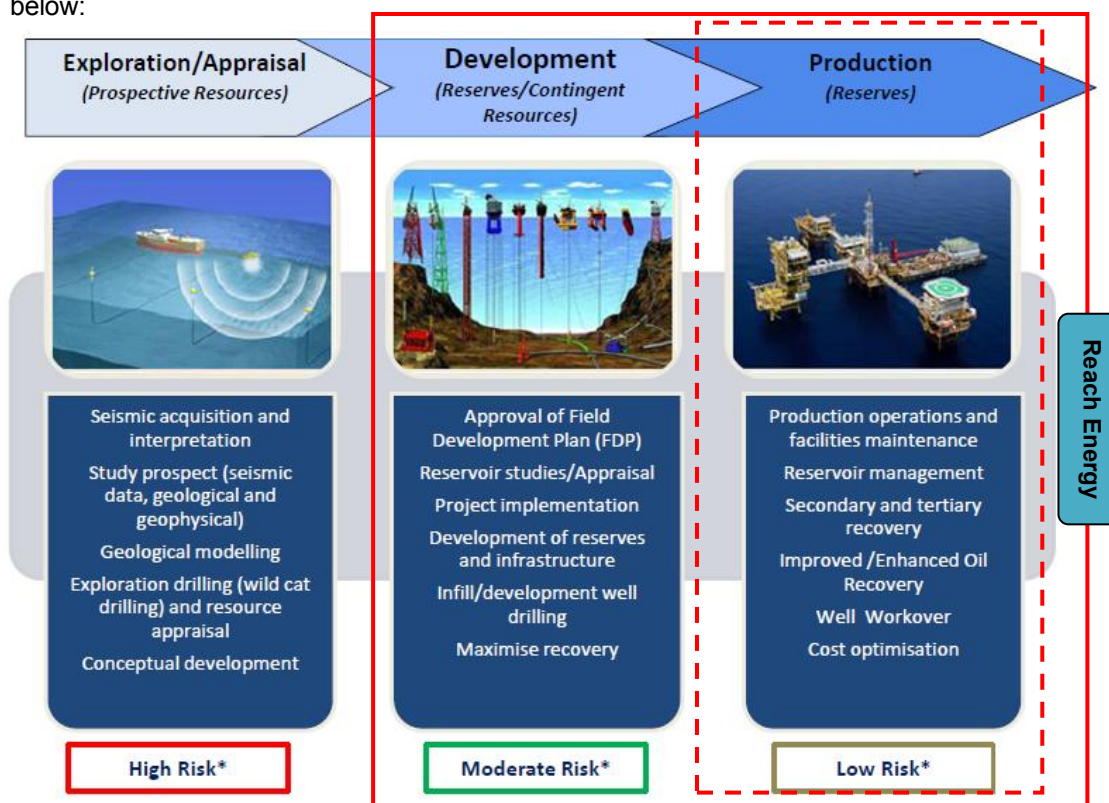
The oil and gas industry can be categorised into three segments, namely upstream, midstream and downstream as illustrated below. Our Company intends to be primarily involved in the upstream segment of the oil and gas value chain.



(Source: PFC Energy)

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

The E&P activities can be further segmented into three main phases as illustrated below:



Notes:

\* based on relative terms in comparison to the three phases of E&P activities, whereby risk in the production phase is lower compared to the development phase, which is lower than that in the exploration phase and where risk refers to the likelihood of not achieving the desired outcome.

— Our focus

- - - Our priority

The photographs depicted above are for the purpose of illustration only and do not purport to indicate that the assets depicted in the photographs belong to Reach Energy.

We will focus on Brownfields in the production phase and fields in the proximity of existing producing areas under the development and/or production phases for our Qualifying Acquisition.

The assets as mentioned above would have had oil and gas development in the area. Additional fields and Reserves may now have been proven in the area and development plans are made to drill or repair required wells and install required facilities for production, taking into account existing field information and infrastructure in the area.

Brownfields are mature fields on decline or in the final stages of productive life. Their associated facilities may require more maintenance and rehabilitation or improvement with additional infrastructure. At some point this may become non-cost-effective to a large operator. To a smaller operator, this can provide an opportunity to exploit the reservoir potential due to the small operator's lower cost base. In addition to the Brownfield assets, our focus also include discovered fields in established oil or gas producing basins that need regulatory approvals and financing but are otherwise ready for development. These fields may not be producing but are ready for development. For clarity, these fields are not in the exploration phase.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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On the other hand, a greenfield area is one where you start with completely undeveloped oil and gas accumulations. Oil and/or gas discoveries would have been made through exploration efforts, however, further reservoir, appraisals and development planning may be necessary to decide if exploitation of the area is economically feasible.

Generally, greenfield requires an average of five years to be developed and produced whereas, Brownfields and fields in the proximity of existing producing areas can generate early production within a period of one to two years depending on the economic phase and state of the infrastructure of the oil and gas assets. Early production is done through various techniques and approaches such as producing from appraisal wells, installing quick-connect facilities to tie into existing production infrastructure in the surrounding area or leveraging on facilities and capacities of other operators in the area through tolling arrangements to use their facilities.

**Exploration phase**

The exploration of oil and gas by companies begins with the acquisition of acreage that is believed to hold hydrocarbon reserves that may be commercially developed. Acreage can be obtained via acquisitions, mergers, bidding on blocks at licence rounds, or grants from resource holders. Exploration of this acreage begins with geophysical surveys and seismic studies which are then examined by geologists and petroleum engineers to determine if drilling exploration wells is likely to result in a hydrocarbon discovery.

The success rates for exploration drilling vary greatly, but the global average over the last twenty years has fluctuated in a range of 10-30%. When an exploration well fails to encounter hydrocarbons or does not discover hydrocarbons sufficient to justify commercial development, the well will be plugged and abandoned. When an exploration well is deemed to have encountered hydrocarbons sufficient to support commercial exploitation, an appropriate plan for development of the field or project will be determined.

**Development phase**

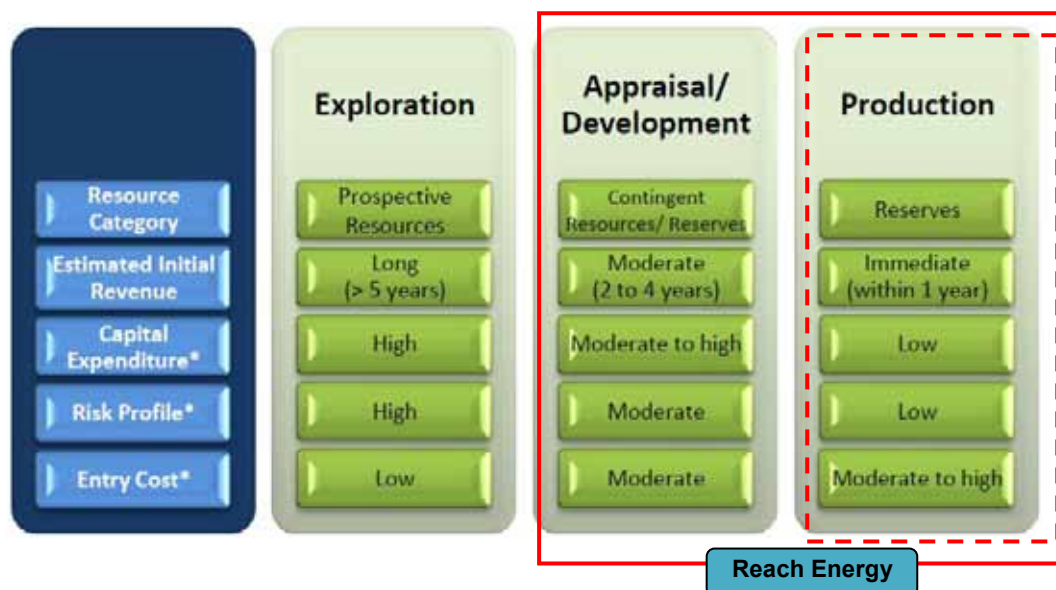
Once a prospect has been shown to be technically and commercially viable, an FDP is submitted to the relevant authorities for approval. This includes planning for technical (subsurface and surface engineering), operational (services and management teams) and commercial (contracts and marketing) aspects, evacuation network and considerations for risks specific to a field. Thereafter, a project enters the stage of procurement (including all the necessary people, equipment and facilities) where company resources and finances are committed.

**Production phase**

Production of oil and gas is the operational and technical objective of an FDP. Production of a field can go through numerous phases depending on the reservoir, hydrocarbon type and commerciality of remaining Reserves. Once the development is on-line, production is gradually increased until it reaches peak production. This is maintained for a number of years before production starts to decline. The technical, operational and commercial teams will implement or consider investments in enhanced recovery methods that can increase production or slow the rate of natural decline.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

The general characteristics of the assets under different stages are summarised below:



Notes:

\* based on relative terms, a comparison amongst exploration assets, development assets and production assets.

— Our focus

- - - Our priority

Given our investment objectives, we will focus on commercially viable Brownfields in the production phase and fields in the proximity of existing producing areas in the development and/or production phases with Reserves calculations, based on the production history of the hydrocarbon basins, that are at least in the 2P Reserves category (namely Proved plus Probable Reserves). We intend to generate revenues within two years from the date of completion of the Qualifying Acquisition.

At the initial phase, our Company will primarily adopt an “acquire and exploit” strategy that may require a larger upfront investment but with higher certainty of returns. We will focus on assets with mature producing fields, or in established hydrocarbon basins located onshore or shallow water offshore areas in the Region of Focus. Generally, it is expected that quantified amounts of remaining Reserves, undeveloped oil and gas Reserves and sizable Contingent Resources are present within these fields.

By leveraging on any already existing infrastructure of these fields, the risk profile is lowered and development economics is significantly improved. However, these assets tend to have a higher entry cost given the wealth of existing historical data and proven potential to be further developed and exploited. As such, it is essential for us to have an operatorship role as it will allow us to add further value to the assets through prudent reservoir management and cost control. This requires extensive knowledge and applications of the appropriate technology in achieving operational excellence in order to optimise production and maximise returns. In addition, by focusing on Concession and/or PSC fiscal arrangements we would realise the full benefit of the commercialisation of the assets.



## 5. INFORMATION ON OUR BUSINESS (Cont'd)

A summary of our key criteria in selecting an asset for our Qualifying Acquisition is set out below:

Type of asset	Type of target resources/ Area of focus	Risk profile	Key selection criteria
Development	<ul style="list-style-type: none"> <li>Fields containing Contingent Resources/ Reserves including:               <ul style="list-style-type: none"> <li>➢ fields requiring further appraisal to confirm the commercial viability of the resources; or</li> <li>➢ fields in advance stage of appraisal and development planning; or</li> <li>➢ fields with an FDP in progress or approved but where production has not commenced.</li> </ul> </li> </ul>	Moderate	<ul style="list-style-type: none"> <li>Onshore and offshore (for our purpose, the focus is on shallow water depth not exceeding 120 metres) fields</li> <li>At least Proved plus Probable Reserves</li> <li>A preference for oil accumulation assets with opportunities for the introduction of enhanced oil recovery techniques</li> <li>Good fiscal terms</li> <li>Politically stable host country/ region</li> <li>Fields with early production potential that will generate immediate cash flows</li> <li>Fields requiring further appraisal or development planning to enhance production and add to existing Reserves</li> </ul>
Production	<ul style="list-style-type: none"> <li>Fields with known and commercially recoverable resources (Reserves) including:               <ul style="list-style-type: none"> <li>➢ oil and gas fields already in production phase that may have potential for further development such as increase in production and/or cost efficiency.</li> </ul> </li> </ul>	Low	<ul style="list-style-type: none"> <li>Onshore and offshore (for our purpose, the focus is on shallow water depth not exceeding 120 metres) fields</li> <li>A preference for oil accumulation assets with opportunities for the introduction of enhanced oil recovery techniques</li> <li>Good fiscal terms</li> <li>Politically stable host country/ region</li> <li>Fields currently in production</li> </ul>

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Oil and gas assets can also be summarised and classified according to the certainty of Reserves as illustrated and explained below based on the Petroleum Resource Management System by the SPE.

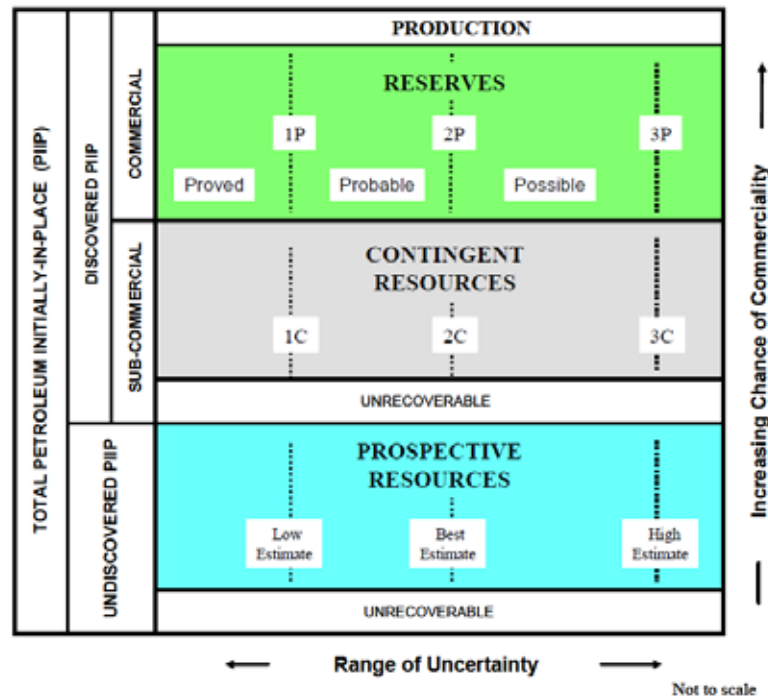
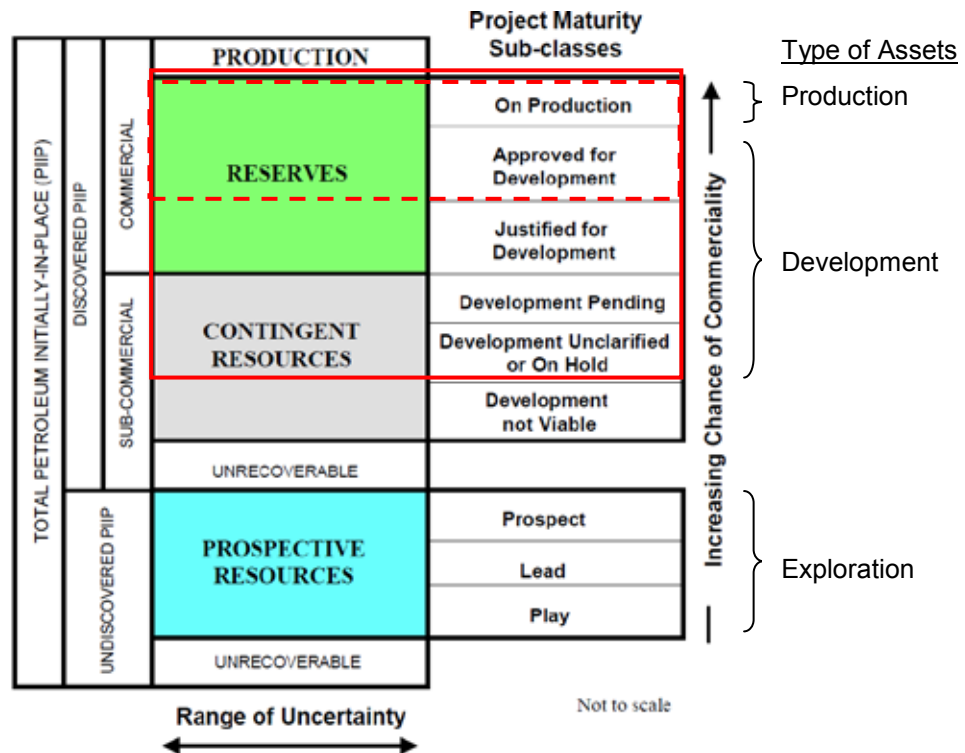


Figure 1-1: Resources Classification Framework.



Notes:

— Our focus  
 - - - Our priority

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

The estimation of petroleum resource quantities involves the interpretation of volumes and values that have an inherent degree of uncertainty. These quantities are associated with development projects at various stages of design and implementation. Use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios according to forecast production profiles and recoveries. Such a system must consider both technical and commercial factors that impact the project's economic feasibility, its productive life, and its related cash flows.

### **Petroleum Resources Classification**

Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase. The term "resources" encompass all quantities of petroleum naturally occurring on or within the Earth's crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered "conventional" or "unconventional." The major recoverable resources classes are: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable petroleum.

The "**Range of Uncertainty**" reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the "**Chance of Commerciality**", that is, the chance that the project that will be developed and reach commercial producing status. The following definitions apply to the major subdivisions within the resources classification:

**TOTAL PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "**total resources**").

**DISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

**PRODUCTION** is the cumulative quantity of petroleum that has been recovered at a given date. While all recoverable resources are estimated and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage. Multiple development projects may be applied to each known accumulation, and each project will recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into Commercial and Sub-Commercial, with the estimated recoverable quantities being classified as Reserves and Contingent Resources respectively, as defined below.

**RESERVES** are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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**CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterised by their economic status.

**UNDISCOVERED PETROLEUM INITIALLY-IN-PLACE** is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

**PROSPECTIVE RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.

**UNRECOVERABLE** is that portion of Discovered or Undiscovered Petroleum Initially in-Place quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

Estimated Ultimate Recovery ("**EUR**") is not a resources category, but a term that may be applied to any accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable under defined technical and commercial conditions plus those quantities already produced (total of recoverable resources). Total recoverable or EUR may be termed Basin Potential. The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "**remaining recoverable resources**". When such terms are used, it is important that each classification component of the summation also be provided. Moreover, these quantities should not be aggregated without due consideration of the varying degrees of technical and commercial risk involved with their classification.

(Source: SPE, November 2011)

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

In evaluating the prospects, our Company will leverage on the leadership, experience, technical expertise and strength of our Management Team, guided by the stewardship of our Board to consider amongst others, the following selection criteria for the Qualifying Acquisition:

### (i) Type of assets

The type of oil and gas assets which include onshore and offshore (for our purpose, the focus is on shallow water depth not exceeding 120 metres) fields to be acquired will be prioritised by the following characteristics:

- Mature producing fields.
- Commercially viable with upside technical production and Reserves potential which will allow us to enhance production and add Reserves to the field through further appraisal and re-development activities.
- Low to moderate risk with a preference for assets with early production potential that will generate quicker cash flows. These may include oil or gas fields in advanced stages of appraisal or development planning, or with an FDP in progress or approved but where production has not commenced.

### (ii) Ownership/Operatorship role

For the purpose of our Qualifying Acquisition, we will acquire company and/or asset. For clarity, company refers to corporate which owns a portfolio of oil and gas blocks and/or fields while asset refers to a specific oil and gas block or field.

As it is our vision to establish our Company as an independent E&P company, we will acquire a company and/or asset where our Management Team can add value by having management control to drive the growth and development of the company and/or asset given that our Management Team members have an average of over 30 years of operating experience in the oil and gas industry within the Region of Focus. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company.

In addition, we will be the operator of the asset. Operator serves as the overall manager of an E&P asset and is responsible for managing the operations and making strategic and financial decisions. Generally, but not always, the operator will have the largest equity stake or Working Interest in the asset. As an operator, we will have management control over the target asset.

### (iii) Focus on Asia Pacific region

We will focus on assets in the hydrocarbon basins in the Region of Focus due to the following factors:

- the liberalisation of the oil and gas industry has resulted in good opportunities in the region as set out in Section 5.2.1.3(i) of this Prospectus;

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- the acceptable sovereign risk in the region which includes the considerations such as government supports, fiscal policies and political stability; and
- our Management Team's vast experience in the region.

Opportunities in geographic areas outside of our Region of Focus will only be pursued on a selective basis provided the returns are attractive and the target assets meet our selection criteria. Our selection criteria for such areas will be the same as for our Region of Focus save for that we would require a minimum IRR of 20% with established oil and gas infrastructure in the area and acceptable sovereign risk to enable field production within a maximum period of two years from the Qualifying Acquisition. We shall only consider PSC or Concession fiscal regimes in such areas.

### (iv) Petroleum fiscal terms and/or regimes

We place priority on E&P assets on the two most common petroleum fiscal regimes, namely the Concession and PSC arrangements. These arrangements enable our Company to attain the best value out of the oil and gas Reserves as we are able to realise the full benefit of the commercialisation of hydrocarbon production. However, we will also consider other petroleum fiscal regimes such as RSC provided the returns and risks are acceptable.

When evaluating the Concession or PSC arrangements, we will evaluate the fiscal terms including, amongst others, the expiry of the PSC terms, the amount of royalty and tax payable to the government of the host country, cost recovery and profit sharing ratio.

### (v) Attractive valuation and other financial terms

#### (a) Valuation of the assets

The valuation of the potential assets relative to comparable assets and required returns, which include among others, the following considerations:

- the minimum project IRR of 15% (which does not take into account the associated costs of the acquisition);
- Proved plus Probable Reserves (2P Reserves) in excess of 10 MMboe and 20 MMboe for target asset and target company respectively;
- the conditions and state of the assets; and
- the production volume of the assets.

For assets located in geographic areas outside of our Region of Focus, we would require a minimum IRR of 20% (which does not take into account the associated costs of the acquisition) given that the potential risks and uncertainties to operate in such regions are generally expected to be higher.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### (b) Financial commitments

The level of financial commitments required to acquire and develop the oil and gas fields.

### (vi) Technical and operational aspects

We will consider and evaluate the extent of operational, technical and geological risks in respect of the oil and gas assets.

### (vii) Environmental and social considerations

We will be conscious of the environmental and social concerns regarding the oil and gas industry and will take into account local regulations regarding emission restrictions, hydrological impacts, local health and safety requirements as well as socio-economic obligations.

For avoidance of doubt, if we acquire a company, the following criteria<sup>3</sup> are taken into consideration:

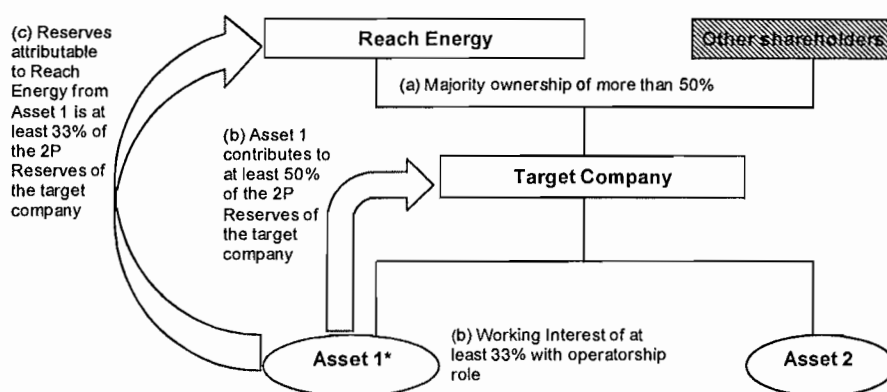
- (a) we will have a majority ownership of more than 50% in the target company which owns a portfolio of assets (with 2P Reserves in excess of 20 MMboe);
- (b) the asset(s) held by the target company, which contribute to at least 50% of the 2P Reserves of the target company must fulfill the following criteria:
  - operatorship; and
  - Working Interest of at least 33%;

(referred to as "**Operated Asset(s)**").

For avoidance of doubt, we may not be an operator in all the assets held by the target company;

- (c) the 2P Reserves attributable to our Company<sup>4</sup> from the Operated Asset(s) must comprise at least 33% of the total 2P Reserves of the target company;
- (d) a minimum project IRR of 15%;

<sup>3</sup> The diagrammatical structure is as shown below:



Note:  
\* asset with operatorship role

<sup>4</sup> The Reserves attributable to our Company is computed based on the percentage of our ownership in the target company.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (e) the portfolio of assets under the target company must fall within the type of assets as set out in (i) above on page 74 of this Prospectus.

The selection criteria above are not meant to be exhaustive. Any evaluation relating to the merits of a particular acquisition of target company and/or asset will be based on the above factors as well as other factors deemed important by our Management Team. Furthermore, while we will strive to adhere to the above standards, we recognise that as we may be acquiring a portfolio of assets, some of the assets may not meet all our specific criteria.

### 5.2.1.2 Critical success factors for our Qualifying Acquisition

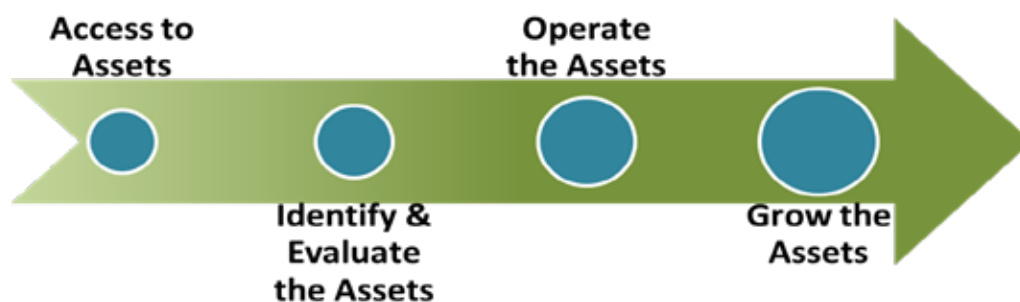
As stated above, we intend to establish ourselves as an independent Malaysia-based E&P company with global operations upon completion of a Qualifying Acquisition within the Permitted Timeframe. Our Company will focus on acquiring development and/or production assets within the Region of Focus with high potential of generating revenue within two years from the date of completion of Qualifying Acquisition depending on the state of the asset and the timing of the relevant approvals and licences being obtained as well as other relevant factors beyond the control of our Management Team. Although the entry cost for exploration assets are typically low, our Company will not target such assets for our Qualifying Acquisition as these are associated with high risk and long gestation periods.

Our Management Team regards the Asia Pacific region as a major growth area for exploration and development activities to meet the rising demand for energy and hence a natural focus for our Company. The breadth of experience and the network of our Management Team position us well to identify, evaluate and capitalise on opportunities that arise and meet the terms for Qualifying Acquisition.

According to the IMR Report, a total of 656 transactions in the upstream oil and gas sector have been recorded in the Asia Pacific region over the past six years from 2008 to 2013. These merger and acquisition transactions include both corporate (entire company) and asset (an equity stake in a specific block or field) acquisitions. Out of this, 575 transactions had acquisition costs below USD250 million i.e. in the range of amount which we intend to raise.

We believe we will be able to identify suitable assets for our Qualifying Acquisition by leveraging on our Board and Management Team's strength, experience and networks in the oil and gas industry.

In addition, we believe that we will create value for our shareholders by acquiring the right assets and subsequently operating and managing the assets. To achieve this, we will adopt the following approach:



## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### (i) Access to assets

Our Management Team's experience in senior positions in the oil and gas industry worldwide and especially in Asia Pacific with IOCs and NOCs have equipped them with a wide network of contacts. This not only provides them with access to assets that are open for sale but also allows them to proactively seek acquisition opportunities, farm-ins and partnerships.

### (ii) Identify and evaluate the assets

The oil and gas industry requires technical professionals and industry professionals in identifying good value assets. Our Board and Management Team have the required knowledge and experience in identifying target assets. We will identify, evaluate and select target company and/or asset that meet our selection criteria as set out in Section 5.2.1.1 of this Prospectus, having low to moderate risk and meet other considerations deemed appropriate by our Board and Management Team.

Upon identification or selection of the potential target assets, we will leverage on our Board and Management Team's skills, experience and networks to enter into negotiations with vendor and successfully complete the acquisition of oil and gas resources.

Our Board and Management Team will also identify technologies and additional skilled personnel with the expertise to assist in identifying the target company and/or asset.

### (iii) Operate the assets

The production operations phase is where most of the value is created by maximising Reserves extraction in the most efficient manner with best operating practices and prudent reservoir management. This involves the following:

- uninterrupted production to maximise recovery during the contract period;
- low operating unit cost per barrel;
- best practices in maintenance of oil and gas facilities;
- HSE excellence;
- recruiting, nurturing and retaining a highly skilled workforce; and
- continued surveillance of the reservoirs to ensure proper reservoir management.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### (iv) Grow the assets

We expect to create value by:

- growing our Reserves organically by exploiting any upside potential such as deeper reservoirs, Reserves behind casing, infill drilling, stranded gas, etc; and
- conducting studies to devise efficient methods to increase production of oil and gas at commercially viable levels.

### 5.2.1.3 Rationale for our Qualifying Acquisition strategy

We believe that there are favourable environment and market conditions in the oil and gas industry for our Qualifying Acquisition, particularly in the Region of Focus for the following reasons:

#### (i) Liberalisation of the oil and gas industry

Over the last decade, there has been a trend of liberalisation of the oil and gas industry in the Asia Pacific region. This is largely spurred by declining oil production in the region which has resulted in an increasing reliance on development and/or production assets to mitigate the decline. NOCs and governments in the region have been releasing oil and gas assets to independent operators for their ability to maximise production and recovery in a cost effective manner. Some examples are as follows:

##### ➤ Malaysia

Oil production has been declining over the last decade while gas production rose significantly in the early 2000s, but has shown signs of declining more recently. Due to the importance of the oil and gas industry to the country, the Malaysian government and PETRONAS have taken steps to increase investment and activity. New fields, new fiscal terms and enhanced recovery techniques are encouraging greater investment in the country. PETRONAS' specific objectives include rejuvenating existing fields through EOR, developing small fields and intensifying exploration activities. This will include:

- reviewing PSC terms and introducing new petroleum contract agreements;
- attracting companies with specialised skills and abilities; and
- using its role as industry regulator to ensure the most economic and efficient technologies are deployed as well as see to infrastructure being cooperatively utilised.

Improved fiscal terms, ease of entry and ease of doing business should open new areas for investment as well as make previously marginal or non-commercial fields now economically attractive.

(Source: PFC Energy)

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Since 2010, PETRONAS has made sustainable oil production its priority amid declining hydrocarbon Reserves locally and abroad. Generally, the blueprint is a three-pronged strategy:

- (a) maximise oil recovery factor through EOR in existing mature oilfields;
- (b) development of marginal/small oil and gas fields; and
- (c) rationalisation of international operations.

The area that is most relevant to our Company is the development of marginal and small fields. Malaysia has numerous small oil and gas fields (defined as fields having Reserves of less than 30 MMboe). PETRONAS has formulated a plan to develop around a quarter of these fields by entering into various commercial arrangements with independent oil companies.

Developing these fields in an economically attractive manner is often challenging, as they need the same expensive infrastructure as large fields, while the expected revenue streams are smaller due to the smaller Reserves sizes. As part of PETRONAS' strategy to accelerate production and add new Reserves, several full field reviews and production enhancement effort activities are being conducted.

PETRONAS intends to work with the industry on three fronts to make the most of these fields:

- Review the PSC terms and introduce new petroleum agreements to ensure that operators of these small fields receive enough economic incentives so that they find sanctioning investments in small field developments attractive versus their cost of capital and versus other opportunities available to them in Malaysia and abroad.
- Attract E&P operators that specialise in small fields. These operators typically have a development and operating approach that is specifically adapted to the challenges of these types of field. This provides an opportunity that aligns with the business objectives of our Company.
- Facilitate collaboration between players to allow sharing of facilities and other synergistic measures to improve the economics of small field development.

Thus far, PETRONAS has awarded a number of contracts for such small field development and has identified several other small fields for development in the near term. In addition, as basins mature there is also a growing number of development and/or production assets that are being left by the IOCs and similarly, PETRONAS has made available such assets to independent operators through various commercial arrangements.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### ➤ Indonesia

Oil production has been rapidly declining over the last decade while gas production has increased slightly. Much of that increase is going to higher domestic gas consumption which is less lucrative for the Indonesian government and NOC (Pertamina) than LNG exports. Pertamina's focus is on growing production from its domestic E&P portfolio, through EOR and infill projects at mature domestic fields and developing its major projects such as Cepu. The Indonesian government is also developing a CBM strategy for Indonesia as the country possesses a significant potential resource (~450 trillion cubic feet) of CBM. There is also potential for shale production towards the end of the decade. The Indonesian government has also indicated a willingness to adjust fiscal terms to attract more investment, particularly in new or underexplored/underinvested areas.

These adjustments can include general improvements of the equity split of production to reductions in VAT and import duties on equipment and facilities. A reorganisation of the relationship between the regulator, NOC and government is ongoing in Indonesia which may cause delays in the short-term.

*(Source: PFC Energy)*

With the production declines there has been a shift with small Brownfields accounting for the majority of Indonesia's production. The Indonesian government recognises that significant investments are required to reverse this trend.

Indonesia has introduced permanent tax breaks on the import of equipment for oil and gas exploration as part of its efforts to stem declining production and minimise crude import requirements. The tax breaks will also apply to equipment associated with geothermal drilling activities. It also unveiled a new development strategy in 2011 (Master Plan for Economic Expansion and Acceleration 2011-2025) that emphasised more private sector involvement in infrastructure expansion, such as wider use of public-private partnerships in the oil and gas sector.

The Indonesian government further steps up its efforts to encourage investments by introducing various measures to attract independent E&P players. For example, the Indonesian government has plans for a petroleum fund, aimed at promoting research and investment into the country and is also looking to 'provide a better portion' gained from output for companies in its production sharing contracts. It will take time before these reforms are implemented given the country's cumbersome bureaucratic tradition and for investment to show results. Nevertheless, there has been some success in recent development.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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**➤ Australia**

Oil production has been declining over the last decade while gas production, with a significant boost via LNG exports, has been steadily rising over the same time period. Australia has one of the most open oil and gas business environments in the world, similar to the US, Canada and Norway. This attracted a large number of major IOCs pursuing oil production first and later pursuing large offshore gas deposits via LNG exports. There continues to be a variety of business opportunities ranging from enhanced recovery in mature/brownfield areas, underexplored frontier areas, CBM and emerging shale plays. Australia's government has shown sensitivity to the financial needs of the oil and gas industry to continue high levels of investment in the country, but it also continues to implement strict environmental and regulatory controls.

*(Source: PFC Energy)*

Australia's situation is similar to Indonesia. Maturing basins have resulted in a decline in production. However, unlike Indonesia, the absence of a NOC has accelerated the shift towards greater involvement of independents. The Concession fiscal regime is also more favorable for the independents.

Given the vast landscape of the Australian continent, there are still many underexplored sedimentary basins that may have substantial oil and gas resources. For the majority of these areas, the potential extraction levels are ambiguous. Over time, the location of industry production has changed, reflecting the discovery of new Reserves across Australia. For instance, earlier oil and gas discoveries in the Cooper, Eromanga and Gippsland Basins have reduced in their production profile while the contribution of newer discoveries in the Bonaparte, Browse and Carnarvon Basins has grown industry revenues substantially. Importantly, these newer basins are yet to be fully exploited and represent a key source of future capacity for the sector.

The oil and gas exploration and extraction industry is subject to a substantial amount of legislation and regulation from both state and federal bodies in Australia. These regulations surround amongst others, occupational health and safety, structural integrity, resource management and land access, taxation and environmental issues. There has been significant regulatory reform in the upstream petroleum market in the last decade, aimed at increasing transparency and decreasing regulatory burdens and associated costs.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### ➤ Myanmar

Myanmar's oil and gas industry was under restrictive investment sanctions until recently. Due to this lack of investment and activity, there is a significant amount of underexplored or untapped resource potentially available. Myanmar's gas production has been slowly increasing, but the industry and infrastructure is in need of investment, technology and modernisation. Many large IOCs have expressed interest in entering Myanmar, but as with any frontier (geologic or economic) there is uncertainty surrounding the eventual results. Myanmar recently concluded its onshore and offshore bid rounds in October 2013 and March 2014, respectively. The bid rounds attracted a range of bidders including NOCs (Oil & Natural Gas Corp Ltd (ONGC), Brunei National Petroleum Co (PetroleumBRUNEI), PETRONAS, PTT Exploration and Production Plc ("PTTEP")), IOCs (Eni SpA, Statoil ASA, Shell, TOTAL SA, ConocoPhillips Company, BG Group Plc) and smaller independents (Pacific Hunt Energy Corp, MPRL E&P Pte Ltd) with the IOCs dominating in the deepwater offshore blocks.

*(Source: PFC Energy)*

The recent easing of Western sanctions on Myanmar since its efforts at reform and the opening up in 2012 has brightened the prospects for greater involvement in the country's oil and gas industry. While the large offshore blocks are likely to be dominated by the IOCs and NOCs, there are opportunities for independents to participate in some of the smaller onshore and shallow water fields.

### ➤ Thailand

Both oil and gas production have increased steadily over the last decade, but proved Reserves are rapidly dwindling. The country's production has long been dominated by a handful of companies, but smaller companies have been pursuing resources and brownfield opportunities left behind in shallow waters or onshore. The Thai government is hoping to attract increased investment to maintain production as well as add proved Reserves.

The Department of Mineral Fuels (DMF) has announced plans to launch the 21<sup>st</sup> licensing round which will comprise of onshore and shallow waters blocks that will include opportunities for EOR and brownfield activity.

*(Source: PFC Energy)*

Thailand holds large proven Reserves of natural gas and production has increased substantially over the last few years. However, the country still remains dependent on imports to meet growing domestic demand since it is the second largest consumer of natural gas in Southeast Asia. Several projects are ongoing in an attempt to increase Thailand's natural gas supplies over the next few years. The largest of these is PTTEP's Arthit project, off the coast of Songkhla.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Petroleum exploration and production grants to private investors are in the form of concessionary contracts where the concessionaire pays the government royalties, special remuneration benefits and tax in consideration for the concession granted. Petroleum concession agreements are modeled on a draft contained in a ministerial regulation and contain two periods, an exploration period and a production period. There are no foreign ownership restrictions imposed on the petroleum industry. Nevertheless, most foreign companies often work in joint ventures with PTTEP, PTT Public Company Limited's upstream subsidiary. PTTEP and various foreign companies continue to aggressively explore for oil Reserves throughout Thailand.

### ➤ Vietnam

Oil production over the last ten years has been relatively steady but is expected to decline over the coming decade. Gas production has steadily risen over the last ten years and there are significant volumes remaining to exploit. Some of these volumes are in areas lacking infrastructure or are not currently supported by market prices in Vietnam. The Vietnamese government and NOC are looking at options for improving fiscal terms to attract new and renewed investment. These could include tax incentives, reduced bureaucracy and higher domestic gas and product prices.

*(Source: PFC Energy)*

Vietnam remains an important oil and gas producer in Asia Pacific. With the growing energy demand and fast declining domestic oil production, there is a big push for greater E&P activities especially in Vietnam's vast continental shelf and also in the territorial disputed area with China. The state-owned Vietnam Oil and Gas Corporation (PetroVietnam) is actively involved through partnership and/or joint ventures with many IOCs, NOCs and other smaller independent energy companies in undertaking exploration, development and production activities.

To increase the Reserves base, Vietnam has intensified exploration and development efforts, mainly offshore, as most of this area remains relatively unexplored. Generally, with high proven Reserves and the push by the Vietnamese government to increase oil output, this can become an attractive opportunity for new players to participate in upstream ventures.

### ➤ Philippines

Unlike most countries in Asia, oil and gas production in the Philippines has historically not seen a significant amount of exploitation and development. Country production has thus far peaked at 33 kbd of oil (2010) and 305 MMcfd of natural gas (2009). In terms of Reserves, both oil and gas have been relatively steady over the last ten years at 139 MMboe and 3,480 bcf of gas. There has been renewed interest in the Philippines due to its relatively unexplored acreage, steady GDP growth and steady population growth; all being drivers of a potentially robust energy market.

*(Source: PFC Energy)*

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Global energy firms have initiated numerous proposals for projects for the exploration and development of oil and gas in the Philippines. Existing energy players have also revived once stalled projects to support the government of Philippines' objective to diversify the country's energy sources and to ensure long-term energy security. Among the more notable projects was the Malampaya gas field project off Palawan, where latent hydrocarbon basins have been showing good leads in seismic data. There is also a more aggressive push to develop oil and gas projects in potential hydrocarbon prolific areas which spread over 10.3 million hectares within the basins of Northwest Palawan, East Palawan, Sulu Sea, Mindoro-Cuyo, Cagayan, Central Luzon and Cotabato.

Opportunities in other geographic areas will only be pursued on a selective basis provided the return on investment is deemed attractive and fall within our selection criteria as set out in Section 5.2.1.1 of this Prospectus.

### (ii) Improved financial and project viability

The financial and project viability of development and/or production assets, particularly small fields, has improved in recent years. This is driven by sustainable high oil and gas prices and cost effective technologies for Reserves replacement and reviving problematic producing wells and hence, mitigating production decline in matured fields. Improvements in gas transportation infrastructure and the wide spread of existing oil and gas facilities, have also made more oil and gas field developments viable by providing cost effective means of processing, evacuation and transportation.

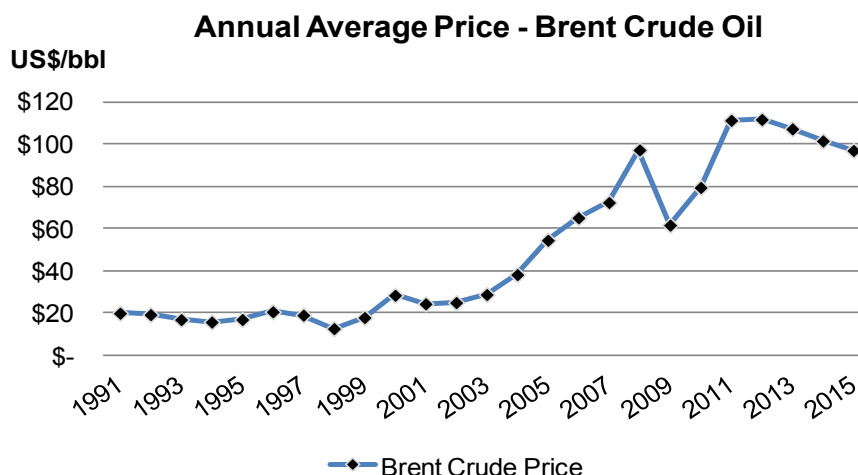
#### ➤ Sustainable high oil and gas prices and demand

Based on the IMR Report, oil prices began to surge in 2006 due to a rise in world demand and lack of surplus spare capacity. During the global economic downturn from 2007 to 2009, although the demand for oil decreased and supply pressures on oil prices began to abate, oil prices were still on an upward trend. Oil prices have risen from an average of USD35.30 per barrel during the 2000 to 2005 period to an average of USD72.69 per barrel for WTI from 2005 to 2010.

In early 2011, unrest in the Middle East and North Africa raised the fear that physical oil supplies would be affected which kept oil prices high at above USD100 per barrel and prices have remained at those levels. The cost of producing oil has risen significantly over the years and this rise in costs has also provided a "cost push" factor to oil prices. Nevertheless, the emergence of significant production from shale oil and gas resources in North America has affected global supply and demand.

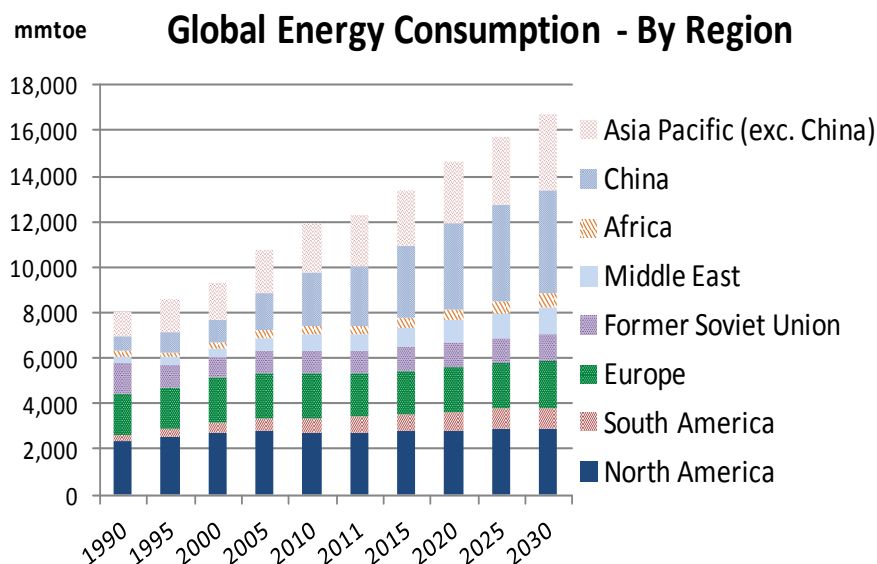
Notwithstanding, given the demand for oil and natural gas and the market conditions, it is expected that the oil price environment will be volatile but sustained at levels which are significantly higher than prices experienced a decade ago. Brent prices going forward are expected to continue a slow rise through the end of 2013 and taper off during 2014.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)



(Source: PFC Energy)

Based on the IMR Report, global energy consumption is expected to grow at an average rate of 1.7% per annum from 2010 to 2030, which is equivalent to a 40% overall increase. (1990-2010: average rate of 2.0% per annum over the prior 20-year period). Energy demand correlates highly with population growth and regional GDP growth. As the emerging economies tend to experience faster population growth and higher GDP growth, it is expected that these countries especially those from the Asia Pacific region (including China) will have greater energy consumption in the future.



(Source: PFC Energy)

As such, the level of E&P activities are expected to remain high, supported by sustained high oil prices and steadily increasing demand arising from the future global economic growth for both the emerging markets and developed countries.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### ➤ Reserves evaluation and maximising oil recovery

The process of quantifying Reserves is governed by scientific, political and economic considerations. Reserves evaluation is an interpretive process and its uncertainty is inversely proportional to the understanding of the producing hydrocarbon accumulation. Most oil producing regions have mature fields and there is a need to look for new technologies and methodologies to enhance the production and maximisation of oil recovery.

There has been an abundance of research and development, notably in:

- seismic acquisition and processing and more advanced utilisation resulting in enhanced interpretation capabilities;
- new and improved drilling technologies (reservoir management);
- well completion practices, as well as in equipment design, analytics, etc.;
- reservoir management practices in terms of production control, water management and inhibition, gas utilisation, etc.; and
- Improved Oil Recovery and EOR technologies and techniques.

Furthermore, new mobile offshore production units designs enable effective and commercially viable drilling of a cluster of small fields. Drilling of horizontal and lateral wells has enabled more cost efficient field development and the use of Inflow Control Valve (ICV) in horizontal well completion has proven effective in controlling fluid flow from the reservoirs into the wellbore.

### (iii) Opportunities for independents

IOCs like ExxonMobil, Shell, BP Plc, etc. have left many smaller oil and gas discoveries undeveloped and relinquished these fields back to the governments due to Reserves uncertainties and their own high unit development costs. In addition, these large oil companies may also discontinue production and relinquish older oil and gas fields should production drop to a level where the high cost base of the IOCs may no longer economically justify their involvement or continued interest in such fields. Instead the IOCs are now more focused on large greenfield sites.

As such, there is much room and opportunity for a new breed of small and medium but more agile independent E&P companies to emerge and participate in oil and gas development, including the older oil and gas fields which have been relinquished by the IOCs. Typically, the cost base of such independents is conducive for this purpose.

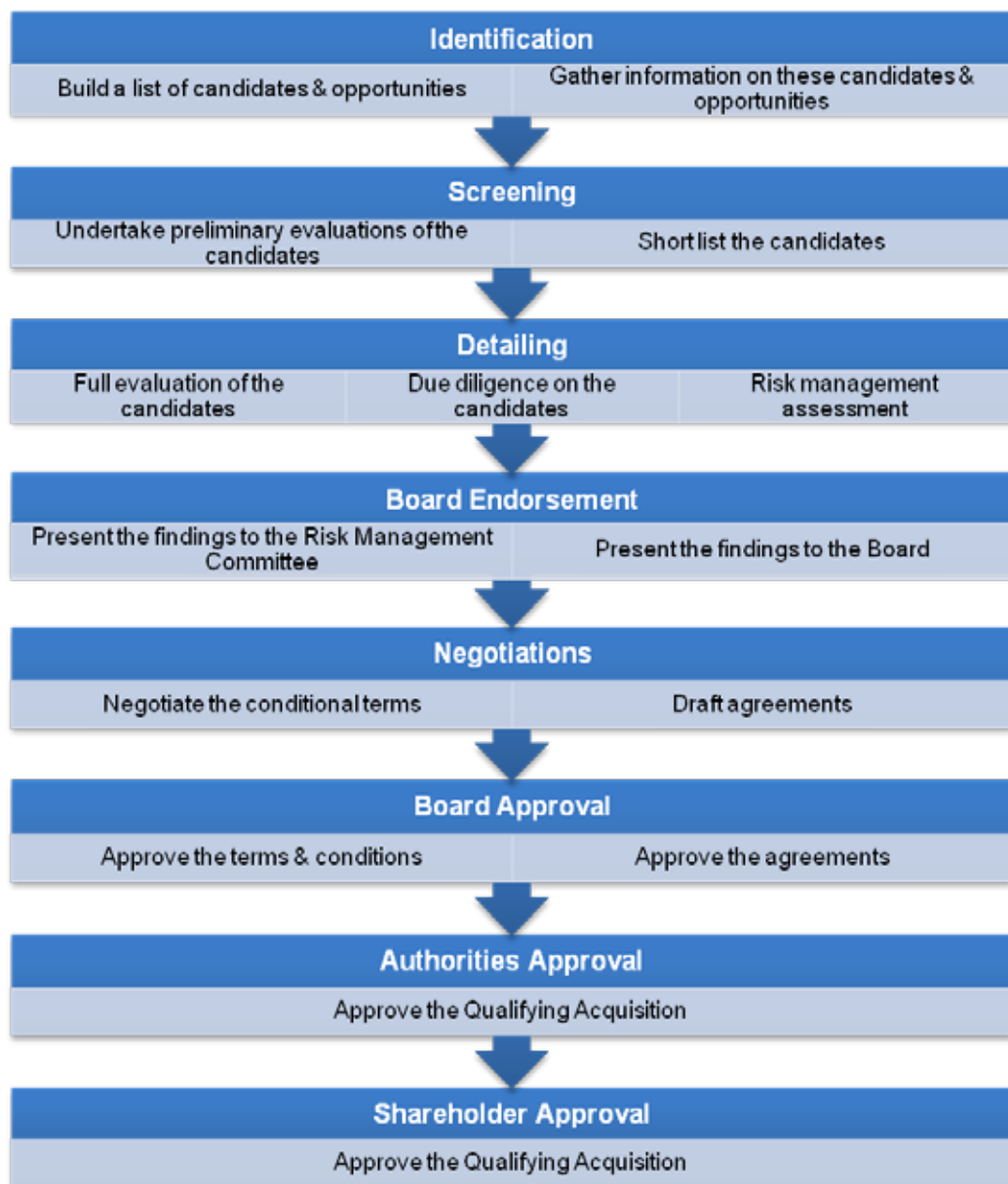
There is also a general rush amongst the larger IOCs and governments around the world to invest and develop unconventional oil and gas resources. As the unconventional resource accumulations are extensive, some of the larger IOCs are consolidating their assets to focus on unconventional hydrocarbon ventures. This trend is expected to open up more opportunities for smaller independent oil companies in the arena of conventional hydrocarbon ventures around the globe. Within the Asia Pacific region, new exploration projects for unconventional oil and gas are underway or being targeted in Indonesia, Australia and New Zealand.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

In view of the above, our Company plans on taking advantage of these opportunities by raising substantial equity through the newly created SPAC scheme to acquire existing Brownfields in the production phase and/or fields in the proximity of existing producing areas under the development and/or production phases for our Qualifying Acquisition. In addition, as one of the few Malaysian E&P companies, we have the added advantage of being better positioned to tap into the growing opportunities in Malaysia.

### 5.2.1.4 Selection process of target asset for our Qualifying Acquisition

The selection process of target asset for the Qualifying Acquisition is illustrated below:



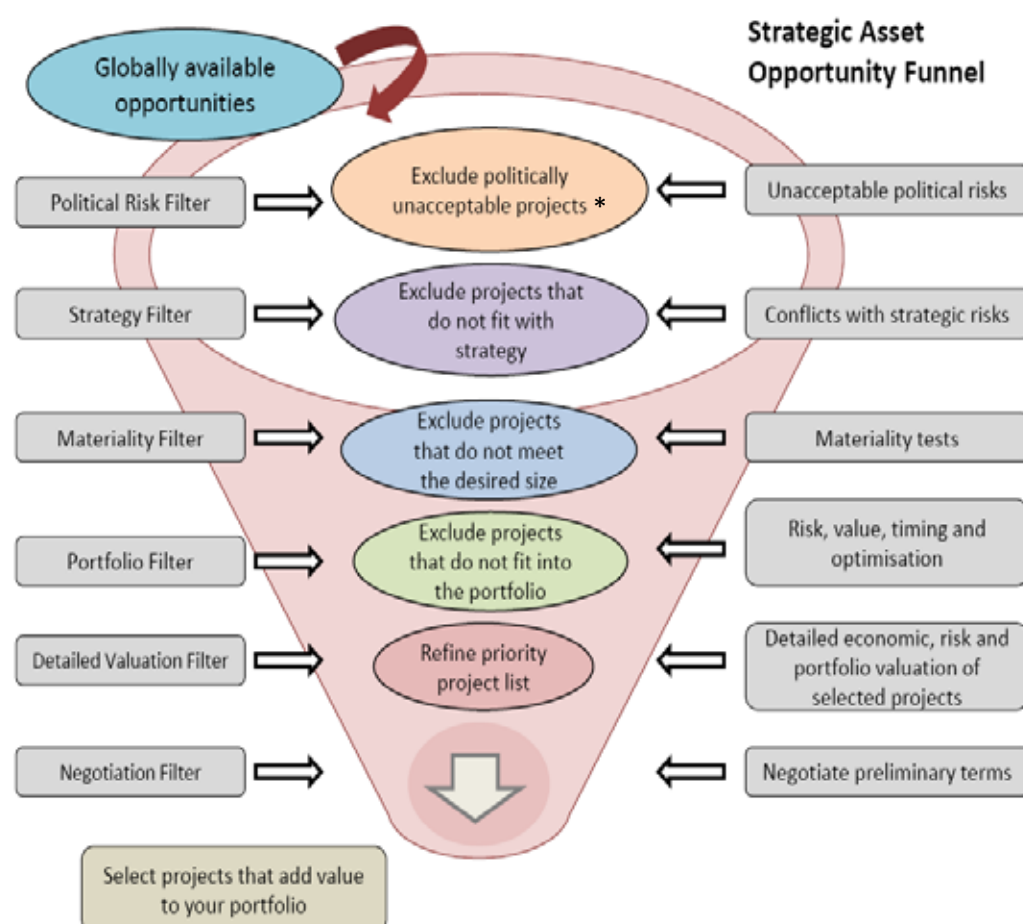


## 5. INFORMATION ON OUR BUSINESS (Cont'd)

We will begin to build a list of potential opportunities or target assets based on our selection criteria as set out in Section 5.2.1.1 of this Prospectus by leveraging on our Board and Management Team's global networks and contacts. For the purpose of short-listing the target assets for Qualifying Acquisition, we plan to adopt the "Funnel" Methodology in the identifying, screening and detailing processes.

### Strategic asset opportunity Funnel

We will evaluate identified potential target assets by using various evaluation processes analogous to funnel and filter to select the best assets, as illustrated below:



Note:

\* Politically unacceptable projects refer to those potential oil and gas field assets or acquisitions located in countries which are facing political and civil unrest or in areas subject to territorial disputes. The risk of E&P ventures in these areas could destroy the business value for any E&P companies.

- The first stage of the process (top of the funnel) is to introduce a large number of assets through a series of compatibility tests (filters) to shortlist target assets that meet our investment criteria.
- The filters ensure that the shortlisted projects are compatible with our Company's strategy. This allows us to devote resources to the detailed evaluation of the shortlisted assets.



## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- We will then conduct studies and detailed evaluation of the shortlisted target assets. We will further proceed with the preliminary due diligence process on the shortlisted target assets which encompasses legal, financial, operational and technical verifications. Our Management Team will also conduct a risk management assessment on the shortlisted target assets.

In addition to the expertise of our Management Team and our Board, we will engage external professionals and industry experts to assist in the business and financial assessment and due diligence of potential assets, if necessary. We would also engage recognised professionals to assist in the regulatory approvals.

Upon satisfactory preliminary due diligence outcome, our Management Team will propose/present the findings on the shortlisted target assets to our Risk Management Committee prior to seeking our Board's endorsement for further negotiation with the owner of the selected target assets on the commercially acceptable terms and conditions of the sale and purchase agreement which are subject to the final approval by our Board.

Our Board's approval will enable us to enter into the requisite conditional sale and purchase agreements for the target asset, of which we will then seek the relevant authorities and our shareholders' approval for the proposed acquisition of the target asset as our Qualifying Acquisition.

The selection process above will enable us to effectively and expediently identify assets that meet our selection criteria as set out in Section 5.2.1.1 of this Prospectus and ultimately undertake the Qualifying Acquisition subject to a comprehensive due diligence process which will continue until the completion of our Qualifying Acquisition as well as evaluation by our Management Team and our Board.

### 5.2.1.5 Comprehensive due diligence process on target asset for our Qualifying Acquisition

As at the date of this Prospectus, we have not identified any target asset for our Qualifying Acquisition nor have we entered into any agreement whether oral or written, binding or non-binding with any parties. Additionally, we have not signed any non-disclosure agreements with any potential parties to evaluate oil and gas assets.

Even though we have yet to identify any candidates for our Qualifying Acquisition, we believe in the capability of our Management Team to propose the target asset for our Qualifying Acquisition within the Permitted Timeframe. In addition, our Management Team has access to independent consultants and advisors who can provide additional insights to assist us in the identification and evaluation of suitable acquisitions.

Our Management Team will conduct the necessary legal, financial, operational and technical due diligence on the target asset which includes information on level of resources and its range of estimates, availability of past and current data, terms of services agreement, experience and/or skill of operators/partners, contractual obligations and liabilities and the condition of physical assets that will fulfill the selection criteria described in Section 5.2.1.1 of this Prospectus.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

In addition, the evaluation may include regular meetings with the incumbent operator and their joint-venture partner (if any), their management team, their business partners, host country regulators and site inspection of the facilities. An independent industry expert will be engaged to provide an independent valuation of our Qualifying Acquisition. Any evaluation relating to the merits of a particular acquisition will be based on the selection criteria described in Section 5.2.1.1 of this Prospectus as well as other information or factors deemed important by our Management Team.

### 5.2.1.6 Early identified strengths

Our strength is the wide experience and relevant expertise of our Management Team members who have an average of over 30 years of experience in the oil and gas industry and they comprise technical specialists with many years of practical experiences in E&P, encompassing the entire value chain of upstream segment of the oil and gas industry.

They have the expertise and experience to:

- (i) source, evaluate and execute a Qualifying Acquisition; and
- (ii) operate the assets,

particularly in the Region of Focus. Hence, their wealth of knowledge and contacts in the Region of Focus would be vital to sourcing the suitable target assets, developing and operating the assets effectively to deliver shareholder value. The key strengths of each member of our Management Team are as follows:

- (a) Our Managing Director, **Ir. Shahul Hamid bin Mohd Ismail**, had spent a total of 25 years working for ExxonMobil and Shell, which are the top two oil and gas majors in the world. He has been intimately involved in many greenfield and brownfield developments which include sourcing, evaluating, developing and operationalising oil and gas fields in Malaysia, Australia, Brunei, the Philippines, Indonesia, Myanmar, Sri Lanka, the Persian Gulf and the interior of Sultanate of Oman. His work exposure, working many years in ExxonMobil and Shell, in both offshore and onshore oil and gas assets globally and in wider and diverse areas of the E&P sector has ideally equipped him to lead our Company.

As the General Manager of Shell's Sarawak Oil Business Unit, he managed the oilfields in the Balingian and Baram Delta areas contracted under Shell Malaysia, along with Shell Malaysia's Bintulu Crude Oil Terminal and the Bintulu Integrated Facilities, which handled 2,800 MMcfd of gas sales, 50 kbd of crude export and 70 kbd of condensate export. He also managed several brownfield development projects from conceptual stage to EPCC and operations. He has also held the role of Operations Director of Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd. during a crucial organisational transition period where the companies underwent a business re-engineering exercise to increase profitability, optimise cost-base and redeploy staff. During this period, the challenge was to manage the business re-engineering exercise including attending to staff redeployment matters whilst ensuring the daily business operations was uninterrupted. He managed the operations function of Shell Malaysia's entire E&P assets in Sabah and Sarawak. He was subsequently appointed as the Managing Director of Shell Refining Company (Federation of Malaya) Berhad, which is listed on the Main Market of Bursa Securities ("**Shell Refining Company**") and Lutong Refining Company Sdn Bhd and was responsible for the overall operations of a 156 kbd complex refinery and a 45 kbd simple refinery.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

In PDO, as Technical Services Manager, he was responsible for all the operations, engineering and technical services of PDO and also managed several brownfield development projects from conceptual stage to EPCC and operations. During his long career in the E&P sector, he personally led and handled many projects from start to finish, including commercial negotiations, economic analyses and technical evaluations. He dealt with top level governmental, society and oil industry personnel and international consultants in several countries in leading these efforts.

- (b) Our CFO, **Azmi bin Tan Sri Arshad**, started his career in the finance sector and later held senior positions in financial management, corporate finance and operations related roles in the oil and gas industry. At SapuraCrest Petroleum Berhad ("**SapuraCrest**"), he played a key role in the acquisitions of Sapura Energy Sdn Bhd and Total Marine Technology Pte. Ltd, which include the financial evaluation and funding of the acquisitions. He was also involved in the joint venture arrangements with foreign partners for offshore installation and construction activities which include the construction of offshore support vessels and rigs for a combined value of over USD600 million.

He has been involved in the oil and gas industry in financial management since 2003 and subsequently in additional senior managerial roles including supply chain management, risk management and HSE. He also has experiences in funds raising from both the debt and capital markets, mergers and acquisitions as well as syndicated financing for capital expenditure, project financing and working capital, which are vital for business growth and expansion in the oil and gas industry. He was also on the board of operating subsidiary companies as well as being a management representative of SapuraCrest in overseeing the performance of local and overseas subsidiaries and joint ventures in Malaysia, Vietnam, Thailand, Myanmar, Indonesia, India and Australia.

- (c) Our Vice President of Petroleum Engineering, **Abd Rahim bin Shamsudin**, has over 30 years of experience in E&P activities with PETRONAS, actively involved in oil and gas field development and production operations. He led the development team in the successful evaluation and redevelopment of the Baronia field in Sarawak, realising increased field production. He was personally involved in the successful planning and implementation of horizontal well drilling, various new well completion technologies and water and gas wells injection scheme. As a Technical Manager for the Sabah operations, he provided technical support to PETRONAS Carigali's oil and gas production operations in Sabah, keeping high facilities uptime and effective well performance management. As Asset Manager of Tembungo-Erb West and Angsi fields (the then main oil and gas producing field for PETRONAS Carigali), he implemented a number of key initiatives to enhance the oil and gas production.

During his assignment as the Head of Petroleum Engineering in Turkmenistan, he was instrumental in evaluating PETRONAS' Block 1 oil and gas Reserves potential based on new drilling results and provided update to Block 1 master development plan. His notable achievement was the successful completion of phase 1 gas development project delivering gas supply capacity to meet PETRONAS' gas sales commitments.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (d) Our Vice President of Geosciences, **Dr Robert King Park**, has almost 40 years of experience in the oil and gas industry with experiences in sourcing and evaluating oil and gas assets. He was a Specialist Advisor to Phillips Petroleum global operations before moving to Schlumberger Wireline Services (Indonesia) Ltd in Jakarta, Indonesia as Unit Geologist. While he was in YPF (Yacimientos Petrolíferos Fiscales)-Kodeco Energy Co. Ltd ("**Kodeco**"), he was involved in planning and implementing a successful exploration and development-drilling programme. He was contracted to Kodeco as its Senior Specialist Advisor mainly in geological capacity. He was part of Kodeco's multidisciplinary operations team charged with implementing revitalised exploration and development programmes from concept to operation. He has expertise in carbonate reservoirs which were the backbone of Kodeco's Reserves base in Indonesia. During his tenure in Kodeco, Dr Robert King Park together with his team successfully added 240 MMbo of new Reserves, resulting in more than 1,000% increase in both production and net revenue to Kodeco.

In recent years, he has evaluated potential sites and geological issues across the Asia Pacific region. He has vast experience in the Asia Pacific region (Indonesia, Malaysia, Australia, New Zealand and Philippines), especially Indonesia.

- (e) Our Vice President of Operations, **Ir. Syed Salim bin Syed Abu Bakar**, has 28 years of working experience in the PETRONAS group of companies in upstream E&P, petrochemical, refining, oil business and research and technology. He was involved in developing new PSC arrangements for the expired PSCs in Peninsular Malaysia. He led a team for the development and execution of the master plan for the handover of existing production facilities from the outgoing PSC operators to PETRONAS Carigali. He also led the team for the Dulang Oilfield development, offshore Terengganu and successfully completed the start-up and operations of its production facilities and floating storage and offloading vessel ("**FSO**"), which was the first FSO operated by PETRONAS Carigali in 1990. He was involved in the feasibility study for the LNG Tiga offshore gas supply project.

He has been active in engineering and operations activities such as Asset Life Study, Asset Integrity Assessment, operations and maintenance management of offshore and onshore production facilities and performance improvement initiatives leading to operational excellence. He developed and led initiatives for the improvement of facilities reliability and uptime while ensuring HSE Management System compliance. He developed guidelines to perform benchmarking for production facilities uptime for PSC operators to ensure best-in-class production operations facilities efficiency. In addition, as a Production Manager with Greater Nile Production Operating Company in Sudan, he was responsible for continuous crude oil production from onshore field production facilities despite the adverse environmental and political challenges.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

- (f) Our Vice President of Business Development, **Ronald Lee Schakosky**, has spent over 30 years working for various major and international oil and gas companies such as CONOCO Inc, ExxonMobil, Atlantic Richfield Company, PETRONAS, Union Oil Company of California ("UNOCAL"), Kodeco and Pearl Energy Limited and EPCC companies such as Swiber Holdings Limited, Singapore and Leighton Offshore Pte Ltd. He has been involved in greenfield and brownfield projects for onshore and offshore in both shallow and deepwater developments. He has also been involved in the full life cycle of projects from conceptual design, front end engineering and design (FEED), fabrication, installation, commissioning, operations, maintenance, abandonment and decommissioning. He has experience in the initial sourcing and identification of potential acquisitions of brownfield blocks and development opportunities in Malaysia, Indonesia, Myanmar, Thailand and Vietnam.

He successfully delivered the West Seno deep-water development floating production unit – producing oil at 40 kbd (Total Contract Value of USD750 million) during his time at UNOCAL in Indonesia. He was responsible for the development and delivery of the West Seno Field facilities. In addition, he was also responsible for the efficient operation and maintenance of the MODEC Venture 1 floating production storage and offloading (FPSO) vessel including development of a maintenance management system. While at PETRONAS, he was responsible for construction, installation, commissioning and operation of the Dulang Platform, a 32 slot Wellhead Platform producing 50 kbd (Total Contract Value of USD400 million).

From investors' standpoint, this is an opportunity to participate in a new phase in the oil and gas industry, particularly in the Region of Focus and benefit from the growth of independent E&P companies. In Reach Energy, you have a Management Team with the expertise, experience, proven track record and global contacts. Our Management Team members used to be at the helm of major IOCs and associated business entities in the region.

In addition, upon the Listing, we will have ready access to cash funding in the form of IPO proceeds of RM750 million to finance our Qualifying Acquisition. Additionally, as a listed company, we have flexibility to finance the Qualifying Acquisition and operations via a combination of readily available cash from the proceeds of the IPO as well as access to additional financing from debt and/or capital markets.

### 5.2.1.7 Investment in new technologies

The high demand for oil and gas has long provided the stimulus for past and ongoing research and development programmes. Our Management Team is cognisant of established current and new technologies relevant to reservoir engineering, geophysical, geological studies/simulations, field development and production, which can be beneficial to our Company's operations. We will evaluate and apply these technologies deemed suitable and effective, taking into consideration the track record and cost benefits throughout their life-cycle of use to achieve commerciality from a given E&P project. A commercial project is one in which oil and gas would exist and such accumulation can be developed and brought to production.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Recovery factors in oil and gas reservoirs vary widely depending on a range of parameters and reservoir properties from viscosity and gas ratio, to porosity type and permeability and depth, all of which will impact the commerciality of a given project. New well design and completion technologies continue to evolve to enhance recovery factors. EOR and secondary recovery technologies are of critical importance to Brownfields. These technologies are primarily developed by and available through various oil and gas service companies. Smaller E&P companies like Reach Energy can readily access these technologies through these service companies and sometimes gain an edge by providing the service company a test platform for a new technology.

In this respect, we are currently studying new reservoir modelling technologies to better evaluate and more quickly quantify oil and gas Reserves. The industry will increasingly rely on better technologies to deliver more accurate and timely information. We intend to work closely with selected technology vendors for oil and gas development and extraction.

Our Management Team comprises technical specialists with many years of practical experience encompassing the entire value chain of the oil and gas upstream activities, who possesses the necessary technical knowledge to apply such technologies into our Company's operations in achieving the maximum commercial benefit from a given asset. Our Management Team is also committed to keeping abreast of the latest technologies in the oil and gas industry.

### 5.2.1.8 Prospective Target Companies or Assets

As at the date of this Prospectus, our Company has not identified any target company and/or asset for our Qualifying Acquisition nor have we entered into any agreement whether oral or written, binding or non-binding with any parties. Additionally, we have not signed any non-disclosure agreements with any potential parties for information to evaluate the target company and/or asset for the Qualifying Acquisition.

For the purpose of our Qualifying Acquisition, we will deploy the selection criteria as set out in Section 5.2.1.1 of this Prospectus to acquire a target company and/or asset with operatorship. An operator serves as the overall manager of an E&P asset and is responsible for managing the operations and making strategic and financial decisions. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company.

For clarity, company refers to corporate which owns a portfolio of oil and gas blocks and/or fields while asset refers to a specific oil and gas block or field.

Based on the amount which we intend to raise from the IPO i.e. RM750 million, our Company will place RM710.625 million in an Islamic Trust Account and such amount is allocated for the purpose of the Qualifying Acquisition. For an optimal asset portfolio and in order to achieve an optimal capital structure, we may potentially acquire a company and/or an asset size which is larger than the amount held in the Islamic Trust Account. In such event, we will raise additional financing from debt and/or capital markets to part-finance such acquisition. The acquisition size of the company and/or asset will depend on, amongst others, the negotiation between Reach Energy and the potential asset owner(s) and our ability to raise additional financing.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

We will focus on Brownfields in the production phase and fields in the proximity of existing producing areas under the development and/or production phases for our Qualifying Acquisition. Such assets are already generating cashflow or close to generating cashflow and generally do not require substantial capital expenditure. If we acquire a target company, we will likely acquire the equity stake of an existing shareholder or partner which owns shares in a company that holds concession right/Working Interest in a portfolio of oil and gas asset. If we acquire a target asset, we will likely acquire part or whole of the interest of a party which has the concession right/Working Interest of an existing oil and gas block or field. The relationship among the parties are formalised via holding company or operating agreement, depending on the parties' requirements. Such acquisition may also entail us entering into a separate supplemental operating agreement with other Working Interest party or parties to formalise our Working Interest in such asset.

Even though we have yet to identify any target company and/or asset for our Qualifying Acquisition, we believe in the capability of our Management Team to propose target company and/or assets within the Permitted Timeframe. In addition, we have access to independent consultants and advisors to complement us in the identification and evaluation of the said target company and/or assets, where required.

Our Management Team will conduct comprehensive due diligence on the target company and/or asset for our Qualifying Acquisition. Please refer to Section 5.2.1.4 of this Prospectus on the selection process.

### 5.2.2 Our Post Qualifying Acquisition Strategies

#### 5.2.2.1 Business strategies adopted to ensure growth

After the initial Qualifying Acquisition, our Company will implement various initiatives and strategies to achieve the following long term goals set by our Management Team:

- (i) to build a strong base in the upstream oil and gas value chain globally and continue to generate revenue streams organically by adding value to our assets;
- (ii) to have a balanced portfolio of E&P assets for sustainable growth;
- (iii) to further develop our position as a regional operator of oil and gas assets; and
- (iv) to proactively participate in the growing E&P opportunities in Malaysia.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

Our Company is committed to ensure business continuity, enhanced profitability and continuous growth to maximise our shareholders' value. To achieve the above goals, our Company intends to adopt the following initiatives and strategies:

(i) Develop a balanced portfolio of E&P assets

With an established base of development and/or production assets, our Company will be in a better position to pursue a more balanced and sustainable portfolio that could include exploration assets. We wish to achieve a balanced portfolio of exploration and production assets with the following indicative ratio:

Type of assets	Percentage of total investment costs (approximation) (%)
Exploration	30
Production	70

The rationale for having a balanced and sustainable portfolio of assets is as follows:

(a) Exploration assets

Exploration requires a deep understanding of geology, risks and commercial options for discoveries and the financial strength and flexibility to undertake major programmes. The exploration objectives are to add and replace our Reserves at a lower cost as compared to the acquisition of production assets.

(b) Production assets

Production assets are an important part of a well-balanced oil and gas portfolio as they will enable our Company to realise asset value and generate cash flow to fund our operations and exploration programmes.

(ii) Increase our Reserves Replacement Ratio

Maintenance and growth of our future Reserves will ensure business sustainability and growth as well as enhance shareholders' value in the long term. Hence, we need to ensure that our Reserves are being replaced faster than they are being depleted. We will continuously assess our Company's Reserves Replacement Ratio and ensure timely actions are taken to maintain an acceptable ratio and ensure that the risk of depletion of oil and gas Reserves base is mitigated.

Such strategic actions could involve, but are not limited to, a combination of the following steps:

- conduct geological and geophysical studies to search within the vicinity of our oil and gas fields for additional Reserves;
- explore additional opportunities within our existing assets such as enhanced oil and gas recovery and rejuvenation; and
- acquire new oil and gas assets.



## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### (iii) Continue to focus on assets in the development and production phase

We would continue to pursue assets that are in the development, production or near production phases. The strength of our Company is also the operating expertise and experience of our Management Team. By focusing on producing assets, we would keep our Company's risk levels low and add value through our operatorship role.

### (iv) Participate in E&P opportunities in Malaysia

Apart from the other Asia Pacific countries, as a Malaysian company with a majority of Malaysian management, we believe that we have an advantage and duty to participate in the evolving Malaysian oil and gas industry, particularly, the future opportunity to acquire and operate domestic oil and gas assets that are under PSC arrangements. This is in line with the ETP initiated by the Government to promote local companies in this arena.

Under the ETP, the Government has identified 12 Entry Point Projects (EPPs) as well as other business opportunities within the oil, gas and energy sector which is expected to contribute approximately RM131.4 billion to gross national income.

The 12 EPPs are categorised under four main thrusts in the oil, gas and energy industry as follows:

- *Sustaining oil and gas production.* This involves extending the lifecycle of existing resources by optimising exploration, development and production activities. The three EPPs under this thrust which our Company may participate and benefit from include rejuvenating existing fields through enhanced oil recovery, developing small fields through innovative solutions and intensifying exploration activities.
- *Enhancing downstream growth.* The two EPPs under this thrust involve building a regional oil storage and trading hub and unlocking gas demand in Peninsular Malaysia by providing better access to gas (through LNG imports and Peninsular Gas Utilisation (PGU) infrastructure), thus encouraging industrial users to switch from diesel to competitively priced natural gas.
- *Making Malaysia the number one Asian hub for oilfield services.* This thrust leverages on the economy's strategic location, to attract global operations and to build strategic partnerships and joint ventures for developing engineering, procurement and installation capabilities.
- *Building a sustainable energy platform for growth.* The three EPPs under this thrust are designed to ensure energy security by improving energy efficiency and diversifying energy resources. This includes building up solar power capacity and tapping into Malaysia's hydroelectricity potential.

## 5. INFORMATION ON OUR BUSINESS (Cont'd)

(v) Access to quality resources

Human capital is a valuable resource which provides the energy, skills and innovation to make oil and gas an efficient, dynamic and sustainable industry. As set out in Section 4.2.4.5 of this Prospectus, the oil and gas industry is facing challenges in recruiting and retaining skilled workforce due to the rapid growth in the industry. In order to remain competitive and ensure continuous business growth, we will continue to recruit experienced and skilled workforce and develop and train these personnel to enhance our Management Team and also as part of our succession planning as further set out in Section 7.7 of this Prospectus. Furthermore, we will also continue to source for other resources in the oil and gas industry such as oil and gas related technologies for enhanced E&P activities.

(vi) Establish strategic alliances with other oil and gas industry players

The establishment of strategic alliances may expedite our business growth. Through strategic alliances, we will be able to tap into new markets or Reserves, enhance our distribution networks, access to new technologies and technical knowledge, diversify and share of production and business risks, achieve economies of scale and enhance our productivity and profits.

(vii) Strengthening relationship with our stakeholders

It is essential to develop and maintain good relationships with our stakeholders, including our shareholders, joint venture and strategic partners, suppliers, customers, regulatory authorities, employees, technical consultants and professionals by having frequent communication and understanding to ensure smooth operations and uninterrupted business.

(viii) Operational excellence in HSE

It is mandatory that our Company executes its operations with industry accepted HSE best practices. There are many international standards for good HSE practices in the oil and gas industry and these are governed by national regulations, developed internally and/or benchmarked against major IOCs. Our Management Team has hands-on experience in HSE matters. We will tap into this strength to develop, implement and monitor comprehensive HSE policies and procedures for our operations post-Qualifying Acquisition.

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## 5. INFORMATION ON OUR BUSINESS (Cont'd)

### (ix) Optimising operating expenditure

Our aim is to be a cost efficient E&P operator. We plan to undertake on-going efforts to study and implement cost optimisation and reduction measures in the operations of our oil and gas assets. Operating expenditure typically includes costs incurred for operating and maintaining fixed facilities and equipment, rentals, third party support, logistics and manpower. In line with these measures, our focus will be on reducing unit operating cost (i.e. USD per bbl). To achieve this, we intend to:

- continuously benchmark our unit operating cost with other operators in the region to learn best practices and implement the same. The target would be to increase production and reduce operating expenditure to achieve lower unit operating cost;
- undertake actions to maximise production from existing wells through reservoir studies, intervention programmes for idle wells, problem wells and locked-in Reserves and avoid any unplanned facilities shutdowns; and
- develop and implement an effective inspection and maintenance programme to manage costs of maintenance, repairs and replacement of equipment.

### 5.3 OUR VALUE PROPOSITION

In essence, our value proposition as an oil and gas SPAC is as follows:

- (i) Focus on relatively low-risk development and/or production assets with a primary objective to produce oil and gas and generate early revenue within two years from the date of completion of the Qualifying Acquisition

Our focus for the Qualifying Acquisition is in Brownfields in the production phase and fields in the proximity of existing producing areas in the development and production phases and not exploration assets. We will not enter into exploration activities for the Qualifying Acquisition due to the inherent uncertainties associated with higher risk and longer gestation period from acquisition to generating revenue. The focus on development and/or production assets is aligned with our main aim of early revenue i.e. within two years from date of completion of the Qualifying Acquisition. Post Qualifying Acquisition, we intend to own a balanced portfolio of exploration and production assets with the objective of growing our Reserves to further enhance our shareholders' value.

- (ii) Strength of our Management Team

We have a balanced Management Team comprising E&P veterans with practical and technical field experiences. Our Management Team also has the track record encompassing the entire value chain of the E&P sector from identification of assets up to decommissioning/abandonment of fields.

Given the familiarity and the networks of our Management Team in the Region of Focus throughout the years, from holding senior management roles with IOCs and NOCs, we believe our Management Team is capable of sourcing, evaluating, operating and growing potential oil and gas assets especially in countries such as Malaysia, Indonesia, Australia, Myanmar, Thailand, the Philippines and Vietnam.

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**5. INFORMATION ON OUR BUSINESS (Cont'd)**

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Our Company riding on the experience, expertise and leadership of our Management Team who are entrusted with clear roles and responsibilities, would acquire and exploit the development and/or production assets specifically in the Region of Focus at lower cost base to benefit our shareholders. The critical success factor in this venture is the proven ability of our Management Team to carefully source, screen, analyse, secure and activate those assets that would deliver the expected returns.

- (iii) More competitive financial position to acquire sizeable target company and/or assets for the purpose of Qualifying Acquisition

Given the quantum of proceeds we intend to raise i.e. RM750 million, we are well-positioned and have a more competitive financial position to acquire sizeable target assets for our Qualifying Acquisition.

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## 6. INDUSTRY OVERVIEW

### 6.1 OVERVIEW OF THE GLOBAL ECONOMY

In the first half of 2013, global economic growth remained modest, averaging 2.5%. Emerging and developing economies grew moderately but still contributed significantly to global growth, while advanced economies strengthened gradually. A combination of factors led to the moderation in emerging and developing countries. The export-reliant countries were affected by weaker demand from advanced economies, particularly due to the prolonged recession in the European Union (EU). Many emerging markets such as Brazil, China and India experienced a surge in credit, leading to high inflation and rising interest rates which slowed down investment and growth. Commodity exporters who had enjoyed favourable terms of trade were affected by lower prices of raw materials. China's growth moderated as exports decelerated amid policy shift towards more balanced and sustainable development. The slowdown in China is impacting the global economy, particularly commodity exporters such as Australia and Brazil. India's growth slowed significantly due to large capital outflows since May, which led to marked depreciation of its currency.

In the US, private demand, supported by a highly accommodative monetary policy contributed to growth, while the fiscal consolidation measures had a negative effect. Economic activity in Japan picked up in response to Abenomics monetary easing and fiscal stimulus measures aimed at ending deflation and boosting growth. The euro area growth remained subdued, though on a quarter-on-quarter basis, GDP was positive in the second quarter of 2013 after six quarters of recession. The euro area continues to be affected by high unemployment as well as large public and private debts which restrain borrowing and affect growth.

Global economic activity is expected to strengthen moderately during the second half of 2013, with the whole year growth projected at 2.9%. Economic expansion will continue to be supported by growth in major emerging and developing economies, reinforced by strengthening in the advanced economies, particularly in the US where activity is expected to intensify as fiscal consolidation eases and monetary conditions stay supportive. However, there are downside risks including the tapering of quantitative easing (QE) in the US and ensuing increase in long-term yields which could lead to further capital outflows and balance of payments problems in some emerging markets. Additionally, uncertainty over the US budget and raising of debt ceiling could weigh on global economic growth. Weaknesses in the euro area's financial system and high public debts in major advanced economies could affect growth prospects, insufficient fiscal consolidation and structural reforms in Japan as well as the continued slowdown in China, as the economy adjusted towards a more sustainable quality growth also pose downside risks. Furthermore, prolonged political tensions in the Middle East and North Africa (MENA) region could disrupt crude oil production.

Global economic activity is forecast to strengthen moderately in 2014. The outlook for advanced economies is expected to improve with output expanding 2% (2013: 1.2%). Substantial easing of fiscal consolidation and a highly accommodative monetary policy in the US and Europe are expected to support growth. The US economy is expected to gain momentum, backed by continued recovery in the property sector and higher household wealth. In the euro area, growth is forecast to recover 1% (2013: -0.4%), driven by smaller fiscal reductions, stronger external demand and improvement of lending conditions to the private sector. In contrast, growth in Japan is projected to decelerate to 1.2% (2013: 2%), as the fiscal stimulus lapses and the consumption tax is increased.

Emerging market and developing economies are forecast to expand 5.1% (2013: 4.5%), with developing Asia continuing to lead the uptick. Growth prospects for other developing regions in Africa, Central and South America, Commonwealth of Independent States as well as Europe are generally brighter, supported by improvements in the advanced economies. Growth in China is projected to decelerate to 7.3% (2013: 7.6%) due to continued restructuring from investment-driven towards a more balanced and higher quality growth based on domestic consumption. India's growth is expected to accelerate to 5.1% (2013: 3.8%) as infrastructure improvements ease supply bottlenecks and external demand strengthens.

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**6. INDUSTRY OVERVIEW (Cont'd)**

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Dated Brent traded at an average of USD108/bbl during the first six months (January – June 2012: USD114/bbl) due to the increasing uncertain global economic outlook. However, since July 2013 to September 2013, Dated Brent has averaged above USD110/bbl on improving growth prospects in key advanced economies, reflected by the better-than-expected manufacturing data from China, which signalled firmer demand for energy. Riding on this trend, Tapis price also increased to USD113/bbl in July 2013 compared with USD108/bbl in April 2013. For 2013, the International Energy Agency reported that global oil demand is expected to increase to 90.8 million bpd. On the supply side, while there will be an increase in production notably from the US due to rising shale oil output, global oil supply is estimated to remain tight at 91.3 million bpd. Hence, Dated Brent and Tapis prices are expected to remain stable at USD105/bbl and USD115/bbl, respectively in 2013 (2012: USD112/bbl; USD119/bbl) supported by the improving economic outlook in emerging markets during the second half of 2013.

PETRONAS continues to pursue exploration activity to sustain production levels. As of end-June 2013, four new oil wells have been discovered which include Adong Kecil West in offshore Sarawak and Ara fields in offshore Peninsular Malaysia. In addition, six new fields are expected to be brought on stream, increasing the total number of Malaysia's producing fields to 143, comprising 82 oil and 61 gas fields (2012: 77 oil fields; 55 gas fields). As a result, crude oil reserves stood at 5.85 billion barrels as at 1 January 2013 and are estimated to last 27 years, while gas reserves stood at 98.3 trillion cubic feet, sufficient to last 43 years.

*(Source: Ministry of Finance Malaysia, Economic Report 2013/2014)*

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## 6. INDUSTRY OVERVIEW (Cont'd)

### 6.2 OVERVIEW OF THE OIL AND GAS INDUSTRY

# PFC Energy

Date: 04 JUL 2014

Beijing	+86.10.6530.7010
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The Board of Directors  
Reach Energy Berhad  
Level U6, Block D3, Solaris Dutamas  
No.1, Jalan Dutamas 1  
50480 Kuala Lumpur

Re: Independent Market Research Report Assessing The Oil And Gas Exploration And Production Markets In Which Reach Energy Berhad ("**Reach Energy**") Will Be Operating

Dear Board of Directors,

PFC Energy SARL ("PFC Energy") has prepared an Independent Market Research Report ("report") assessing the oil and gas exploration and production markets in which Reach Energy will be operating. The report is to be included in the Prospectus of Reach Energy in relation to the company's initial public offering ("IPO") on the Main Market of Bursa Malaysia Securities Berhad.

PFC Energy is a global consulting firm specializing in the oil and gas industry. We have focused exclusively on the energy sector for 27 years. PFC Energy is an independent partnership with over 150 professional staff working from offices in Washington DC, Houston, Kuala Lumpur, Moscow, Paris, Beijing and Singapore.

We are aware that this report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 214 of the Capital Markets and Services Act 2007. PFC Energy acknowledges that if we are aware of any significant changes affecting the contents of this report between the date of completion and the date of issuance of the Prospectus, or after the issue of the Prospectus and before the issue of the securities, we have an ongoing obligation to update the report, issue a supplementary report, or withdraw our consent for the inclusion of the report in the Prospectus.

PFC Energy has prepared the report in an independent and objective manner utilizing our expertise, experience, proprietary data, secondary information, and public sources. We believe that the report presents a true and fair view of the industry within the acceptable limitations. Our research has been conducted with all due care and diligence and may not reflect the actual performance of individual companies in the industry. The report should not be considered as a recommendation to buy or not to buy the securities of any company or companies.

Yours faithfully,



Ron Kapavik  
Senior Director; Gas, Power, Coal & Renewables  
Head of PFC Energy - Malaysia

For and on behalf of  
PFC Energy SARL <sup>(995313-A)</sup>  
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## 6. INDUSTRY OVERVIEW (Cont'd)

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**This report is prepared by PFC Energy SARL ("PFC Energy") for inclusion in the prospectus of Reach Energy Berhad in relation to an initial public offering for its listing on the Main Market of Bursa Malaysia Securities Berhad.**

PFC Energy has prepared this report in an independent and objective manner utilizing our expertise, experience, proprietary data, secondary information, and public sources. We believe that the report presents a true and fair view of the industry within the acceptable limitations.

### **Summary of Independent Market Research**

*PFC Energy notes that Reach Energy Berhad's objective is to raise funds to acquire company(-ies) or asset(s) in the upstream segment of the oil and gas industry (exploration and production or "E&P"). The company's strategic and operational focus is in the Asia Pacific region.*

*PFC Energy believes the state of the oil and gas industry is very strong. Driven by population growth and an expanding global economy, particularly in the Asia Pacific region, demand for energy products is expected to grow steadily. This growing energy demand will see sustained high prices in oil and gas and a need for increased investment to produce necessary supply volumes. Opportunities for investment and activity in this operational and economic environment are expected to be robust. For further details of our analysis, please refer to the following content:*

#### **1. ...Overview of Oil and Gas Industry**

- 1.1 Exploration
- 1.2 Production
- 1.3 Past Performance
- 1.4 Future Growth
- 1.5 Demand

#### **2. ...Asia Pacific - Overview**

- 2.1 Reserves
- 2.2 Production
- 2.3 Brownfield Activity
- 2.4 Demand

#### **3. ...Recent M&A Activity**

- 3.1 Asia Pacific M&A Activity
- 3.2 Industry Players and Competition

#### **4. ...Relevant Laws and Regulations Governing the Industry**

- 4.1 Laws and regulations
- 4.2 Fiscal Terms

#### **5. ...Risks and Challenges Facing the Industry**

- 5.1 Increasing Costs Structure
- 5.2 Fiscal Terms
- 5.3 Regulation
- 5.4 Technology

#### **6. ...Prospects and Outlook of the Oil and Gas Industry**

- 6.1 The Outlook for Oil Prices
- 6.2 Future growth

*PFC Energy is a global consulting firm specializing in the oil and gas industry. We have focused exclusively on the energy sector for 27 years. We operate from offices in Washington DC, Houston, Kuala Lumpur, Moscow, Paris, Beijing and Singapore. Our research has been conducted with all due care and diligence and may not reflect actual performance of individual companies in the industry. The report should not be considered as a recommendation to buy or not buy securities of any specific company or companies.*



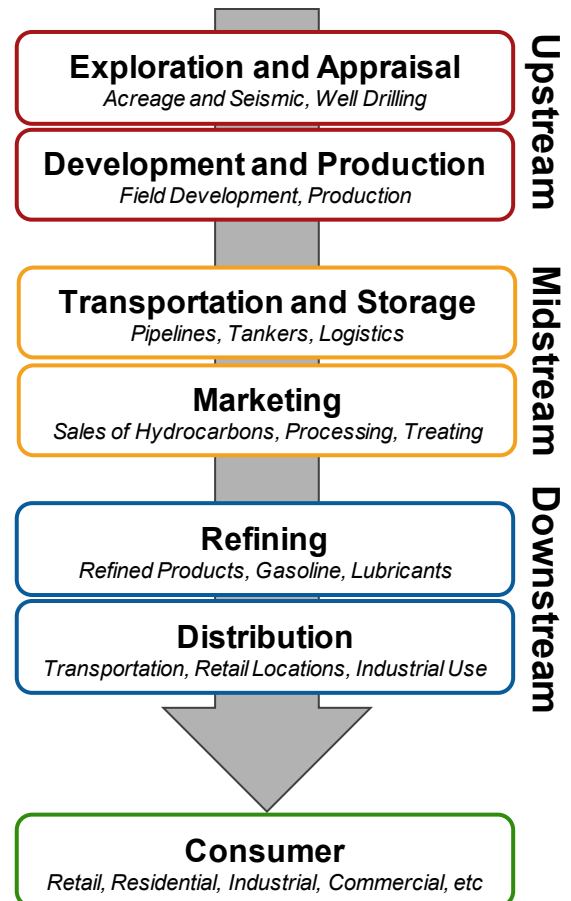
## 6. INDUSTRY OVERVIEW (Cont'd)

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### 1. Industry Overview - Introduction

The oil and gas industry is a key component of global energy supply and demand. Nearly every country in the world produces or consumes hydrocarbons (oil, gas, or its refined products). The oil and gas industry has evolved into a complex global supply system of exploration, production, transportation, marketing, refining, and retail sales. These suppliers are generally separated into three main categories: Upstream (exploration and production or "E&P"), Midstream (transportation, storage, and marketing), and Downstream (refining and distribution of refined products). On the demand side of the oil and gas industry, consumers include: refiners, transport, residential, commercial, industrial, agricultural, petrochemicals, fertilizers, and many others. As the global population increases and incomes grow, the demand for energy will grow alongside it. With this expected global growth and modernization, consumer energy demand creates a larger market for the exploration and production of oil and gas.



#### Exploration and Appraisal for Oil and Gas

**Acreage and Seismic:** The exploration of oil and gas by companies begins with the acquisition of acreage that is believed to hold hydrocarbon reserves that may be commercially developed. Acreage can be obtained via acquisitions, mergers, bidding on blocks at license rounds, or grants from resource holders. Exploration of this acreage begins with geophysical surveys and seismic studies. There are many methods for obtaining geophysical and seismic data, with E&P companies often purchasing existing seismic data or using service companies with special equipment and expertise to conduct these studies. The results of these studies are examined by geologists and petroleum engineers to determine if drilling an exploration well is likely to result in a hydrocarbon discovery.

**Well Drilling:** An exploration well drilling plan is developed that indicates the expected location, depth, technology, as well as an estimate of hydrocarbon results. Success rates for exploration drilling vary greatly, but the global average over the last twenty years has fluctuated in an average range of 10-30%. Success rates tend

## 6. INDUSTRY OVERVIEW (Cont'd)

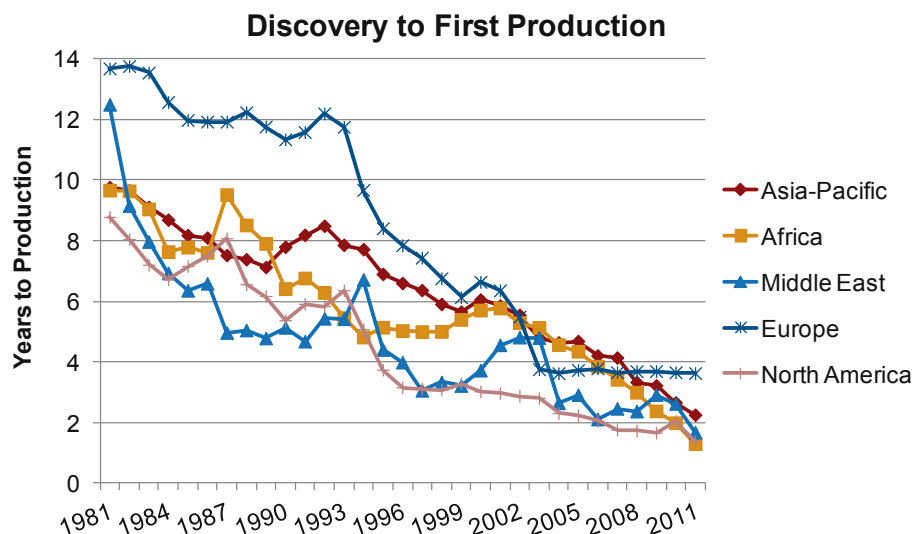
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to improve as more advanced seismic technology provides companies with better information (and thus better decisions on which wells to drill), but new areas of exploration also bring new challenges both geologic and technical which slows the improvement of those success rates. Due to this expected level of risk, most acreage and exploration programs involve ownership by multiple partners to diversify investments and mitigate risks. When an exploration well fails to encounter hydrocarbons or does not discover hydrocarbons sufficient to justify commercial development, the well will be plugged and abandoned. The additional geophysical information learned from drilling the well will be used to determine another well location or the company will move on to other prospective acreage in its portfolio. When an exploration well is deemed to have encountered hydrocarbons sufficient to support commercial exploitation, the partners will determine an appropriate plan for development of the field or project. The ultimate goal of this field development plan is to bring the field on to production.

### Development and Production of Oil and Gas

**Field Development:** After a company decides to move forward with a commercial development of hydrocarbons (known as a Final Investment Decision or FID), a field development plan is initiated. The field development plan covers all aspects of a field's development, production, and eventual disposal. This includes planning for technical (subsurface and surface engineering), operational (services and management teams), commercial (contracts and marketing), collection and distribution network, and other considerations for risks specific to a field. Field development plans are often submitted to government, regulatory, or environmental agencies for approval. Once FID is reached, a project enters the stage of procurement where company resources and finances are committed. Procurement includes all of the necessary people, equipment, and facilities that will be required for successful development as stated in the field development plan.



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**Production:** Production of oil and gas is the operational and technical objective of a field development plan. Production of a field can go through numerous phases depending on the reservoir, hydrocarbon type, and commerciality of remaining reserves. Conventional oil and gas fields typically reach their highest level of production (the "peak") within 2-4 years of production starting. The field will enter a natural decline from that peak level of production over the following ten to twenty years. The technical, operational, and commercial teams will implement or consider investments in enhanced recovery methods that can increase production or slow the rate of natural decline.

**Midstream & Downstream:** Once oil and gas begins production, these products go through two further segments of the oil and gas industry. The Midstream segment can include transportation, storage, and marketing and the Downstream segment which can include refining and distribution of refined products. Companies focused purely on E&P will sell their unrefined products (oil and gas) into the Midstream & Downstream segments where they will be transported and sold as product to end-user. Some companies, typically very large companies, in the industry have ownership in all three segments (E&P or Upstream, Midstream, and Downstream) as a business strategy to maximize profitability at each segment. This strategy is known as vertical integration and companies in the oil & gas industry that employ this strategy are often referred to as "integrated" companies.

### Past Performance

The oil and gas industry has successfully increased hydrocarbon reserves and production volumes to meet increasing demand due to more advanced economies and increasing population. Over the last three decades, oil and gas production has increased steadily with a high correlation to the growth rate (gross domestic product or GDP) of the global economy. Declines in mature, conventional production in North America and Europe have largely been replaced by increased production in the Middle East, Africa, and Asia Pacific regions. Global reserves are largely held by OPEC or other countries with limited access for Independent Oil Companies (IOCs). As exhibited in the "Reserves" section below, access to reserves for IOCs is a key issue as to their strategy and competitiveness.

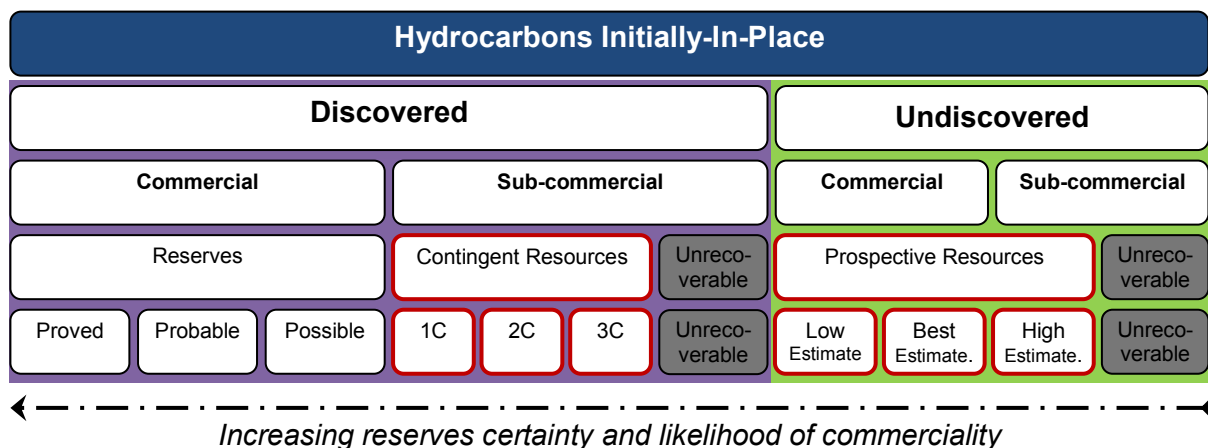
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### Reserves Classifications

There are multiple definitions and interpretations of hydrocarbon reserves classifications with the most widely known being the SEC (U.S. Securities and Exchange Commission) and SPE (Society of Petroleum Engineers). The definitions below are adapted from the SEC guidelines issued in 2009 amending SEC Rule 4–10 of Regulation S–X and Item 102 of Regulation S–K. The diagram below shows all known hydrocarbons, discovered and undiscovered, as classified from sub-commercial to commercial with an accompanying degree of certainty as to the likelihood of the economic and technical commerciality of that hydrocarbon.



**RESERVES** are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project. Reserves are classified into three categories which are 1P (Proved), 2P (Proved and Probable) and 3P (Proved, Probable and Possible).

- i. **PROVED OIL AND GAS RESERVES** are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations— prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation.

## 6. INDUSTRY OVERVIEW (Cont'd)

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The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- ii. **PROBABLE OIL AND GAS RESERVES** are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves are as likely as not to be recovered. When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.
- iii. **POSSIBLE OIL AND GAS RESERVES** are those additional reserves that are less certain to be recovered than probable reserves. When deterministic methods are used, the total quantities ultimately recovered for a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

**CONTINGENT RESOURCES** are quantities of oil and gas that are deemed less certain than reserves and are considered not matured enough for commercial exploitation due to impediments faced on the technological or business fronts. In order for contingent resources to be upgraded and considered as reserves, key conditions (or "contingencies") preventing commercial development will have to be addressed such as acquiring all necessary environmental and government approvals. Other contingencies may exist in the form of economic, legal, political or regulatory constraints. The company also has to provide evidence of its intention of proceeding with development within a reasonable time frame (usually 5 years). Contingent resources are classified into three categories – 1C, 2C, and 3C with 1C being the most certain.

**PROSPECTIVE RESOURCES** are estimated volumes of hydrocarbons yet to be discovered. These volumes are estimated based upon indirect evidence prior to or in the absence of drilling and maintain a higher risk profile as compared to contingent resources mainly due to it bearing discovery risk. In order for prospective resources to be upgraded to contingent resources, the hydrocarbons will first have to be discovered and evaluated. An estimated amount of recoverable quantities of the discovery would then have to be estimated based upon appropriate development. Prospective resources are classified into three categories – low estimate, best estimate and high estimate, with low estimate being the most certain.



## 6. INDUSTRY OVERVIEW (Cont'd)

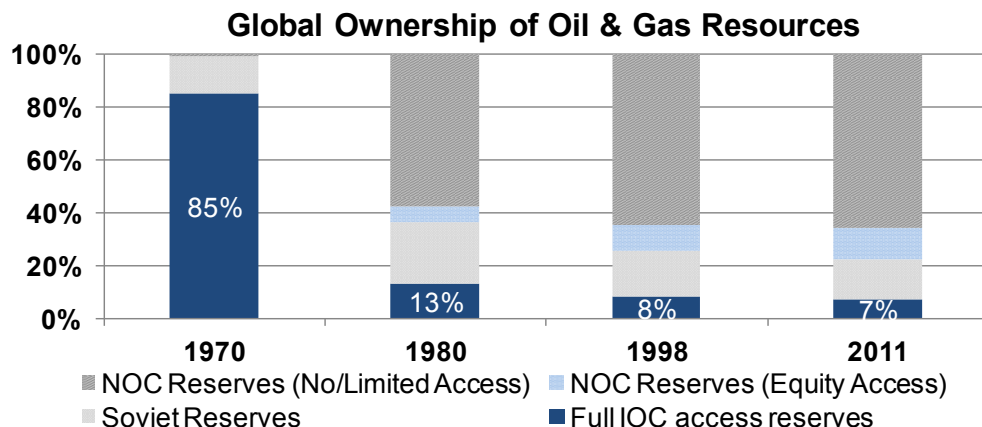
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### Reserves

**Ownership of global reserves** has been heavily skewed towards OPEC countries, Russia, and other countries with limited ownership access for IOCs. For financial and operational reasons, ownership of reserves is critically important to IOCs. Over time, an increasing amount of oil and gas resources are being claimed by nations or resource holders as the sole property of the country or National Oil Company (NOC). These reserves typically have little to no access for IOCs, or have low commercial returns unattractive to most IOCs. The competition amongst IOCs for the remaining resources has driven much of the frontier exploration and technology development over the last four decades. Some IOCs have pursued more difficult reserves which typically have more resources available for ownership due to harsher operating environments (i.e., deeper waters, arctic conditions, etc) or require advanced technical skills for processing (oil sands, shale, LNG, etc).

**Unconventionals:** Recent advancements in technology or technical skills combined with higher sustained commodity prices have seen a significant increase in the development of shale oil and gas and oil sands. These resources are often referred to as "unconventional" due to their non-conventional method of production (fracking and horizontal drilling in the case of shale and mining or steam injection in the case of oil sands). While both shale and oil sands are covered by the term "unconventional," they are very different kinds of production and involve different business models. Shale resources can be successful with limited initial capital outlay and activity, but decline quickly and require constant levels of activity and spending to avoid declines in production. Oil sands require significant capital outlay and activity, but will maintain levels of production with limited capital outlay for decades.



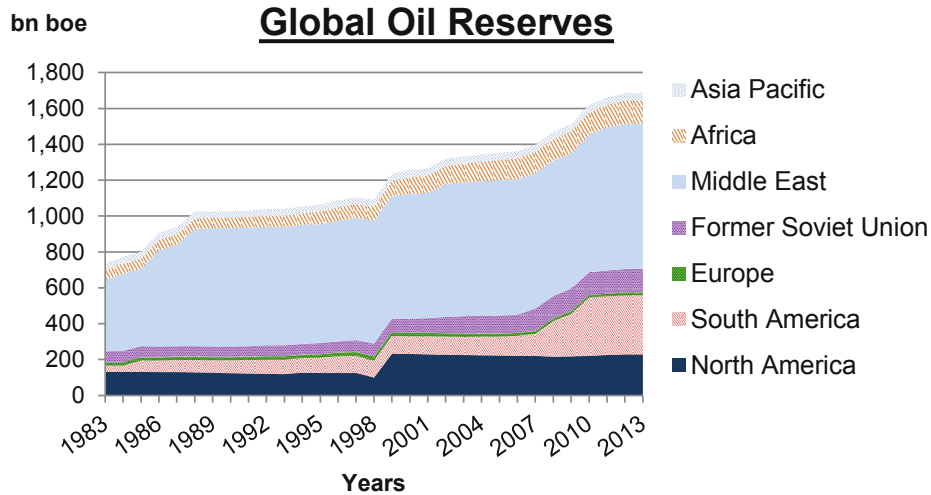
**Global oil reserves** have grown at an average rate of 2.8% per annum over the last thirty years (1983-2013). While the Middle East region holds just under half of global oil reserves, the growth of those reserves has slowed to 1.1% per annum over the last fifteen years. All other regions, besides Europe and Asia Pacific have experienced significant average growth rates (4-9% per annum) over the last fifteen years. These additions to global reserves primarily are coming from better

## 6. INDUSTRY OVERVIEW (Cont'd)

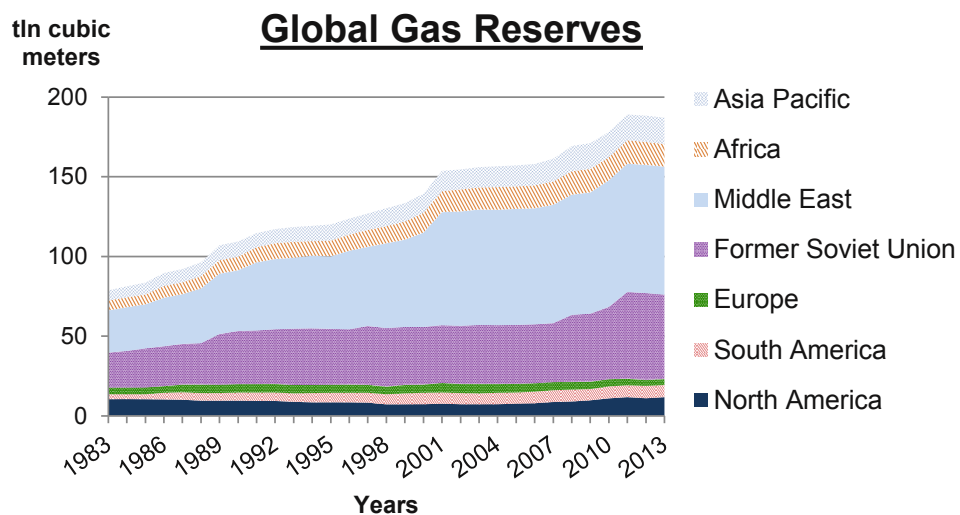
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technology, new areas of E&P development, and higher oil prices supporting commercial development.



**Global gas reserves** have grown at an average rate of 2.9% per annum over the last thirty years (1983-2013). Nearly three-quarters of those reserves are held in the Middle East and Former Soviet Union (FSU). The regions with the fastest rate of growth over the last fifteen years (1998-2013) are North America and the Middle East. In Europe, gas reserves declined at an average rate of 1.7% per annum over the last fifteen years. All other regions are experiencing approximately 2% per annum average growth over the same time period.



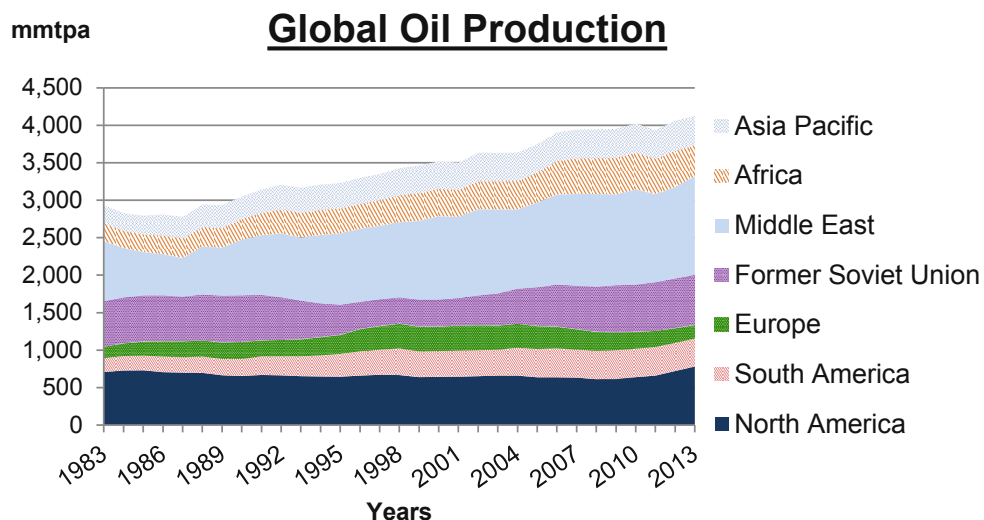
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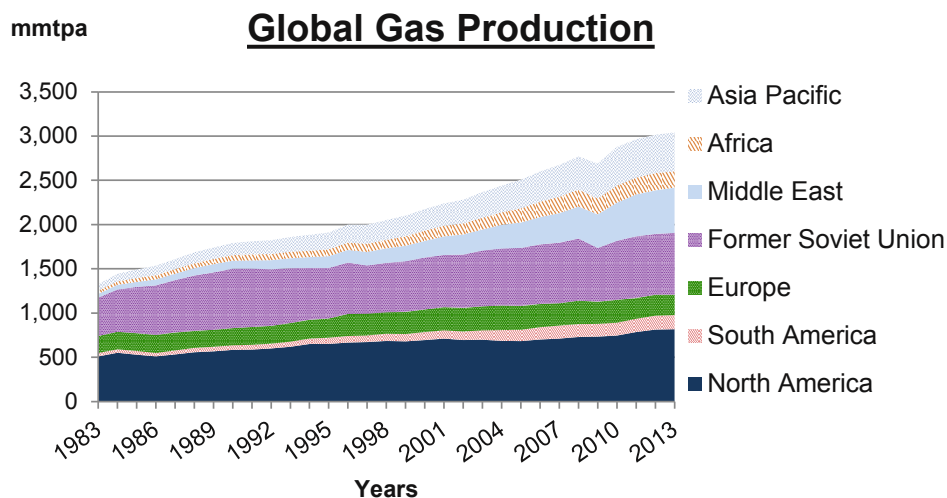
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### Production

**Global oil production** has grown at an average rate of 1.4% per annum over the last thirty years (1983-2013). The FSU and the Middle East have had the highest rates of growth over the last fifteen years. Europe has had a negative average rate of growth over the last fifteen years. South America is the next slowest growth region as it maintained a nearly flat rate of growth of 0.3% over the same time period.



**Global gas production** has grown at an average rate of 2.8% per annum over the last thirty years (1983-2013). The Middle East, Asia Pacific, and South America have had the highest rates of growth over the last fifteen years. Europe has had a negative average rate of growth over the last fifteen years. North America is the next slowest growth region as it maintained a 1.2% rate of growth over the same time period, but is starting to show the beginning of significant growth in the future.





## 6. INDUSTRY OVERVIEW (Cont'd)

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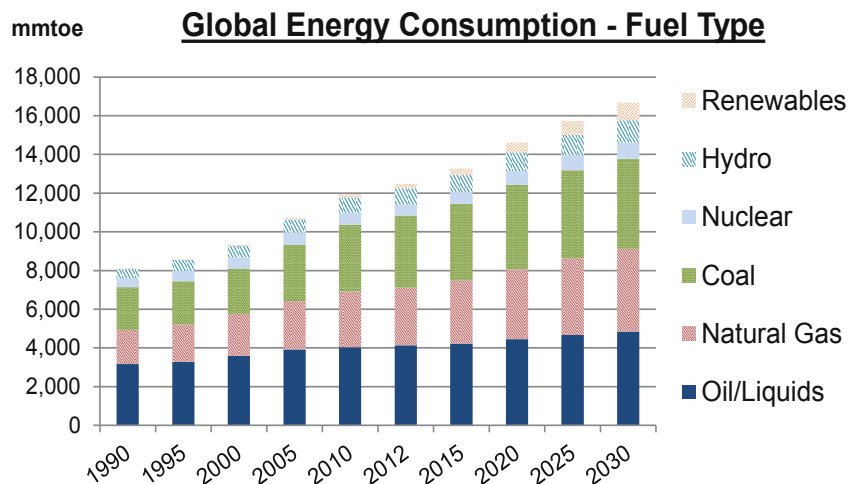
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### Future Growth

The prospects for future growth in the upstream oil and gas industry depend on the supply of available commercial reserves and the demand for energy, industrial feedstocks (power plants, manufacturers, etc), and refined products (gasoline, diesel, jet fuel, etc). Supply of oil and gas is a function of prices, demand, and activity.

### Demand

**Global energy consumption** is expected to grow at an average rate of 1.7% per annum from 2010 to 2030, equivalent to a 40% overall increase. Over the prior twenty year period (1990-2010), energy demand grew at an average rate of 2.0% per annum. In 2012, oil/liquids, natural gas, and coal made up 87% of global energy consumption and this is expected to decline only slightly over the next twenty years, reaching 83% by 2030. From 1990 to 2030, the mixture of fuels consumed globally is experiencing little variation. As a share of the total, oil and coal are the largest, but are also growing slower as natural gas and other fuels gain greater market share.

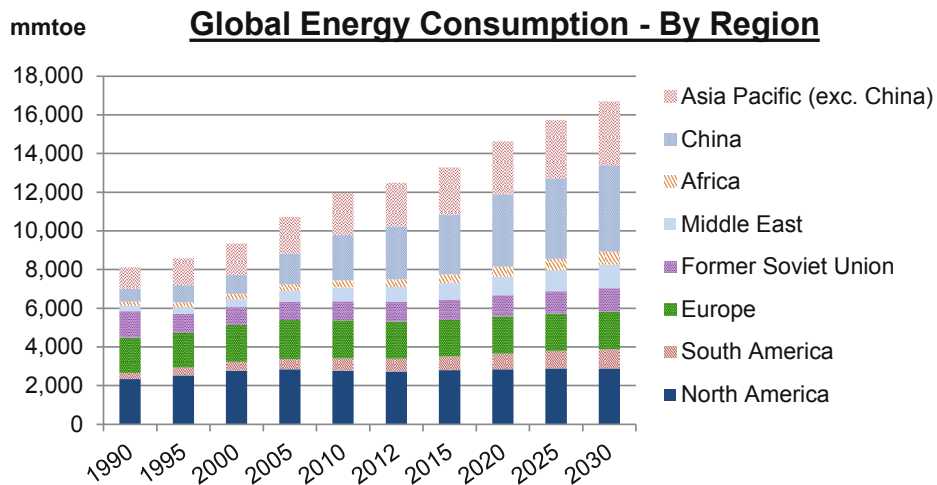


**Global Energy Consumption by Region:** When global energy consumption is viewed regionally, there are significant differences and variations against historical averages. North America, Europe, and the FSU have all had low or negative average annual energy demand growth. These are advanced economies and energy demand is expected to correlate highly with population growth and regional GDP growth. Emerging economies (like those in South America, Middle East, Africa, and Asia Pacific) tend to experience faster population growth, higher GDP growth, and greater energy consumption as their economies become more advanced. The Middle East, Africa and Asia Pacific are expected to see the fastest average rates of annual energy demand growth during the 2010-2030 time period. The Asia Pacific region's growth is being led by rapid energy demand in China; by volume, Chinese energy demand overtook the rest of Asia Pacific in 2008. China is forecast to grow at an average rate of 3.3% per annum during 2010-2030, with the rest of Asia Pacific growing at 2.1% over the same time period.

## 6. INDUSTRY OVERVIEW (Cont'd)

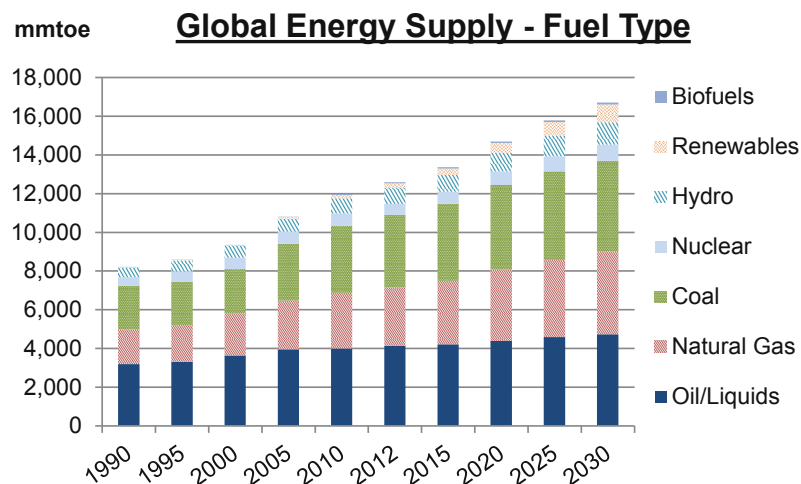
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### Supply

**Global energy supply** is expected to grow at an average rate of 1.7% per annum from 2010 to 2030. Oil/Liquids, natural gas, and coal accounted for 87% of total energy supply in 2012. Oil/Liquids is expected to grow at a rate of 0.9% per annum and natural gas is expected to grow at a rate of 2.0% per annum during the 2010 to 2030 time period. Nuclear, hydro, biofuels, and renewables will grow at a faster rate, but still account for less than 20% of global energy supply in 2030.



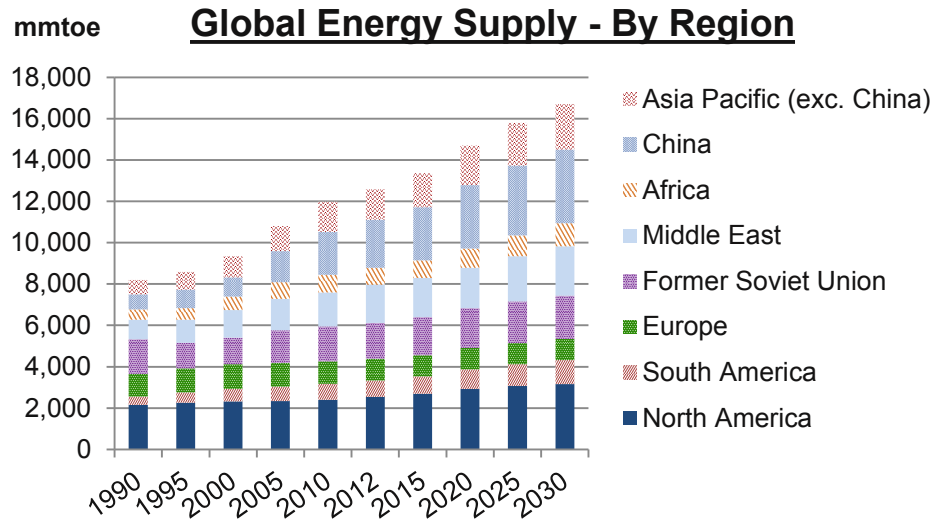
**Global Energy Supply by Region:** When global energy supply is viewed regionally, there is a shift moving from North America and Europe to Asia Pacific and the Middle East. Global energy supply is expected to grow at an average rate of 1.7% per annum from 2010 to 2030. While Europe declines slightly, the North America and FSU regions will grow at an average annual growth rate of 1.2% during the 2010 to 2030 time period. The Middle East and South America regions will grow

## 6. INDUSTRY OVERVIEW (Cont'd)

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at an average annual growth rate of 2.0%. During the same time period, Asia Pacific will grow at an average 2.5% per annum; this is made up of 2.8% growth by China and 2.1% growth by the rest of Asia Pacific.



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## 6. INDUSTRY OVERVIEW (Cont'd)

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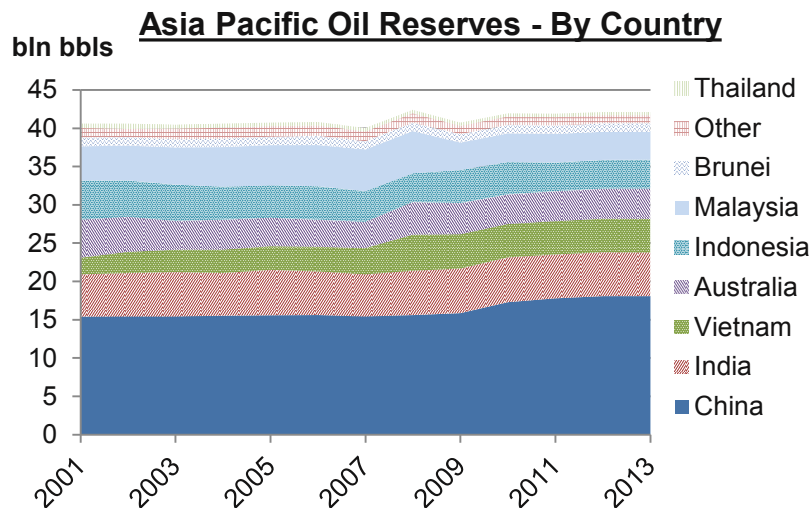
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### 2. Asia Pacific - Overview

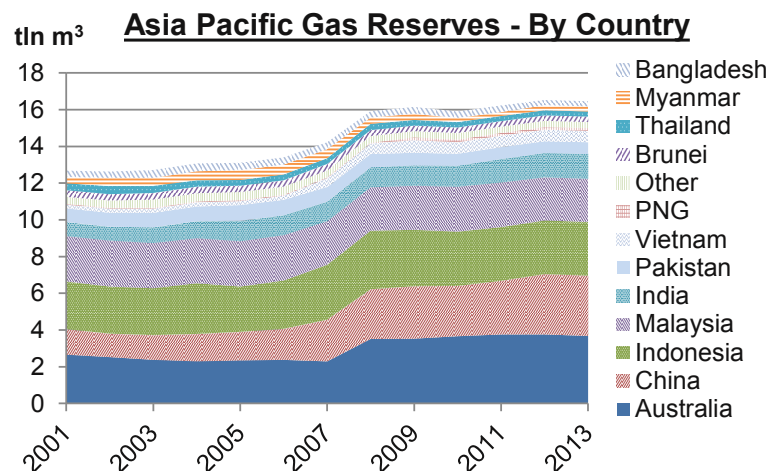
The Asia Pacific region is a mix of mature base production (predominantly oil) and significant growth from new fields (predominantly gas). This indicates a mix of activity dedicated to exploration and new ventures, but also reinvestment in mature areas via new technologies, enhanced recovery techniques, alternative contract terms, partnerships, and acquisitions.

#### Reserves

**Asia Pacific proved oil reserves** have grown at an average rate of 0.4% per annum over the last ten years (2003-2013). The fastest growing proved oil reserves in the Asia Pacific region have come from Vietnam and China over this time period.



**Asia Pacific proved gas reserves** have grown at an average rate of 2.6% per annum over the last ten years (2003-2013). The fastest growing proved gas reserves in the Asia Pacific region have come from Vietnam, China, India, and Australia over this time period.



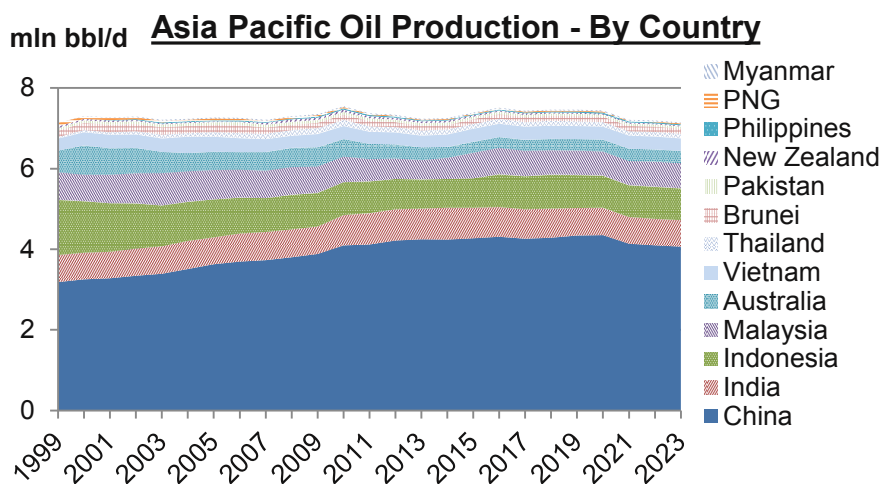
## 6. INDUSTRY OVERVIEW (Cont'd)

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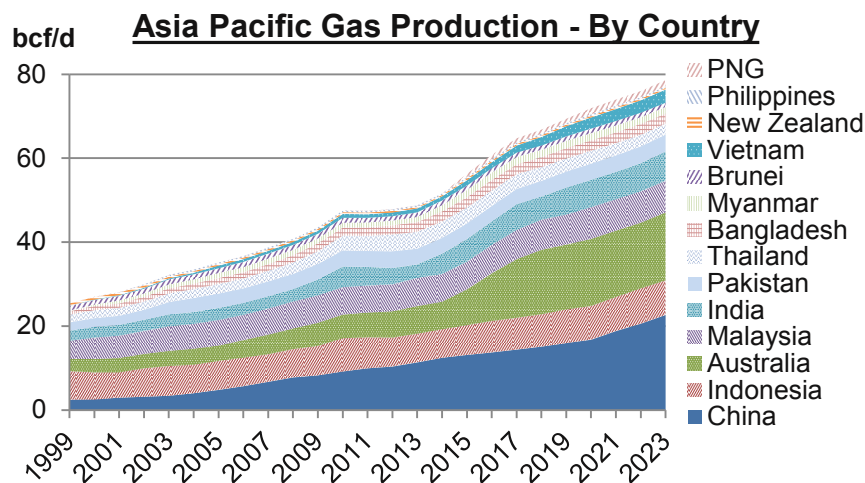
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### Production

**Asia Pacific oil production** has grown at an average rate of 0.04% per annum over the last ten years (2003-2013). The fastest growing oil producers (of a significant size) in the Asia Pacific region were Thailand, China, and India over this time period. Forecasting ahead ten years (2013-2023), Asia Pacific oil production is expected to contract at an average rate of 0.1% per annum. The countries expected to experience a declining growth rate during this 2013-2023 time period (of a significant size) are Thailand, China, India, and Australia. The fastest growing oil producers during this time period are expected to be Malaysia, Vietnam, and Indonesia.



**Asia Pacific gas production** has grown at an average rate of 4.3% per annum over the last ten years (2003-2013). The fastest growing gas producers (of a significant size) in the Asia Pacific region were China, Thailand, Bangladesh, and Australia over this time period. Forecasting ahead ten years (2013-2023), Asia Pacific gas production is expected to grow at an average rate of 4.9% per annum. The fastest growing gas producers during the 2013-2023 time period are expected to be Australia, China, Myanmar, and India.



## 6. INDUSTRY OVERVIEW (Cont'd)

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### **Exploration & Production Business Environment**

The E&P business in the Asia Pacific region offers a diverse set of business environments in which companies can invest. Different countries offer different types of assets, infrastructure, fiscal terms, and regulatory environments for investment.

**Malaysia:** Oil production has been declining over the last decade while gas production rose significantly in the early 2000s, but has shown signs of declining more recently. Due to the importance of the oil and gas industry to the country, the government and PETRONAS have taken steps to increase investment and activity. New fields, new fiscal terms, and enhanced recovery techniques are encouraging greater investment in the country. PETRONAS specific objectives include rejuvenating existing fields through enhanced oil recovery (EOR), developing small fields, and intensifying exploration activities. This will include:

- Reviewing PSC terms and introducing new petroleum contract agreements
- Attracting companies with specialized skills and abilities
- Using its role as industry regulator to ensure the most economic and efficient technologies are deployed as well as see to infrastructure being cooperatively utilized

Improved fiscal terms, ease of entry, and ease of doing business should open new areas for investment as well as make previously marginal or non-commercial fields now economically attractive.

**Indonesia:** Oil production has been rapidly declining over the last decade while gas production has increased slightly. Much of that increase is going to higher domestic gas consumption which is less lucrative for the government and NOC (Pertamina) than LNG exports. Pertamina's focus is on growing production from its domestic E&P portfolio, through EOR and infill projects at mature domestic fields, and developing its major projects such as Cepu. The government is also developing a coalbed methane (CBM) strategy for Indonesia as the country possesses a significant potential resource (~450 tcf) of CBM. There is also potential for shale production towards the end of the decade. The government has also indicated a willingness to adjust fiscal terms to attract more investment, particularly in new or underexplored/underinvested areas. These adjustments can include general improvements of the equity split of production to reductions in VAT and import duties on equipment and facilities. A reorganization of the relationship between the regulator, NOC, and government is ongoing in Indonesia which may cause delays in the short-term.

**Australia:** Oil production has been declining over the last decade while gas production, with a significant boost via LNG exports, has been steadily rising over the same time period. Australia has one of the most open oil and gas business environments in the world, similar to the US, Canada, and Norway. This attracted a large number of major IOCs pursuing oil production first and later pursuing large offshore gas deposits via LNG exports. There continues to be a variety of business opportunities ranging from

## 6. INDUSTRY OVERVIEW (Cont'd)

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enhanced recovery in mature/brownfield areas, underexplored frontier areas, coalbed methane, and emerging shale plays. Australia's government has shown sensitivity to the financial needs of the oil and gas industry to continue high levels of investment in the country, but it also continues to implement strict environmental and regulatory controls.

**Myanmar:** Myanmar's oil and gas industry was under restrictive investment sanctions until recently. Due to this lack of investment and activity, there is a significant amount of underexplored or untapped resource potentially available. Myanmar's gas production has been slowly increasing, but the industry and infrastructure are in need of investment, technology, and modernization. Many large IOCs have expressed interest in entering Myanmar, but as with any frontier (geologic or economic) there is uncertainty surrounding the eventual results. Myanmar recently concluded its onshore and offshore bid rounds in October 2013 and March 2014, respectively. The bid rounds attracted a range of bidders including NOCs (Oil & Natural Gas Corp Ltd (ONGC), Brunei National Petroleum Co (PetroleumBRUNEI), PETRONAS, PTT Exploration and Production Plc), IOCs (Eni SpA, Statoil ASA, Shell, Total SA, ConocoPhillips Company, BG Group Plc) and smaller independents (Pacific Hunt Energy Corp, MPRL E&P Pte Ltd) with the IOCs dominating in the deepwater offshore blocks.

**Thailand:** Both oil and gas production have increased steadily over the last decade, but proved reserves are rapidly dwindling. The country's production has long been dominated by a handful of companies, but smaller companies have been pursuing resources and brownfield opportunities left behind in shallow waters or onshore. The Thai government is hoping to attract increased investment to maintain production as well as add proved reserves. The Department of Mineral Fuels (DMF) has announced plans to launch the 21<sup>st</sup> licensing round which will comprise of onshore and shallow waters blocks that will include opportunities for EOR and brownfield activity.

**Philippines:** Unlike most countries in Asia, oil and gas production in the Philippines has historically not seen a significant amount of exploitation and development. Country production has thus far peaked at 33 kbd of oil (2010) and 305 mmcf/d of natural gas (2009). In terms of reserves, both oil and gas have been relatively steady over the last ten years at 139 mmboe (million barrels of oil equivalent) of oil and 3,480 bcf (billion cubic feet) of gas. There has been renewed interest in the Philippines due to its relatively unexplored acreage, steady GDP growth, and steady population growth; all being drivers of a potentially robust energy market.

**Vietnam:** Oil production over the last ten years has been relatively steady but is expected to decline over the coming decade. Gas production has steadily risen over the last ten years, and there are significant volumes remaining to exploit. Some of these volumes are in areas lacking infrastructure or are not currently supported by market prices in Vietnam. The government and NOC are looking at options for improving fiscal terms to attract new and renewed investment. These could include tax incentives, reduced bureaucracy, and higher domestic gas and product prices.



## 6. INDUSTRY OVERVIEW (Cont'd)

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**China:** Within Asia, China is the largest source of oil and gas supply, oil and gas demand and is the largest oil reserves holder and second largest gas reserves holder. As such, China is a very important market place in Asia. As China produces, consumes, and imports a great deal of its energy, the Chinese government places great importance on increasing domestic supply and reserves. There are a variety of large existing Chinese NOCs pursuing increased supply via domestic exploitation of a variety of production types (conventional, offshore, shale, CBM, etc). When foreign investment is sought, these NOCs often partner with Major IOCs that can provide technical expertise and have access to significant capital for large-scale projects and investments. As more conventional or shallow water areas mature during China's production increases, there could be more opportunities for investment, but it remains to be seen whether the NOCs or Major IOCs will retain or divest these positions.

**India:** The second largest source of oil supply and oil reserves in Asia, Indian oil reserves have seen little growth over the last decade. India's oil demand is three times its domestic supply, creating a heavy import burden that is growing. While domestic production has grown at ~1% per annum since 2003, demand is growing at 4% per annum. On the gas side, reserves have grown at ~5% per annum and production at ~1% per annum over the last decade, but gas demand has grown at ~6% per annum over the same time period. India has a similar investment climate (though perhaps less economically stable) to China; large NOCs responsible for domestic supply that often rely on partnerships and investments from Major IOCs for technical expertise and foreign capital. As more conventional onshore areas mature, there could be more opportunities for investment, but these areas have traditionally been retained by domestic NOCs. Additionally, as the cost of India's imported oil and gas (combined with subsidies for refined products) begins to slow economic growth, the government could offer more attractive investment and fiscal terms to encourage domestic production growth of oil and gas.

**Brunei:** A mature and relatively small market for oil and gas reserves and production. The country's oil and gas reserves are almost entirely held by Shell and PetroleumBRUNEI. Beyond these two companies, there are ~10 companies with interests in one or two blocks in the onshore and shallow water areas of the country. Oil production has been declining at ~5% per annum over the last decade, with most barrels being exported due to Brunei's low domestic demand. Gas reserves have been slowly declining (~2% per annum since 2003) even as production has remained essentially flat since 2003. Shell has begun preparations for a large EOR project to reverse the declines seen over the last decade, and the country's investment focus going forward will be on its under-explored deepwater areas located further offshore. Brunei expects this deepwater area to provide gas feedstock to its LNG export projects in future decades.

**New Zealand:** The New Zealand market is in a period of transition. The New Zealand E&P play is small and mature (most exploitation has occurred in the Taranaki basin), but



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the country is opening up new areas onshore and offshore to encourage exploration. This effort has been broadly successful with a large program of exploration drilling expected in the near-term which could revitalize the country's oil and gas industry. The deepwater area is under-explored, but is receiving a great deal of interest from regional and Major IOCs; though it is too early to say whether it will meet success. Existing blocks are widely held by numerous small players which could lead to an active M&A market given the renewed interest in the country.

**Papua New Guinea (PNG):** A small but growing economy largely based around upcoming liquefied natural gas (LNG) projects and other resource mining. For new entrants, upstream opportunities primarily exist in emerging gas plays and to a lesser extent in mature oil plays in the onshore Papuan Basin, with the possibility of high-risk frontier offshore gas prone exploration. Modest domestic energy demand means that oil and gas monetization will be mostly via exports.

***In general, further development and production in Asia Pacific*** is likely to come from investment in older discoveries near infrastructure or reinvestment in existing fields that have entered decline. These types of investments are typically referred to as "*brownfield*" or secondary/tertiary/enhanced recovery assets. The Asia Pacific region's mature base of discoveries and production assets saw initial investment during the 1990-2005 time period when global oil prices averaged US\$25/bbl (per barrel). During the 2006-2012 time period, global oil prices have averaged US\$75/bbl and brownfield investment opportunities (previously non-commercial discoveries or enhanced recovery techniques) have become more commercially attractive. As an indication, during the 1990-2005 time period, the Asia Pacific region (excluding China) had 448 discoveries greater than 10 million barrels of oil equivalent (mmboe). During an expected time period of commercialization for those discoveries (1995-2012), 302 fields were brought onstream. This indicates that there could be 146 discoveries that were previously non-commercial (due to the commodity price environment at the time of discovery) which are now commercially viable. This figure does not account for additional producing assets that are in decline which may (given the recent and forecasted high oil price environment) justify further investment to increase the amount of recoverable barrels from the field. These brownfield assets and producing fields are nearby existing infrastructure and the risk levels are typically low as the exploration, commercial, regulatory, and environmental issues have been overcome during the initial development of the field.

### **Demand**

***Asia Pacific Energy Consumption by Fuel Type:*** In the Asia Pacific region, overall energy demand is expected to grow at an average rate of 2.8% during the 2010-2030 time period. Energy demand for oil is expected to grow at an average rate of 1.9% per annum and natural gas is expected to grow at 4.0% per annum over the same time

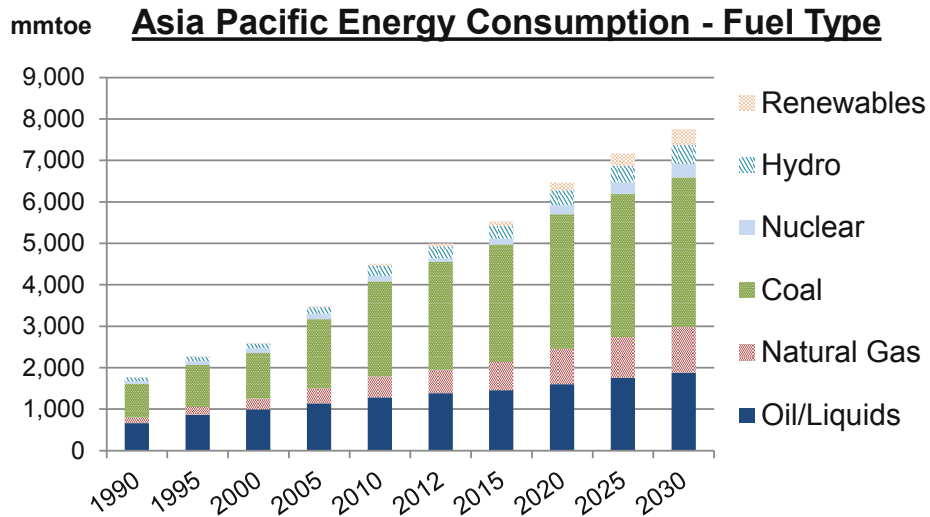
## 6. INDUSTRY OVERVIEW (Cont'd)

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period. Coal held a 52% share of the Asia Pacific energy mix in 2012. A number of countries are moving away from coal usage due to environmental concerns with natural gas being the preferred substitute fuel.



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## 3. Recent M&amp;A Activities

There has been an increase of oil and gas related M&A over the last decade. Much of this activity has been driven by alternate viewpoints of the E&P market. With supply and demand fundamentals indicating sustained high oil prices, increased shareholder pressure to generate growth and returns, and a more liquid market place due to an increase of sellers and buyers, the oil and gas M&A market place should stay very active over the next five to ten years.

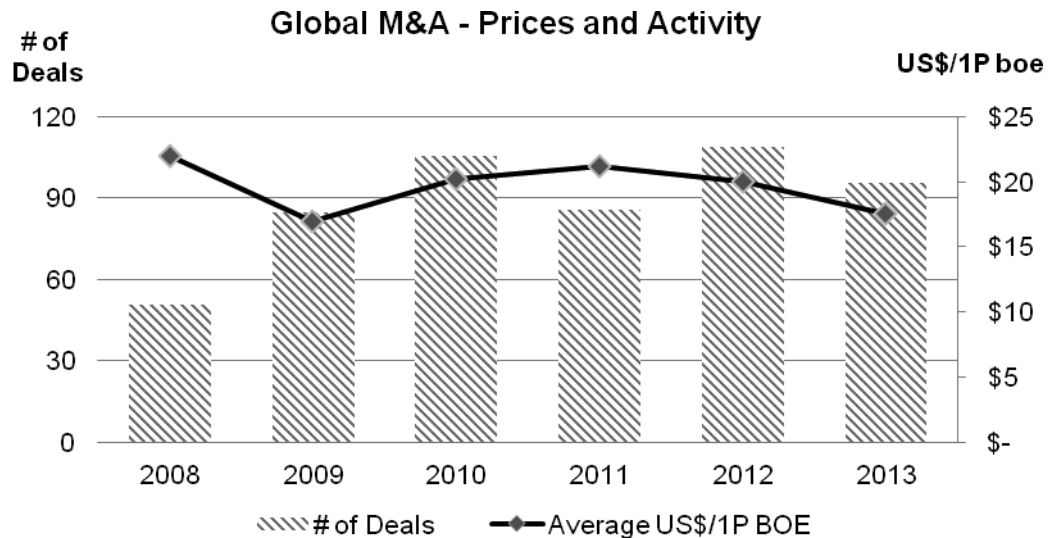
- **Independent Oil Companies (IOC):** Some companies believe that availability of reserves is dwindling for IOCs and they must consolidate large positions of acreage and prospective reserves now. Others are selling down their large mature positions to focus on expenditures related to growth projects and exploration; creating a secondary M&A market focused on enhanced recovery using more advanced technology and techniques. There have always been business development (BD) focused companies as well that seek out assets or companies with upside potential (i.e., companies with untapped or undervalued commercial potential). Expenditures from all these viewpoints have increased due to greater economic opportunities related to the high oil price environment.
- **National Oil Companies (NOCs):** The largest resource-holding NOCs (those with large domestic reserves and relatively low domestic demand) are relatively inactive in the global M&A market place. Acquisitions by these types of NOCs are usually related to technology capture or inter-governmental politics. Another group of NOCs are the resource-seeking NOCs (those with high domestic demand), with the Chinese and Indian NOCs the best examples of this group. These companies have a mandate to seek out and acquire available resources to assure sufficient energy supply to their home countries. Commerciality is not a primary concern to these companies and M&A prices often escalate quickly when these types of NOCs begin bidding on an asset or company. There are also NOCs, typically from smaller countries, which behave similar to the IOCs in that they are seeking justifiable commercial returns as well as volumetric growth.

**Conclusion:** While there are broadly increased levels of investment interest in energy resources, the M&A market place is in relative balance between buyers and sellers. Competition for assets has increased, but the growing regional demand for oil and gas, as well as sustained higher commodity prices, supports significantly greater overall E&P investment and activity. External forces such as NOC participation in the M&A market typically only affects assets specifically pursued by NOCs; typically corporate or large-asset acquisitions. On the contrary, the highest level of M&A activity in Asia has been in lower cost (US\$100mln or less) transactions; with deals ranging from exploration acreage to mature producing assets. Commercial returns depend on a company's ability to extract value in addition to the transaction price; this additional value is dependent on technical skill, project planning, geologic circumstance, and market conditions.

## 6. INDUSTRY OVERVIEW (Cont'd)

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The “Global M&A – Prices and Activity” graph above shows 533 of the largest deals over the 2008 to 2013 time period for which costs and proven reserves are available. The number of deals has increased significantly since 2008, but acquisition costs have maintained an average in the US\$15-US\$20 per barrel of proved reserves (US\$/1P boe) range. Individual deals can vary in their US\$/1P boe metrics as different asset types, oil/gas weightings, and fiscal regimes can greatly affect the profitability and therefore the valuation of a barrel of oil equivalent (boe) reserves.

- For example, in 2013, Rosneft acquired TNK-BP for US\$55bn to become the largest (by production) publically traded oil company in the world. The US\$/1P boe metric on the deal was only US\$5.70 though as the tax regime in Russia garners a large share of profits as taxes to the government.
- Alternatively, an acquirer may be willing to pay a premium for a company if they believe it has very good acreage, but the reserves have not yet been proven. This will result in a high US\$/1P boe metric. For example, PTT (Thailand NOC) and Shell (Global IOC) were engaged in a bidding war in 2012 for a small company (Cove Energy) offshore East Africa believed to have excellent acreage in an emerging play. Cove Energy had zero Proved or 1P reserves at the time of the acquisition bids. Significant hydrocarbon shows had been discovered but were largely untested and no commercial export plan had been developed. PTT and Shell bid aggressively, with Shell choosing not to counter PTT's winning US\$1.9bn bid.

While average deal price gives a mid-range price for E&P transactions, there can be substantial deviations from this US\$15-US\$20 per barrel of proved reserves range.

## 6. INDUSTRY OVERVIEW (Cont'd)

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**Asia Pacific M&A Activity:** The Asia Pacific region is an active M&A market place with 656 transactions recorded over the last six years. This represents approximately one-quarter of global M&A activity (excluding North America). Of the 656 Asia Pacific transactions, 531 had acquisition costs less than US\$100 million dollars or acquisition costs were not announced (typically indicative of smaller transactions between two private parties). A further 44 Asia Pacific transactions had acquisition costs between \$100 million and \$250 million dollars. These acquisitions include both corporate (entire company) and asset (an equity stake in a specific block or field) acquisitions.

- A recent transaction (June 2012) in the Asia Pacific region would be Pan Orient's sale of three producing blocks in Thailand. The acquisition was made by ECO Environmental Investments (a non E&P energy company) for US\$162mln and included a 60% operated stake with 6 million barrels of 1P reserves (with an implied acquisition price of US\$22/bbl) and 18 million barrels of 2P reserves (with an implied acquisition price of US\$9/bbl). Additionally, the assets were producing at a rate of 1.6 thousand barrels per day at the time of acquisition. After the acquisition, the partners have completed additional 3D seismic to identify more prospects on the blocks. They also initiated an enhanced oil recovery (EOR) waterflood program to increase production and recoverable reserves.
- Another recent transaction (August 2013) in the Asia Pacific region would be Santos's acquisition of a 50% interest in the Northwest Natuna PSC offshore Indonesia from AWE Limited for US\$188 million in cash and assumed costs. The 50% interest includes (pre-royalty) 31 million barrels of 1P reserves (with an implied acquisition price of US\$6.16/bbl) and 49 million barrels of 2P reserves (with an implied acquisition price of US\$3.84/bbl). The PSC contains the undeveloped Ande Ande Lumut heavy oil field which was discovered in April 2000 and two subsequent appraisal wells were drilled in 2006. A final investment decision (FID) for development of the field is expected to be made in 2014.

# of Deals	Frequency of Transactions in Asia Pacific: Distribution by Value					
	2008	2009	2010	2011	2012	2013
Less than US\$100mln	15	114	110	87	107	98
US\$100mln-US\$250mln	8	10	9	5	9	3
Greater than US\$250mln	21	13	16	12	11	8
Total Transactions	44	137	135	104	127	109

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**6. INDUSTRY OVERVIEW (Cont'd)**

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**Industry Players and Competition:** All upstream companies are essentially in competition with each other for available resources. This competition comes in the form of access to acreage and reserves. Most companies have active business development teams that are focused on pursuing and reviewing potential opportunities. These teams usually go in cycles of heavy activity focused on acquiring or disposing of assets and less active periods where opportunities are reviewed and considered but are unlikely to be pursued. These periods of activity are determined by company objectives, corporate finances, and available opportunities. As expected, companies with active business development teams and available financial resources are most likely to engage in M&A activity. The knowledge, skills, and abilities of these business development teams varies from company to company. Successful teams are usually a combination of technical, operational, and financial people with a management team capable of making rapid decisions when an actionable deal is identified.

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## 6. INDUSTRY OVERVIEW (Cont'd)

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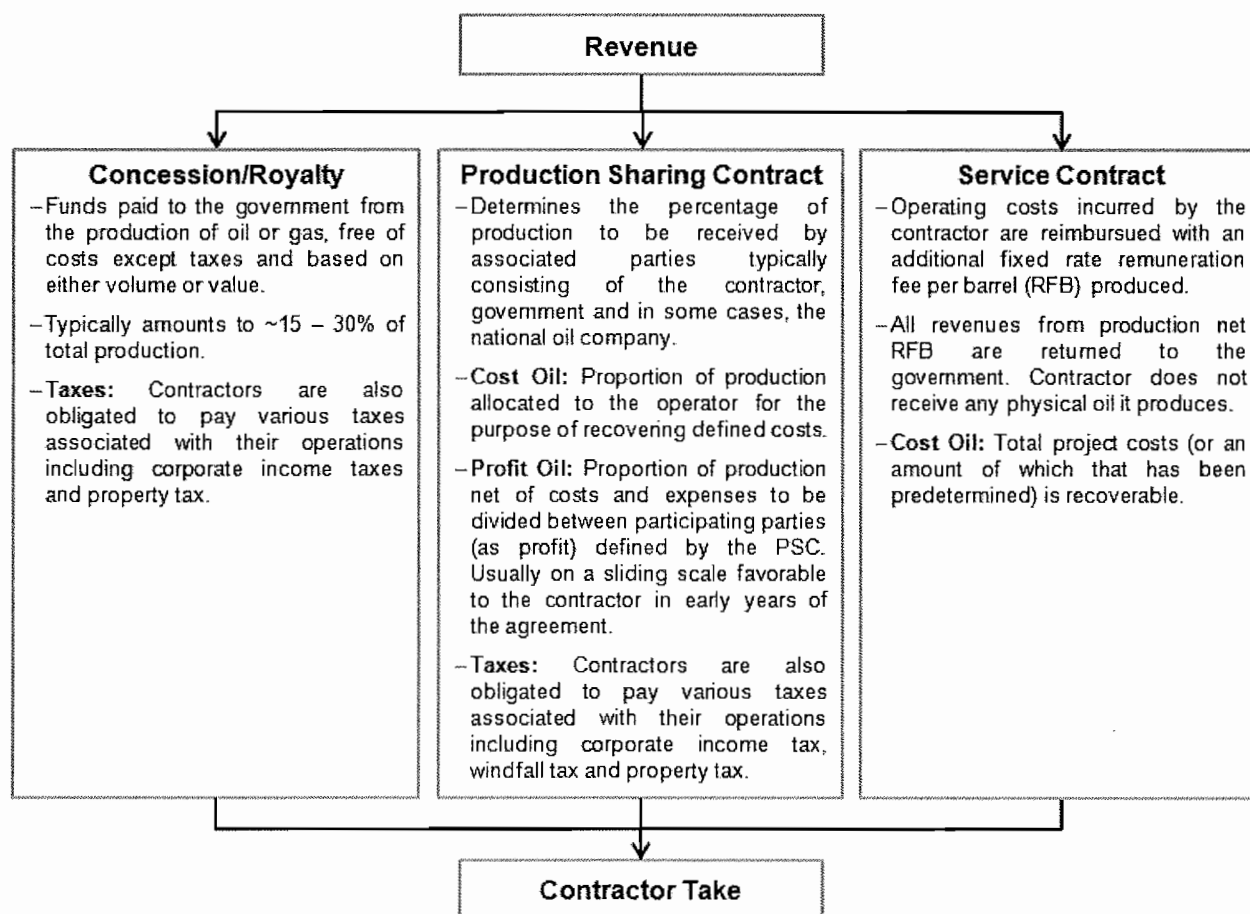
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## 4. Relevant Laws and Regulations Governing the Industry

**Laws and Regulations:** Each country has different rules, regulations, and legal systems governing its oil and gas industry. These laws are often complex and unique to the business of oil and gas within a particular legal jurisdiction. There are generally strict laws governing contracting, investment, employment, importation of equipment and materials, exports of hydrocarbons, local and corporate taxes, health and safety, and increasingly, environment regulations.

**Fiscal Terms:** Fiscal terms are the taxes and financial terms and conditions of the contract for exploration, development, production, and disposal of oil and gas assets. These contracts can involve relatively simply royalty tax systems or complex production sharing agreements or contracts (PSAs or PSCs) that account for things like production levels, time from first production, costs reimbursed, hydrocarbon prices, revenue, excess profits, or rate of return of the project. Some terms of these contracts are negotiable on a project by project basis and others are strictly adhered to for all projects.

Three Standard Models for Fiscal Terms

## 6. INDUSTRY OVERVIEW (Cont'd)

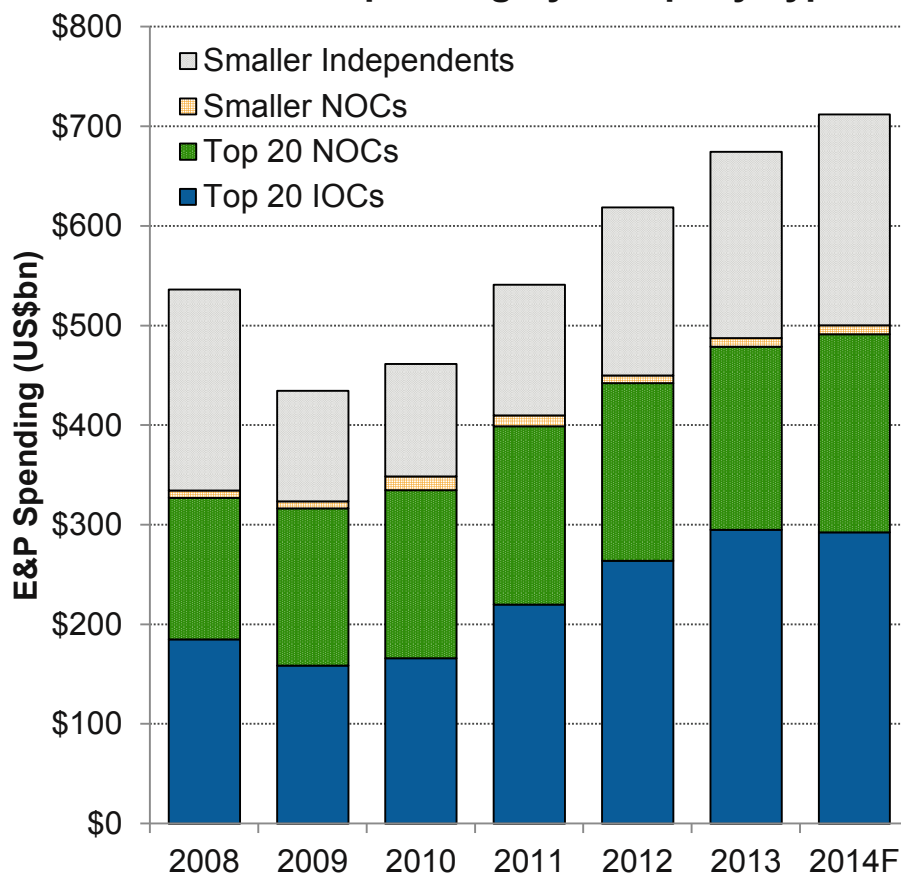
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### 5. Risks and Challenges Facing the Industry

**Increasing Costs Structure:** E&P spending is the cost incurred in the process of exploration and development of oil and gas. These costs typically include geological and geophysical costs, drilling of exploratory wells, drilling of development wells, and construction and installation of production facilities. This rise reflects the cost pressures from shortages and bottlenecks in many sectors (including service providers of construction, materials, labor, equipment, etc) which have forced prices higher, as well as the increased development costs associated with large and complex development facilities (including deepwater, oil sands, LNG, etc) during this period. E&P costs escalated quickly from 2003 to 2008, but companies (particularly IOCs and Independents) cut E&P spending in response to the fall in oil prices due to the global economic downturn. This rise in costs is likely to cause an increased focus on cost control by the oil and gas operators.

#### Global E&P Spending by Company Type



**Fiscal Terms:** As referenced above, fiscal terms are the taxes and financial terms and conditions of the contract for exploration, development, production, and disposal of oil and gas assets. As the rule of law and adherence to contracts is not well established in all countries, there can be confusion and governance issues that



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**6. INDUSTRY OVERVIEW (Cont'd)**

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lead to a change in terms unfavorable to the operator, contractor, and its partners. There is a risk of expropriation and resource nationalism that has seen contracts revoked or renegotiated. These concerns are aspects of political and market risk that need to be a consideration when evaluating entry options to a particular country or legal jurisdiction.

**Regulation:** Following recent well-publicized events that highlighted health, safety, and environmental issues in the E&P industry, there has been renewed emphasis on regulation. Some regulations come in the form of tighter safety checks, increased investment in emergency planning, redundancy procedures in the event of a disaster, and more detailed studies of the environmental impact of E&P operations. Increased regulations of health, safety, and environmental issues can lead to delays to the development plan and increased costs.

**Technology:** As increasingly complex reserves are commercialized by E&P companies, technology is continually being stretched to its limits in deepwater, oil sands, LNG, shale, and other imminent frontier technology plays. Potential changes in technology are more likely to come about due to the regulatory changes discussed previously. New technologies can also alter the supply, demand, and prices of local or global markets.

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## 6. INDUSTRY OVERVIEW (Cont'd)

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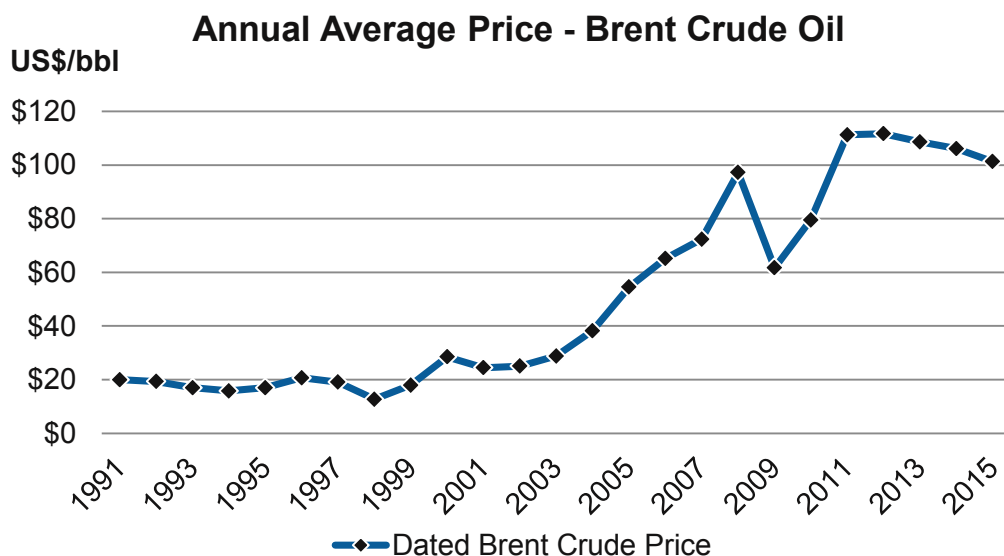
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### 6. Prospects and Outlook of the Oil and Gas Industry

The long term outlook for oil and gas markets depends not only on global economic growth, but also the regional focus of that growth as emerging markets use more energy per unit of gross domestic product ("GDP") growth than developed countries. In the next few years, the world economy is expected to grow on a "two-speed" system, with the emerging markets exhibiting notably higher GDP growth than the developed countries.

In the longer term, the global economy is expected to continue to show a marked divergence between the OECD countries which have rebounded and will continue to grow moderately from a very large base, and the emerging markets, many of which will continue to grow quite rapidly, albeit slower than in the past few years.

**The Outlook for Oil Prices:** The potential oil price scenarios over the 2014 to 2015 time period will reflect a number of inter-related factors including the demand for oil and oil products, the supply potential from OPEC and non-OPEC nations, geopolitical concerns over energy security, changing fiscal terms, real and perceived threats to supply, and finally the impact of financial players trading in the oil markets. In all scenarios, it is expected that the oil price environment will be volatile, but it is expected to be sustained at a level which is significantly higher than prices experienced just a decade ago.



At the end of the 1990s and in the early 2000s, OPEC was able to maintain a surplus capacity level of approximately 6% of total world demand for oil. As world demand for oil rose, and non-OPEC production stayed relatively flat, global excess capacity began to drop sharply, leaving the world oil supply system with little ability to replace any unexpected shortfalls in supply due to either geologic or political

## 6. INDUSTRY OVERVIEW (Cont'd)

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disruptions. This lack of surplus spare capacity contributed to the rise in oil prices that began in 2006.

With the global economic downturn of 2007 to 2009, demand for oil decreased and supply pressures on oil prices began to abate. The addition of the new capacity eased the physical likelihood of disruption, but did not result in a lowering of oil prices as in previous cycles for several reasons. Firstly, financial investors began to re-enter the market in September 2010 under the belief that the world economy was in recovery and these investments supported oil prices in spite of relatively high surplus capacity. Secondly, in early 2011 unrest in the Middle East and North Africa raised the fear that physical oil supplies would be affected. Although the disruption to North African supply could be easily covered by the rest of the OPEC members, market concern over increased risk is expected to keep prices high and volatile over the next two years. Additionally, the cost of producing oil has risen significantly and this rise in costs is likely to provide a "cost push" factor to oil prices in the future. The emergence of significant production from shale oil and gas resources in North America has also affected global supply and demand. Due to unexpected strong supply from shale oil and gas in North America, the United States has reduced the amount of oil it imports from international markets. This reduced demand from North America has increased available supply and capacity in international oil markets, in turn putting less upward pressure on global oil prices.

To project the range of possible oil prices into the future, different economic scenarios were developed which account for the interaction of rising global demand for oil coming from the emerging markets, high oil prices (which reduce demand), environmental regulations (which also reduce demand), and new sources of supply.

Market conditions are expected to sustain oil prices from 2014 to 2015 which are significantly higher than the US\$35.30/barrel average for WTI (West Texas Intermediate; a benchmark price for crude oil) during 2000 to 2005 and the US\$72.69/barrel average from 2005 to 2010. Brent prices continued a slow rise through the end of 2013, closing the year at ~US\$109/bbl. This increase is expected to taper off during 2014 which is forecast to average US\$106/bbl. Regardless of these smaller fluctuations, the higher oil price levels and steadily increasing demand is likely to continue to fuel high levels of exploration and production activity. Although oil prices could be higher for the remainder of this decade, oil and gas companies are likely to be reluctant to make large investment decisions based on expectations of sustained prices higher than US\$100.

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6. **INDUSTRY OVERVIEW (Cont'd)**

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**Please Note:**

The projections made by PFC Energy are based upon public (BP Statistical Review, SEC, company reports) and private sources, as well as internal estimates that are based upon data that is subject to significant uncertainty and incorporate assumptions that are subject to change and may prove to be incorrect. Recipients of the information should be aware that the process of making these projections is inexact and actual results may differ materially from those projected. In light of the limitations on the utility of the projections and information described above, as well as other factors, recipients are cautioned not to place undue reliance on this information.

This report is dated 4<sup>th</sup> July 2014

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

### 7.1 DIRECTORS

#### 7.1.1 Directors and their interests in Shares and Warrants

##### 7.1.1.1 Shares

Our Directors and their shareholdings in our Company before and after the IPO and assuming full exercise of the Warrants are as follows:

Name	Designation	Before the IPO			After the IPO			Assuming full exercise of Warrants		
		<----- Direct ----->	<----- Indirect ----->	No. of Shares held	%	<----- Direct ----->	<----- Indirect ----->	<----- Direct ----->	<----- Indirect ----->	No. of Shares held %
Izlan bin Izhah	Chairman/ Senior Independent Non-Executive Director	-	-	-	-	-	-	-	-	-
Ir. Shahul Hamid bin Mohd Ismail	Managing Director	-	-	255,600,200 <sup>(1)</sup>	92.00	-	-	255,600,200 <sup>(1)</sup>	20.00	-
Nik Din bin Nik Sulaiman	Independent Non-Executive Director	-	-	-	-	-	-	-	-	-
Aonghus Joseph O'Carroll	Independent Non-Executive Director	-	-	-	-	-	-	-	-	-

Note:

(1) Deemed interested via his shareholding in Reach Energy Holdings pursuant to Section 6A of the Act. For information on his shareholding in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.1.1.2 Warrants

Our Directors and their Warrant holdings in our Company after the IPO are as follows:

Name	After the IPO			
	<----- Direct ----->		<----- Indirect ----->	
	No. of Warrants held	%	No. of Warrants held	%
Izlan bin Izhab	-	-	-	-
Ir. Shahul Hamid bin Mohd Ismail	-	-	255,600,000 <sup>(1)</sup>	20.00
Nik Din bin Nik Sulaiman	-	-	-	-
Aonghus Joseph O'Carroll	-	-	-	-

Note:

(1) Deemed interested via his shareholding in Reach Energy Holdings pursuant to Section 6A of the Act. For information on his shareholding in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

### 7.1.2 Profiles

We are led by an experienced Board comprising members who are in the oil and gas professions and well versed in corporate governance practices. Our Board members are as follows:

Name	Age	Nationality	Designation
Izlan bin Izhab	68	Malaysian	Chairman/ Senior Independent Non-Executive Director
Ir. Shahul Hamid bin Mohd Ismail	64	Malaysian	Managing Director
Nik Din bin Nik Sulaiman	66	Malaysian	Independent Non-Executive Director
Aonghus Joseph O'Carroll	52	Irish	Independent Non-Executive Director

Our Board oversees the business and affairs of our Company and will assume, amongst others, the following duties and responsibilities:

- (i) reviewing and approving the overall strategic plans and direction of our Company;
- (ii) overseeing and evaluating the conduct and performance of our Company;
- (iii) identifying principal risks and ensuring implementation of a proper risk management system;
- (iv) establishing a succession plan;
- (v) overseeing the development and implementation of a shareholder communication policy for our Company; and
- (vi) reviewing the adequacy and the integrity of the management information and internal controls system of our Company.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

The profiles of our Directors are as follows:

**Izlan bin Izhab**, a Malaysian aged 68, is our Chairman/ Senior Independent Non-Executive Director. He graduated with a Bachelor of Laws degree from the University of London, UK in 1973 and attended the Advance Management Program at the University of Hawaii, US in 1984.

He started his career as an Assistant Legal Officer with Majlis Amanah Rakyat (MARA), the federal statutory body for the economic advancement of the Bumiputra community from 1973 to 1975. From 1975 to 1978, he was a company secretary with Komplek Kewangan Malaysia Berhad.

From 1978 to 1984, he was the Company Secretary of Permodalan Nasional Berhad. He spent the next 15 years from 1985 to 2000 with the Kuala Lumpur Stock Exchange (*currently known as Bursa Malaysia Berhad*) as the Executive Vice President, Corporate and Legal Affairs until his retirement. He was responsible for company secretarial functions, legal advisory on capital market laws and regulations and conducted lectures on capital market laws and regulations.

From 2004 until May 2013, he was a member of Bursa Malaysia Berhad Appeals Committee which is responsible for the hearing of appeals on violations of stock exchange rules by stockbroking companies, futures trading companies and listing requirements by public listed companies.

He was an independent director of Ramunia Holdings Berhad (*now known as TH Heavy Engineering Berhad*) which is involved in the fabrication of major steel structures, engineering works and provision of offshore services for the oil and gas industry from 2004 to 2008. During that period, he was the Chairman of the Remuneration Committee and Nomination Committee of the said company.

He is currently an independent non-executive Director of K&N Kenanga Holdings Berhad and Box-Pak (Malaysia) Berhad, which are all listed on Bursa Securities. He also holds directorships in various non-listed public companies and private limited companies mainly in fund management.

**Ir. Shahul Hamid bin Mohd Ismail**, a Malaysian aged 64, is our Managing Director. He was a Colombo Plan scholar and graduated with Bachelor (Honours) and Masters degrees in Mechanical Engineering from the University of Adelaide, Australia in 1975 and 1982, respectively.

He has more than 30 years of experience in the oil and gas industry, working for ExxonMobil and Shell group of companies for 25 years.

He began his E&P career in 1979 with Esso Production Malaysia Inc. ("**Esso**") as a Production and Development Engineer, involved in the front-end engineering of the oil and gas fields situated off the coast of Kuala Terengganu, Malaysia. He prepared various field development options and plans for the likes of the Tapis, Pulau, Bekok Tiong, Tinggi, Semangkok, Irong Barat, Guntong, etc. fields that are now realities and are still actively producing. He was one of the early Malaysian engineers sent offshore to manage field production activities, working closely with operations teams, drilling teams, well site geologists, petroleum engineers and various contractors.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Since then, he was assigned by Esso to become Drilling Engineering Supervisor in 1983, Head of Subsurface Engineering in 1985 and later he held the position of Head of Offshore Engineering in 1987 before moving on to Esso Australia Ltd from 1987 to 1991 to manage field development projects in the Bass Strait. During this period, he worked on Tuna, Halibut and Bream field development. In 1991, he joined North West Shelf Consortium, a joint venture between Shell and Woodside Petroleum Limited, where he was responsible to evaluate the Wanaea and Cossack ventures. Subsequently, in December 1991, he moved to Sarawak Shell Berhad/ Sabah Shell Petroleum Co. Ltd. ("**SSB/SSPC**") in Miri where he was the driving force for Shell Malaysia's brownfield asset management in Balingian, Central Luconia, Baram Delta and Sabah oil and gas fields as Head of Production Planning and later as Production & Maintenance Manager.

He held the role of Operations Director of SSB/SSPC during a crucial organisational transition period in 1996 where he was positioned to manage the operations function of Shell's entire E&P assets in Sabah, Sarawak and Fairley-Baram Unitisation with Brunei, which was staffed by approximately 1,500 personnel. He was later promoted to be the General Manager of Shell's Sarawak Oil Business Unit in 1997 where he managed all the oilfields in the Balingian and Baram Delta areas contracted under Shell Malaysia, along with Shell Malaysia's Bintulu Crude Oil Terminal and the Bintulu Integrated Facilities. He led several brownfield development projects from conceptual stage to EPCC and operations, along with the many re-drilling campaigns in assets such as the D35 and Bayan fields. From a greenfield perspective, he managed the evaluations of many small oil and gas fields such as Patricia, J21, etc. during his tenure as General Manager. Concurrently, he was also the Shell appointed manager in the Joint Management Committee of the Baram Delta Joint Venture between Shell Malaysia and PETRONAS Carigali.

In 1999, he was cross-posted by Shell and joined PDO as their Technical Services Manager, responsible and accountable for all the operations, engineering and technical services of PDO. His role was central to maximising the value of brownfield assets to keep PDO's total production above 700 kbd. He was a member of the Major Tender Board of PDO which was responsible for evaluating and recommending the award of contracts of substantial value.

On his return from Oman in 2001, he was appointed as Managing Director of Shell Refining Company (Federation of Malaya) Berhad ("**Shell Refining Company**") and Lutong Refining Company Sdn Bhd. During this period, he was closely involved in several refinery improvement efforts and upgrade projects from conceptual stage to EPCC. The financial and operational performance of Shell Refining Company showed a marked improvement, resulting in a substantial increase in its shareholders' value. During this period, he established a strong network with Shell's refining activities in Philippines, Singapore and Australia and was Council Member of the Federation of Malaysian Manufacturers (FMM) and the Malaysian International Chamber of Commerce & Industry(MICCI) - Malacca and Negeri Sembilan Branch.

After his retirement from Shell Refining Company in 2004, he was an independent director of Ramunia Holdings Berhad (*now known as TH Heavy Engineering Berhad*) which is involved in the fabrication of major steel structures, engineering works and provision of offshore services for the oil and gas industry from 2005 to 2006.

From 2007 to 2009, as the Group CEO of Petrofield Holdings (M) Sdn Bhd, he managed to secure major gasfield development opportunities and LNG businesses in the Middle East and refinery/petrochemical investments in Malaysia, Indonesia and the Middle East with the value of the opportunities in excess of USD10 billion.



## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Prior to Reach Energy, he led the Daya Materials group of companies to develop a portfolio of core oilfield services such as drilling services, asset integrity services, etc, covering Malaysia, Myanmar, Indonesia, Sri Lanka and Papua New Guinea from July 2012 to May 2013 as Technical Advisor for Daya Materials Berhad for the Oil and Gas Division. He was also appointed as Director in its operating subsidiaries of Daya Petroleum Ventures Sdn Bhd, Daya Maxflo Sdn Bhd and Daya Cotech Inspection Services Sdn Bhd. He led the successful acquisition of Maxflo Energy Sdn Bhd (now known as Daya Maxflo Sdn Bhd) which specialises in drilling tools and services. He advised on their strategic move into marine and offshore services, which is an additional revenue stream to Daya Materials group of companies. During the tenure of his involvement, the revenue of the oil and gas division of Daya Materials group of companies increased from approximately RM61.09 million in 6 months FPE 30 June 2012 to RM114.35 million in 6 months FPE 30 June 2013. Correspondingly, the segment results for the oil and gas division has also increased from RM14.52 million to RM15.84 million.

He has also contributed to academic field and talent development for the oil and gas industry. He has produced many technical reports, papers and reviews. These have been presented in various conferences, workshops, journals and meetings. He was awarded a special grant from the University of Adelaide and co-authored a pioneer research dissertation and paper on Statistical Energy Analysis entitled "In situ Determination of Loss and Coupling Loss Factors by the Power Injection Method" in 1981 (by D.A. Bies and S. Hamid), in the Journal of Sound and Vibrations and the Acoustical Society of America, which has been widely acclaimed and referenced to date in the oil and gas, aerospace and automotive industries.

He is an adjunct lecturer at Universiti Teknologi PETRONAS and member of the Engineering Board of Studies and Industry Advisory Panel at the International Islamic University, Kuala Lumpur. He was also previously a member of the Industry Advisory Panel at Monash University, Kuala Lumpur.

He is a Registered Professional Engineer in Malaysia and Australia. He is also a Member of the Institution of Engineers, Malaysia and the Institution of Engineers, Australia.

**Nik Din bin Nik Sulaiman**, a Malaysian aged 66, is our Independent Non-Executive Director. He obtained the Chartered Institute of Management Accountants (CIMA) Professional Qualification in 1974. He is a Fellow member of the Association of Chartered Certified Accountants, UK (FCCA) and a member of the Malaysian Institute of Accountants.

He has more than 35 years of experience in the fields of accounting, auditing and finance.

He started his career as an Accountant with Beecham Products (F.E.) Sdn Bhd in 1974 before leaving to join Pfizer Pte Ltd as Finance Manager. He was subsequently appointed as Group Financial Controller in Kumpulan Perangsang Selangor Berhad, an investment arm of Selangor State Government from 1978 to 1981. He also worked for Promet Berhad, a company involved in heavy engineering and fabrication of structures for the oil and gas industry from 1982 to 1992 initially as its Financial Controller and later as Finance Director.

He served in Sime Darby Group from 1992 to 2004 initially as Finance Director in the Malaysia Region, followed by Finance Director of Tractors Malaysia Holdings Berhad, a subsidiary of Sime Darby Berhad. He was also a director of Sime Bank Berhad when it was majority-owned by Sime Darby Berhad. Subsequently, he was the Group Chief Internal Audit Manager and his last position was as Finance Director in Sime Engineering Berhad.

He currently holds directorships in MTD ACPI Engineering Berhad and APFT Berhad, which are listed on Bursa Securities and Anglo-Eastern Plantations Plc, which is listed on the London Stock Exchange. He also sits on the board of several private limited companies.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

**Aonghus Joseph O'Carroll**, Irish aged 52, is our Independent Non-Executive Director. He won a scholarship from the National Science Foundation to attend and obtain a Master of Science degree and Diploma in Petroleum Geology from Imperial College of Science and Technology, London, UK in 1984. He also graduated with a B.A (Mod) Hons, Natural Science, Geology from Trinity College Dublin in 1983.

He has 29 years of international geoscience sales, marketing and management experience with oil companies and major service companies with experiences in Europe, Middle East and Asia Pacific. He has extensive experience in integrated service delivery across the exploration and production spectrum involving technical and managerial aspects. He was the Global Account Manager with Roxar Ltd for BP Plc, Shell and Total S.A. accounts focusing on cycle time reduction and technology delivery in modern software infrastructures.

He was the Managing Director of Knowledge Reservoir (UK) Ltd. ("**Knowledge Reservoir**") from June 2006 to July 2013, an upstream exploration and production consulting firm which provides support in reservoir management and surface systems for oil and gas industry globally since 2006. He was responsible for Knowledge Reservoir group's activities in Europe, Africa, Middle East and Asia Pacific. He has been involved in evaluating E&P assets, Reserves assessment/ auditing, flow assurance reviews and reservoir management studies for E&P clients.

He is currently the Africa Project Director of Senergy (GB) Limited, a consulting firm which provides technical and operational solutions to the upstream segment of the oil and gas industry. He is involved in project management of E&P activities ranging from exploration through development to production enhancement for projects in Europe and Africa.

### 7.1.3 Representative of corporate shareholders

Ir. Shahul Hamid bin Mohd Ismail who is a director and shareholder of Reach Energy Holdings is authorised to act as the corporate representative of Reach Energy Holdings.

Save for Ir. Shahul Hamid bin Mohd Ismail, none of our Directors represent any corporate shareholders.

### 7.1.4 Other principal directorships for the last five years and other principal business activities performed outside Reach Energy

Save as disclosed below, there are no other principal directorships for the last five years prior to the LPD and/or other principal business activities performed by our Directors outside Reach Energy:

Director	Name of Business/ Corporation	Principal Activities	Nature of interest or involvement
Izlan bin Izhah	<u>Present</u>		
	Box-Pak (Malaysia) Berhad	Manufacturing of corrugated boxes	Director
	Sun Life Malaysia Takaful Berhad ( <i>formerly known as CIMB Aviva Takaful Berhad</i> )	Underwriting of Family Takaful including investment-linked business and General Takaful business	Director
	K&N Kenanga Holdings Berhad	Financial services	Director
	Kenanga Deutsche Futures Sdn Bhd	Futures trading	Director

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Director	Name of Business/ Corporation	Principal Activities	Nature of interest or involvement
Izlan bin Izzah (cont'd)	Research Institute of Investment Analysts Malaysia	Training for investment analysts	Director
	UOB Asset Management (Malaysia) Berhad (formerly known as UOB – OSK Asset Management Sdn Bhd)	Asset management	Director
	<b>Past</b>		
	Bumiputra-Commerce Holdings Berhad	Financial services	Director
	CIMB Aviva Assurance Berhad (now known as Sun Life Malaysia Assurance Berhad)	Underwriting of life insurance and investment-linked business	Director
	Kenanga Investment Bank Berhad	Investment banking	Director
	Malaysia Airports Consultancy Services Sdn Bhd	Provide management, maintenance and technical services in airports operation, development and services	Director
	Malaysia Airports Holdings Berhad	Airport management and operations	Director
	N2N Connect Berhad	Research and development of software packages	Director
	O&G Equities Berhad	Dormant	Director
	OSK – UOB Investment Management Berhad (now known as OSK Investment Management Berhad)	Fund management	Director
	RHB Islamic International Asset Management Berhad (formerly known as OSK – UOB Islamic Fund Management Berhad)	Islamic fund management	Director
	SME Bank	Development banking	Director
	SME Growth Acceleration Fund Sdn Bhd	Private equity fund company	Director
Ir. Shahul Hamid bin Mohd Ismail	<b>Present</b>		
	Daya Cotech Inspection Services Sdn Bhd	Providing inspection services for the oil industry	Director and Shareholder (indirect) <sup>(1)</sup>
	Daya Maxflo Sdn Bhd	Providing oilfield drilling equipment and drilling services	Director and Shareholder (indirect) <sup>(1)</sup>
	Daya Petroleum Ventures Sdn Bhd	Oilfield technical services	Director and Shareholder

**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

Director	Name of Business/ Corporation	Principal Activities	Nature of interest or involvement
<b>Ir. Shahul Hamid bin Mohd Ismail (cont'd)</b>	Energy Economics & Engineering Sdn Bhd	Dormant	Shareholder <sup>(6)</sup>
	Fahud Ventures Sdn Bhd	Investment holding <sup>(2)</sup>	Director and Shareholder
	Hamzal Consulting Engineers Sdn Bhd	Providing specialised studies and services in oil and gas industry	Shareholder <sup>(6)</sup>
	Kyowa Energy Innovation Sdn Bhd	Implementing green energy projects	Director and Shareholder (indirect) <sup>(3)</sup>
	MACES International Sdn Bhd	Supplying oilfield chemicals	Shareholder
	MZ Kosmetik (Malaysia) Sdn Bhd	Trading consumer goods	Shareholder
	NES Global Sdn Bhd	Professional manpower supply	Director and Shareholder
	NES Global Talent Solutions Sdn Bhd	Training services	Director and Shareholder
	Overdick Consulting Engineers Sdn Bhd	Consultants in marine engineering and naval architecture	Director and Shareholder
	Petropro Engineering Sdn Bhd	.. <sup>(4)</sup>	Director and Shareholder
	PT Daya Maxflo	Dormant	Shareholder (indirect) <sup>(1)</sup>
	Reach Energy Holdings	Investment holding	Director and Shareholder
	Smart Global Scientific Sdn Bhd	Providing laboratory and scientific equipment	Director and Shareholder
	Vipac Engineers & Scientists Asia Sdn Bhd	Engineering consultancy in acoustics and vibrations	Director and Shareholder (indirect) <sup>(3)</sup>
	<b><u>Past</u></b>		
	Baytech Engineering Sdn Bhd	Providing engineering project services management	Director
	Baytech Resources Sdn Bhd	Support services in respect of engineering work and sale of oil field engineering spares and parts	Director
	Bridgewater Resources Sdn Bhd	.. <sup>(5)</sup>	Director and Shareholder
	Daya SMG Engineering Sdn Bhd	Dormant	Director
	DRL Engineering Sdn Bhd	Providing consulting services in Oilfield front-end engineering	Shareholder and Director

**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

Director	Name of Business/ Corporation	Principal Activities	Nature of interest or involvement
<b>Ir. Shahul Hamid bin Mohd Ismail (cont'd)</b>	Euro Omega Sdn Bhd	_(5)	Director and Shareholder
	Maritime, Oil & Gas Consultancy Services Sdn Bhd	Providing marine and offshore inspection services	Shareholder and Director
	Murray Holdings Sdn Bhd	_(5)	Director and Shareholder
	SVT Engineering Sdn Bhd	Consultants and advisor on industrial engineering works	Director and Shareholder
	SVT Resources Sdn Bhd	Consultants and advisor on industrial engineering works	Director and Shareholder
	Wells Oil & Gas Engineering (M) Sdn Bhd	_(5)	Director and Shareholder
<b>Nik Din bin Nik Sulaiman</b>	<b><u>Present</u></b>		
	Anglo-Eastern Plantations Plc	Cultivation and processing of palm oil and rubber	Director
	APFT Berhad	Investment holding company involved in flight education and training	Director
	Integrated Logistics Solutions Sdn Bhd	Land transportation and support services	Director
	Integrated Warehouse Sdn Bhd	Public bonded warehouse operator	Director
	M.I. Logistics Sdn Bhd	Logistics operator	Director
	MTD ACPI Engineering Berhad	Investment holding company involved in the construction of mountain roads, highways, bridges, building geotechnical works, erosion control and highway maintenance. The group is also involved in the manufacturing of precast concrete products for infrastructure and buildings and in Industrialised Building System (IBS)	Director
	MTD Capital Berhad	Investment holding company with interest in civil engineering and construction, infrastructure development, property development and manufacturing of construction related materials	Director

**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

Director	Name of Business/ Corporation	Principal Activities	Nature of interest or involvement
<b>Nik Din bin Nik Sulaiman (cont'd)</b>	MTD One C Place Sdn Bhd <i>(formerly known as AMRO Construction Sdn Bhd)</i>	Investment holding	Director
	<u>Past</u>		
	Borcos Sdn Bhd	_(5)	Director
	Doosan Construction Equipment Malaysia Co. Sdn Bhd	_(5)	Director and Shareholder
	PMBK Sawit Sdn Bhd	Oil palm cultivation	Director
	Syarikat Borcos Shipping Sdn Bhd	Marine transportation and support services	Director
	THP Bina Sdn Bhd <i>(formerly known as TH Technologies Sdn Bhd)</i>	Construction and management of infrastructure and building projects	Director
<b>Aonghus Joseph O'Carroll</b>	Ultimate Building Machine (Malaysia) Sdn Bhd	Dormant	Director
	<u>Present</u>		
	Hyperpynal Limited	Oilfield operations consulting	Director and Shareholder
	<u>Past</u>		
	Knowledge Reservoir (UK) Limited	Petroleum engineering consulting services	Director

**Notes:**

- (1) Deemed interested via his shareholding in Daya Petroleum Ventures Sdn Bhd pursuant to Section 6A of the Act.
- (2) Investment in Kyowa Energy Innovation Sdn Bhd and Vipac Engineers & Scientists Asia Sdn Bhd.
- (3) Deemed interested via his shareholding in Fahud Ventures Sdn Bhd pursuant to Section 6A of the Act.
- (4) CCM has in April 2014 sent a notice to strike off the company's name pursuant to Section 308(2) of the Act.
- (5) The company has been dissolved.
- (6) He has resigned as a director.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.1.5 Directors' remuneration and material benefits in-kind

For the FPE 31 July 2013, our Directors have not received any remuneration or benefits-in-kind from our Company. For the financial year ending 31 July 2014, remuneration and benefits-in-kind to be paid to our Directors for services rendered/to be rendered to our Company in all capacities are as follows:

	<----- FPE 31 July -----> 2013 (Actual) <sup>(1)</sup>	<----- FYE 31 July -----> 2014 (Estimate)
<b>Directors</b>		
Izlan bin Izhab	up to RM50,000	up to RM50,000
Ir. Shahul Hamid bin Mohd Ismail	up to RM50,000	RM800,000 to RM850,000
Nik Din bin Nik Sulaiman	up to RM50,000	up to RM50,000
Aonghus Joseph O'Carroll	up to RM50,000	up to RM50,000

*Note:*

(1) For one month period from 1 July 2013 to 31 July 2013.

Prior to the completion of the Qualifying Acquisition, our Directors will not receive any remuneration in the form of securities of Reach Energy.

### 7.1.6 Board practices

According to our Articles of Association, at the general meeting in each and every subsequent year, at least 1/3 of our Directors for the time being or if their number is not a multiple of three then the number nearest 1/3 shall retire from office provided that all Directors shall retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. An election of Directors shall take place each year.

Any person appointed as Director, either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

As at the date of this Prospectus, the current term of office for each Director is as follows:

Name	Designation	Date of appointment	Date of expiry of current term of office	No. of years in service
Izlan bin Izhab	Chairman/ Senior Independent Non-Executive Director	1 July 2013	To retire at the AGM to be held in year 2016 pursuant to Section 129(2) of the Act	One year
Ir. Shahul Hamid bin Mohd Ismail	Managing Director	7 February 2013	To retire at the AGM to be held in year 2017	One year and five months
Nik Din bin Nik Sulaiman	Independent Non-Executive Director	1 July 2013	To retire at the AGM to be held in year 2015	One year
Aonghus Joseph O'Carroll	Independent Non-Executive Director	1 July 2013	To retire at the AGM to be held in year 2016	One year

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**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**


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**(i) Audit Committee**

The main functions of the Audit Committee will fall within the ambit of the Listing Requirements. The following are the main duties and responsibilities of the Audit Committee:

- (a) review our Company's quarterly results and year-end financial statements before submission to our Board, focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events;
  - compliance with accounting standards and other legal requirements;
- (b) review with the external auditors the following and report the same to our Board:
  - the audit plan;
  - audit report;
  - evaluation of internal controls system;
- (c) review the following and report the same to our Board:
  - the assistance given by the employees to the external auditor;
  - the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - the internal audit programme, processes, the results of the internal audit programme, processes of investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (d) review and report to our Board any related party transaction and conflict of interest situation that may arise including any transaction, procedure or course of conduct that raises questions of management integrity;
- (e) review and report to our Board any letter of resignation from the external auditors;
- (f) recommend to our Board on the appointment and re-appointment of the external auditors and their audit fee, after taking into consideration the suitability, independence and objectivity of the external auditors and the cost effectiveness of the audit;
- (g) exercise its powers and carry out its responsibilities as may be required from time to time under the Whistleblower Policy and Procedures; and
- (h) carry out any other function that may be mutually agreed upon by the Audit Committee and our Board.



## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

The composition of the Audit Committee is as follows:

<b>Name</b>	<b>Position</b>	<b>Directorship</b>
Nik Din bin Nik Sulaiman	Chairman	Independent Non-Executive Director
Izlan bin Izhab	Member	Chairman/ Senior Independent Non-Executive Director
Aonghus Joseph O'Carroll	Member	Independent Non-Executive Director

### (ii) Nomination Committee

The Nomination Committee is responsible to:

- (a) formulate the nomination, selection and succession policies for the members of our Board, board committees, senior independent non-executive director and key management personnel;
- (b) make recommendations to our Board on new candidates for appointment and re-election to our Board;
- (c) make recommendations to our Board for appointments to fill casual vacancies;
- (d) conduct a review to determine whether a director can continue to be independent in character and judgement;
- (e) review on an annual basis the required mix of skills, experience and other qualities of our Board;
- (f) review and recommend to our Board the appointment of members of board committees;
- (g) ensure that orientation and education programmes are provided for new members of our Board;
- (h) review the directors' continuing education programmes;
- (i) recommend the engagement of external professional advisors to assist and/or advise the Nomination Committee, where necessary; and
- (j) establish a set of quantitative and qualitative performance criteria to evaluate the performance of each member of our Board.

The composition of the Nomination Committee is as follows:

<b>Name</b>	<b>Position</b>	<b>Directorship</b>
Izlan bin Izhab	Chairman	Chairman/ Senior Independent Non-Executive Director
Aonghus Joseph O'Carroll	Member	Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### (iii) Remuneration Committee

The Remuneration Committee is responsible to:

- (a) formulate and recommend to our Board the remuneration policies and remuneration for the members of our Board and senior management which align with the business strategy and long-term objectives of our Company and are reflective of their responsibilities and expertise; and
- (b) recommend the engagement of external professional advisors to assist and/or advise the Remuneration Committee, on remuneration matters, where necessary.

Determination of remuneration packages of non-executive directors, including non-executive chairman, should be determined by our Board as a whole and the individuals concerned should abstain from discussing their own remuneration.

The composition of the Remuneration Committee is as follows:

Name	Position	Directorship
Izlan bin Izhab	Chairman	Chairman/ Senior Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director
Ir. Shahul Hamid bin Mohd Ismail	Member	Managing Director

### (iv) Risk Management Committee

The Risk Management Committee is responsible to:

- (a) review and recommend risk management strategies and policies;
- (b) review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively;
- (c) ensure adequate infrastructure, resources and systems are in place for risk management;
- (d) review periodic reports from the management on risk exposure, risk portfolio composition and risk management activities;
- (e) review and recommend new policies or changes to policies and to consider their risk implications;
- (f) review the impact of risk on capital adequacy and profitability under normal and stress scenarios;
- (g) review and evaluate the various processes and systems engaged by our Company and to ensure that they are conducted within the standards and policies as set by our Board;
- (h) assess the adequacy of the business recovery/disaster recovery procedures; and

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

- (i) monitor our Company's HSE performance.

The composition of the Risk Management Committee is as follows:

Name	Position	Directorship
Aonghus Joseph O'Carroll	Chairman	Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director
Ir. Shahul Hamid bin Mohd Ismail	Member	Managing Director
Azmi bin Tan Sri Arshad	Member	-

### (v) Best practices of corporate governance

Our Board recognises the importance of corporate governance and offering high standards of accountability to our shareholders which the responsibility primarily lies with our Board. Our Board, in carrying out its responsibilities, is firmly committed to ensure that the highest standards of corporate governance and corporate conduct are adhered to with the ultimate objective of realising long-term and sustainable shareholders' value.

In line with the principles and best practices set out in the Malaysian Code on Corporate Governance 2012, our Company has adopted a corporate governance framework as set out below to ensure that the best interests of shareholders and other stakeholders are effectively served.

Statement	Description
(a) Board composition and balance	Sets out the roles and responsibilities of our Directors and management.
(b) Code of conduct and ethics for Directors and employees	Sets out the standards of business conduct and ethical behaviour required of our Directors, Management Team and employees in the performance and exercise of their respective responsibilities.
(c) Accountability and audit	Sets out the framework and policies on financial reporting, internal control and risk management.
(d) Confidentiality and disclosure of interest	Sets out the obligations of our Directors, Management Team and other key personnel in relation to duty of confidentiality and disclosure on conflict of interest.
(e) Investor relations and shareholder communication	Sets out the communication policies with stakeholders including communication of material information.
(f) Health, safety and environment	Sets out our Company's HSE statement.

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**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

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Further, our Board is committed to establishing and maintaining a sound system of internal control to safeguard our shareholders' interests and our Company's assets. Our Board oversees, reviews and monitors the operation, adequacy and effectiveness of our Company's system of internal controls and risk management policies and framework. Our Managing Director and CFO are to provide an assurance to our Board, periodically, on whether our Company's risk management and internal control system is operating adequately and effectively in all material aspects.

We have established an Audit Committee and Risk Management Committee, with the responsibilities and composition set out in Sections 7.1.6(i) and 7.1.6(iv) of this Prospectus.

Our Board will continue to play an active role in enhancing corporate governance practice and constantly be updated with the latest development in corporate governance.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.2 MANAGEMENT TEAM/ PROMOTERS

#### 7.2.1 Management Team/ Promoters' interests in Shares and Warrants

##### 7.2.1.1 Shares

Our Management Team/ Promoters and their shareholdings in our Company before and after the IPO and assuming full exercise of the Warrants are as follows:

Name	Before the IPO				After the IPO				Assuming full exercise of Warrants			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Ir. Shahul Hamid bin Mohd Ismail	-	-	255,600,200 <sup>(1)</sup>	92.00	-	-	255,600,200 <sup>(1)</sup>	20.00	-	-	511,200,200 <sup>(1)</sup>	20.00
Azmi bin Tan Sri Arshad	-	-	255,600,200 <sup>(1)</sup>	92.00	-	-	255,600,200 <sup>(1)</sup>	20.00	-	-	511,200,200 <sup>(1)</sup>	20.00
Abd Rahim bin Shamsudin	-	-	-	-	-	-	-	-	-	-	-	-
Dr Robert King Park	-	-	-	-	-	-	-	-	-	-	-	-
Ir. Syed Salim bin Syed Abu Bakar	-	-	-	-	-	-	-	-	-	-	-	-
Ronald Lee Schakosky	-	-	-	-	-	-	-	-	-	-	-	-

Note:

(1) Deemed interested via their shareholdings in Reach Energy Holdings pursuant to Section 6A of the Act. For information on their shareholdings in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.2.1.2 Warrants

Our Management Team/ Promoters and their Warrants holdings in our Company after the IPO are as follows:

Name	After the IPO			
	<----- Direct -----> No. of Warrants held	%	<----- Indirect -----> No. of Warrants held	%
Ir. Shahul Hamid bin Mohd Ismail	-	-	255,600,000 <sup>(1)</sup>	20.00
Azmi bin Tan Sri Arshad	-	-	255,600,000 <sup>(1)</sup>	20.00
Abd Rahim bin Shamsudin	-	-	-	-
Dr Robert King Park	-	-	-	-
Ir. Syed Salim bin Syed Abu Bakar	-	-	-	-
Ronald Lee Schakosky	-	-	-	-

Note:

(1) Deemed interested via their shareholdings in Reach Energy Holdings pursuant to Section 6A of the Act. For information on their shareholdings in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.2.2 Changes in shareholdings of Management Team/ Promoters in Reach Energy

Our Company was incorporated on 7 February 2013. The significant changes in the shareholdings of our Management Team/ Promoters in our Company since incorporation are as follows:

Name	<----- As at 7 February 2013* ----->		<----- As at 5 March 2013* ----->		<----- After the Pre-IPO Event ----->	
	Direct ----->	Indirect ----->	Direct ----->	Indirect ----->	Direct ----->	Indirect ----->
	No. of shares	%	No. of shares	%	No. of Shares	%
Reach Energy Holdings	-	-	-	-	255,600,200	92.00
Ir. Shahul Hamid bin Mohd Ismail	1	50.00	-	-	-	255,600,200 <sup>(1)</sup>
Azmi bin Tan Sri Arshad	1	50.00	-	-	-	255,600,200 <sup>(1)</sup>
Abd Rahim bin Shamsudin	-	-	-	-	-	-
Dr Robert King Park	-	-	-	-	-	-
Ir. Syed Salim bin Syed Abu Bakar	-	-	-	-	-	-
Ronald Lee Schakosky	-	-	-	-	-	-

Notes:

\* Ordinary share of RM1.00 each in Reach Energy.

(1) Deemed interested via their shareholdings in Reach Energy Holdings pursuant to Section 6A of the Act. For information on their shareholdings in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.2.3 Profiles

We are led by a committed and professional Management Team with strong E&P base and experience, particularly in the Asia Pacific region. Our Management Team members have an average of over 30 years of experience in the oil and gas industry encompassing the entire E&P value chain including the financial and commercial aspects. The key responsibilities of our Management Team members are summarised as follows:

Name	Designation	Key responsibilities
Ir. Shahul Hamid bin Mohd Ismail	Managing Director	Overall business management covering the full spectrum of technical, commercial and corporate aspects
Azmi bin Tan Sri Arshad	Chief Financial Officer	Financial management, including financial planning, investment analyses and economic evaluations
Abd Rahim bin Shamsudin	Vice President of Petroleum Engineering	Reserves evaluation, field development, reservoir management and redevelopment and production enhancement
Dr Robert King Park	Vice President of Geosciences	Geological and geophysical evaluations, including hydrocarbon in-place assessment and management of the specific set of geological disciplines
Ir. Syed Salim bin Syed Abu Bakar	Vice President of Operations	Safe surface engineering, production and operations of oil and gas facilities, including storage and final transportation of oil and gas to customer destinations
Ronald Lee Schakosky	Vice President of Business Development	Sourcing, screening and evaluating potential and suitable hydrocarbon assets

The profile on **Ir. Shahul Hamid bin Mohd Ismail** is set out in Section 7.1.2 of this Prospectus. The profiles of the remaining members of our Management Team are as follows:

**Azmi bin Tan Sri Arshad**, a Malaysian aged 51, is the CFO of our Company. He graduated with a degree in accountancy from the University of East Anglia, Norwich, UK in 1986 and passed the professional examinations of the Institute of Chartered Accountants in England and Wales (ICAEW) in 1990.

He started his career with KPMG Peat Marwick in London as an associate in 1987 and later held the position as Supervisor of the audit department in Kuala Lumpur in 1991. He joined the corporate finance department of Usaha Tegas Sdn Bhd in 1993 where he was involved in the start-up phase of the Kuala Lumpur City Centre project and played a key role in business planning, financial modelling and corporate finance analysis for MEASAT Broadcast Network Systems Sdn Bhd.

In 2003, he joined SapuraCrest Petroleum Berhad ("**SapuraCrest**"), a company principally engaged in oil and gas services, as the CFO. During his eight years of service, he played a key role in numerous acquisitions, joint ventures and equity and debt fundraisings. These include the acquisition of Sapura Energy Sdn Bhd and the cross border acquisition of Total Marine Technology Pte Ltd, Australia. He was also involved in the joint venture arrangements with foreign partners for offshore installation and construction activities which include the construction of offshore support vessels and rigs for a combined value of over USD600 million.



## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

He was the chairman of the due diligence working group for equity and debt fundraising and other corporate exercises of SapuraCrest with aggregate funds raised of more than RM3 billion. During his tenure, he also oversaw the transfer listing of SapuraCrest from the Second Board to the Main Board of Bursa Securities (*now known as Main Market of Bursa Securities*).

He was also director on the board of many of SapuraCrest subsidiaries including TL Offshore Sdn Bhd, TL Geosciences Sdn Bhd, TL Geohydrographics Sdn Bhd, Tioman Drilling Company Sdn Bhd, Crest Tender Rigs Ltd, Total Marine Technology Pte Ltd and Sarku Engineering Services Sdn Bhd, collectively involved in the business of development drilling, installation of pipelines and facilities, offshore survey, offshore soil investigation, hook-up and commissioning, Remotely Operated Vehicles services and topside structural maintenance. In addition, he was also a director of Uzmal Oil Inc which is a joint-venture between SapuraCrest and Uzbekneftegaz National Holding Company (state-owned holding company of Uzbekistan's oil and gas industry).

From 2011 to 2013, he was the Chief Operating Officer of Sapura Resources Berhad ("**Sapura Resources**") and was responsible for its investments and businesses comprising property investment, facilities management, education, manufacturing, project management and aviation services. In addition, he oversaw the set-up of the aviation services business of Sapura Resources where he managed the corporate acquisition and joint ventures of the company with foreign companies.

**Abd Rahim bin Shamsudin**, a Malaysian aged 57, is the Vice President of Petroleum Engineering of our Company. He obtained his Diploma in Petroleum Engineering from Universiti Teknologi Malaysia in 1978 and later graduated with Bachelor of Science in Petroleum Engineering from Louisiana State University (LSU), US in 1985.

He has been directly involved in PETRONAS' E&P business for over 30 years, mostly with PETRONAS Carigali, but also including six years with PETRONAS Petroleum Management Unit and two years in international operations. He has extensive knowledge and direct relevant experience in petroleum engineering, gas supply planning, joint venture management and asset management.

He started his career with PETRONAS Carigali in 1978 as a Petroleum Engineer and Petrophysicist, providing hydrocarbon assessment to the Petroleum Engineering Department in Kuala Lumpur. Later, he was posted to PETRONAS Carigali's operations in Terengganu, Sarawak and Sabah from 1989 to 1999. During this period, he undertook various roles including as Upstream Gas Planner, Production Technologist, Asset Manager and Technical Services Manager. His notable achievement was, amongst others, leading an integrated subsurface team for the successful development and implementation of the Baronia FDP which resulted in the realisation of additional Reserves and oil production capacity, successful drilling and completion of the then longest horizontal well, the application of new technology in well completion and successful implementation of a water and gas injection system.

In 1999, he moved to the PETRONAS Petroleum Management Unit where he was in charge of the management of gas planning and PSC operations. He was responsible for the overall domestic gas supply planning driving PSC operators to deliver short and long term gas supply commitments to Peninsular Gas Utilisation (PGU) and LNG. During this time, he was also directly involved in the negotiation of the West Natuna gas sale and purchase agreement.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

In 2005, he returned to PETRONAS Carigali to manage the Angsi oil field development. Later, he was appointed as the Joint Venture Manager to represent PETRONAS Carigali in the PSC operations carried out by Shell Malaysia and JX Nippon Oil & Gas Exploration (Malaysia) Limited. He then moved to Turkmenistan in 2009 to set up the Petroleum Engineering Department for PETRONAS Carigali (Turkmenistan) Sdn Bhd, spearheading oil and gas asset development and production. During this period, he initiated the conceptual development study for early monetisation of new oil and gas Reserves. He also successfully completed phase 1 of the gas field development, which provided upstream production capacity of 600 MMcfd of gas and 50 kbd of condensate. Upon his retirement in 2011, he was employed on contract by PETRONAS for recruiting experienced petroleum engineering professionals.

He served as Chairman, SPE Kuala Lumpur Section in 2002.

**Dr Robert King Park**, a British aged 70, is the Vice President of Geosciences of our Company. He graduated with a Bachelor of Science (Honours) Degree in Geology from the University of Glasgow in 1967 and proceeded to the University of Reading, UK where he earned a PhD from the Sedimentology Research Laboratory in 1972. This included a stint as a research associate at Princeton University, US in 1970 and led to academic positions as Lecturer in Sedimentology and Introductory Geology at the University of Leeds and University of Liverpool, UK in 1972 and 1973, respectively. He was also an Adjunct Professor of Geology at the University of Adelaide, Australia from 2003 to 2007.

He has been in the oil and gas industry for the past 39 years, primarily as a geologist/sedimentologist to source and evaluate oil and gas resources. His global experience has been broad from prospect generation to field development and overseeing operational activity, to technical and research support for reservoir production and exploration activities.

He was with Phillips Petroleum Company Ltd from 1974 to 1985 where he held several positions in geology and sedimentology areas including the Senior Development Geologist, Senior Carbonate Sedimentologist in Exploration Research Projects Group in Bartlesville and Clastic Sedimentologist, supporting their global operations.

His association with South East Asia started in 1985 when he was with Schlumberger Wireline Services (Indonesia) Ltd in Jakarta, Indonesia and held positions as the Division Geologist in Indonesia and India and Unit Geologist in the Far East region and Australia. He later joined Maxus Energy Company from 1988 to 1999 as the Lead Geologist in a special projects section. Under his helm, there was an increase in the Cinta Field production and new infill production at Karmila Field in Indonesia.

From 1999 to 2002, he was the Senior Technical Advisor for YPF (Yacimientos Petrolíferos Fiscales)-Kodeco Energy Co. Ltd. Operations. He assisted in planning and implementing a successful exploration and development-drilling programme for Krisna field. From 2003 to 2006, he was a Senior Technical Adviser with Kodeco Energy Co. Ltd in Indonesia. Subsequently, he was appointed as the Senior Specialist Advisor and acted in the capacity of a Chief Geologist from 2006 to 2010 where he was part of the multidisciplinary operations team charged with implementing revitalised exploration and development programmes from concept to operation. During his ten years with Kodeco Energy Co. Ltd, he and his team added 240 MMbo of new Reserves, resulting in more than 1,000% increase in both production and revenue. From 2011 till now, he works as an independent geological consultant, lending his experience to evaluate potential sites across the Asia Pacific region.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

During this period, he was engaged by oil companies and oil and gas service companies such as Hess (Indonesia-Pangkajene) Limited, AWE Limited, Risco Energy Investments Pte Ltd, Pearl Energy Limited, Murphy Sarawak Oil Co Ltd, Husky-CNOOC Madura Ltd and Rose & Associates (Indonesia) to evaluate oil field potentials and investment opportunities and reservoir studies in Indonesia and the Philippines, conducted studies on field development potential and prepared field review reports and data room reviews. In addition, he also conducted field seminars for various oil companies and professional organisations on modern carbonate depositional systems and analogues for Miocene carbonate fields in South East Asia.

He is a member of the American Association of Petroleum Geologists (AAPG), the Geological Society, International Association of Sedimentologists, SEPM (Society for Sedimentary Geology) and the Indonesian Petroleum Association where he served on the Technical Committee for seven years. He has authored more than 25-peer reviewed papers and has been an occasional reviewer for the above societies' publications.

**Ir. Syed Salim bin Syed Abu Bakar**, a Malaysian aged 57, is the Vice President of Operations of our Company. He graduated with a Degree of Bachelor of Engineering with Honours in Mechanical Engineering from the University of Liverpool, UK in 1980. He attended the INSEAD Senior Management Development Programme in 2004.

He has 28 years of experience in various oil and gas core divisions in PETRONAS including upstream E&P, petrochemical, refining and research and technology. Having gone through all the phases of E&P field development and production environment, he developed expertise in the area of managing upstream oil and gas fields production and operations activities domestically as well as internationally.

He began his career with PETRONAS Carigali in 1983 where he held various positions within PETRONAS Carigali in the Operations and Development Department which include the Head of Operations, Head of Joint Venture Operations Project, Head of Project Coordination, Senior Quality Assurance/Quality Control Engineer, Senior Mechanical Engineer and Facilities Engineer. He was responsible for managing the production and operations of major offshore oil producing fields and floating storage and offloading (FSO) facilities. He also managed major operators in the Joint Venture Department as Head of Sabah/Sarawak Projects with the responsibility of being the representative of PETRONAS Carigali at the joint ventures.

In 1998, he left PETRONAS Carigali and joined BASF-PETRONAS Chemical Sdn Bhd, a joint-venture company of BASF SE and PETRONAS Chemicals Group Berhad as the Plant Manager for the OXO – C4 Plant where he led a team to start-up and operate the world-scale petrochemical plant. In 2001, he joined PETRONAS Refinery (Terengganu) Sdn Bhd as a Senior Manager of the Technical Division and was responsible for leading various teams in ensuring sound engineering services for optimum asset utilisation. He worked closely with the production team on benchmarking for best practices in the area of Energy and Loss which is critical to the efficient running of refineries and aromatic plants.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

In 2006, he joined the PETRONAS Research & Technology Division as the Operating Performance Improvement (OPI) Manager and was responsible for formulation of strategies to manage PETRONAS Operating Performance Improvement programme for the entire E&P sector. His responsibilities include the review and analysis of oil and gas production deferment of PETRONAS PSC operators and to develop a new PSC performance management reporting format to ensure minimum deferment and that PSC productions are properly managed. He had also prepared a comprehensive Upstream Benchmarking exercise to further improve PSC production efficiency, cost and HSE. After a year, he moved to Khartoum, Sudan to work as the Production Manager for Greater Nile Production Operating Company Limited where he managed the crude oil production operations activities for the company in the Muglad Basin Sudan. His last appointment was as the Field Manager for Eastern Cluster of PETRONAS Carigali's operations in Sarawak from 2010 to 2011 where he was responsible for the production operations activities for Baram Field. Upon his retirement in 2011, he was employed on contract by PETRONAS for recruiting experienced engineering professionals.

He is a member of the Institution of Engineers, Malaysia and a registered professional engineer with Board of Engineers Malaysia.

**Ronald Lee Schakosky**, an American aged 65, is the Vice President of Business Development of our Company. He has the experiences in energy portfolio development and management, corporate and strategic planning, asset and personnel management, mergers and acquisitions and business development. He has a strong network and business relationships with key stakeholders of IOCs and NOCs, PSC operators and funders both in South East Asia and the Middle East.

His work assignments in various oil companies such as oil majors ExxonMobil, PETRONAS Carigali, Union Oil Company of California ("**UNOCAL**"), Pearl Energy Limited, Newfield Exploration Company and KODECO Energy Co. Ltd. have enabled him over the years to build good working relationships, network and trust amongst the key decision makers in these entities. He has held various positions of responsibility and further delivered projects under his helm. He also interfaced with NOCs such as Badan Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi (BPMIGAS)/Pertamina (Indonesia), PETRONAS (Malaysia), Department of Mineral and Fuels (DMF, Thailand) and Vietnam Oil and Gas Group (PetroVietnam) to facilitate the required approvals.

He has over 30 years of international experience in both downstream and upstream areas of the oil and gas industry, having worked in South East Asia, Middle East, Africa and in the US. He has knowledge and experience in oil and gas engineering, field development, fabrication, offshore installation, commissioning, operations, maintenance, construction and government relations. Since early in his career, he has held various positions that had profit and loss responsibility and supporting the leadership of the company he worked for in terms of strategic direction and growth, more specifically in extending their present portfolio of clients and area of work. He has worked for oil majors such as ExxonMobil, Atlantic Richfield Company, UNOCAL and NOCs such as PETRONAS, PetroVietnam and Pertamina.

He started his career as a Production Engineer with Conoco Inc. followed by an intercompany transfer to Dubai Petroleum Company in 1974 before moving to Algeria to take up the role of Technical Consultant with Bechtel International in Algeria on a large LNG plant. He then moved to South East Asia in the early 1980s working for Esso and has remained in this region working in Indonesia, Thailand, Vietnam and Singapore holding various positions in project development and execution.

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**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

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In 2005, he moved to Newfield Peninsula Malaysia Inc, Malaysia as Development Manager for the East Belumut Field Development, which entailed a multi-tasking role of managing projects and dealing with PETRONAS. In 2007, he moved to Swiber Holdings Limited, Singapore ("**Swiber**") as the Vice President and Group Marketing Officer. He was responsible for Swiber's business expansion plan and spearheaded ventures in the Middle East and South East Asia in the oil and gas industry. Amongst his notable achievements were securing an engineering, procurement, construction and installation ("**EPCI**") contract from Chevron Corporation group in Thailand for Cuel Limited-Swiber joint venture, Thailand, an EPCI contract from Pearl Oil Indonesia for PT Rajawali Swiber Cakrawala and an EPCI contract for the Sabah Oil & Gas Terminal Project by PETRONAS for Alam Maritim Resources Bhd-Swiber Offshore Construction Pte Ltd joint venture in Malaysia.

Having obtained a niche in the area of business development, he was headhunted to join Leighton Offshore Pte Ltd as General Manager of Business Development in early 2011 where he was responsible for the business expansion plan in the Asia Pacific region and the Middle East. During this period, he headed the pre-contracts and client relationship management activities including pre-qualification and tendering and secured EPCI contract for the Sea Line Project - Iraq. He also headed the tendering and Leighton Offshore Pte Ltd was awarded a short term operational and maintenance (O&M) contract for the management of an oil terminal for South Oil Company, Iraq.

Prior to joining Reach Energy, he was employed under contract by Daya Materials as Business Development Director Offshore Services for a period of 6 months to develop oilfield services. During this period, he identified principals and potential partners fitting the business growth plan of Daya Materials. He helped the Daya OCI Sdn Bhd-Sheffield Offshore Pte Ltd joint venture to pre-qualify with PETRONAS to provide professional and technical manpower services. He initiated the introduction of Maxflo Energy Products Sdn Bhd (now known as Daya Maxflo Sdn Bhd) to Daya Materials as a potential growth investment which subsequently was acquired by Daya Materials. His employment contract with Daya Materials ended in December 2012.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.3 SUBSTANTIAL SHAREHOLDERS

#### 7.3.1 Substantial shareholders' interests in Shares and Warrants

##### 7.3.1.1 Shares

Our substantial shareholders and their shareholdings in our Company before and after the IPO and assuming full exercise of the Warrants are as follows:

Name	Nationality/ Place of incorporation	Before the IPO			After the IPO <sup>(1)</sup>		
		<----- Direct ----->	No. of Shares held	%	<----- Direct ----->	No. of Shares held	%
Reach Energy Holdings	Malaysia		255,600,200	92.00		255,600,200	20.00
Ir. Shahul Hamid bin Mohd Ismail	Malaysian		-	-		255,600,200 <sup>(1)</sup>	20.00
Azmi bin Tan Sri Arshad	Malaysian		-	-		255,600,200 <sup>(1)</sup>	20.00
Daya Materials	Malaysia		22,222,225	8.00		22,222,225	1.74
							-

#### Assuming the full exercise of Warrants

Name	<----- Direct ----->			<----- Indirect ----->		
	No. of Shares held	%	No. of Shares held	%	No. of Shares held	%
Reach Energy Holdings	511,200,200	20.00			-	-
Ir. Shahul Hamid bin Mohd Ismail	-	-	511,200,200 <sup>(1)</sup>	20.00		
Azmi bin Tan Sri Arshad	-	-	511,200,200 <sup>(1)</sup>	20.00		
Daya Materials	44,444,450	1.74			-	-

Note:

(1) Deemed interested via their shareholdings in Reach Energy Holdings pursuant to Section 6A of the Act. For information on their shareholdings in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Assuming that Reach Energy Holdings exercises all Warrants that it holds and none of the other shareholders exercise its Warrants, the shareholding of Reach Energy Holdings in our Company will exceed 33% of our enlarged issued and paid-up share capital. Pursuant to the Malaysian Code on Take-overs and Mergers 2010 (the "**Code**"), Reach Energy Holdings will have a statutory obligation to undertake a mandatory offer for the remaining Shares in our Company that it does not already own. In this respect, Reach Energy Holdings has given an undertaking that it will observe and comply at all times with the provisions of the Code.

### 7.3.1.2 Warrants

Our substantial shareholders and their Warrant holdings in our Company after the IPO are as follows:

Name	After the IPO			
	<----- Direct ----->		<----- Indirect ----->	
	No. of Warrants held	%	No. of Warrants held	%
Reach Energy Holdings	255,600,000	20.00	-	-
Ir. Shahul Hamid bin Mohd Ismail	-	-	255,600,000 <sup>(1)</sup>	20.00
Azmi bin Tan Sri Arshad	-	-	255,600,000 <sup>(1)</sup>	20.00
Daya Materials	22,222,225	1.74	-	-

Note:

(1) Deemed interested via their shareholdings in Reach Energy Holdings pursuant to Section 6A of the Act. For information on their shareholdings in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

### 7.3.2 Background information on our substantial shareholders

#### (i) Reach Energy Holdings

Reach Energy Holdings was incorporated in Malaysia under the Act on 8 February 2013 as a private limited company. Reach Energy Holdings is principally involved in investment holding.

As at the LPD, Reach Energy Holdings has an authorised share capital of RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The Directors of Reach Energy Holdings are Ir. Shahul Hamid bin Mohd Ismail, Azmi bin Tan Sri Arshad and Abd Rahim bin Shamsudin.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

The shareholders of Reach Energy Holdings and their respective shareholdings as at the LPD are as follows:

Name	Nationality	<----- Direct ----->		<----- Indirect ----->	
		No. of Reach Energy Holdings	% Shares	No. of Reach Energy Holdings	% Shares
Ir. Shahul Hamid bin Mohd Ismail	Malaysian	410,800	41.08	-	-
Azmi bin Tan Sri Arshad	Malaysian	325,100	32.51	-	-
Abd Rahim bin Shamsudin	Malaysian	78,200	7.82	-	-
Ir. Syed Salim bin Syed Abu Bakar	Malaysian	68,500	6.85	-	-
Ronald Lee Schakosky	American	68,500	6.85	-	-
Dr Robert King Park	British	48,900	4.89	-	-

The capital contribution made by each Management Team member into our Company via Reach Energy Holdings for the Subscription by Reach Energy Holdings is based on their proportionate shareholdings in Reach Energy Holdings.

### (ii) Daya Materials

Daya Materials was incorporated in Malaysia under the Act on 8 December 2003 as public limited company under its present name and was listed on the MESDAQ Market of Bursa Securities (*now known as the ACE Market of Bursa Securities*) on 25 July 2005. On 6 November 2009, Daya Materials was transferred to the Main Market of Bursa Securities. The principal activities of Daya Materials are that of investment holding and provision of management services to its subsidiary companies. Its subsidiaries are principally involved in three core activities, namely, the provision of products and services to the oil and gas and petrochemical industry, manufacturing and trading of polymers and technical services.

As at the LPD, Daya Materials has an authorised share capital of RM200,000,000 comprising 2,000,000,000 ordinary shares of RM0.10 each, of which RM138,881,875.40 comprising 1,388,818,754 ordinary shares of RM0.10 each have been issued and fully paid-up.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

The Directors of Daya Materials and their respective shareholdings based on publicly available information as at the LPD are as follows:

Name	Nationality	<----- Direct ----->		<---- Indirect ---->	
		No. of shares	%	No. of shares	%
Dato' Dr. Azmil Khalili bin Dato' Khalid	Malaysian	-	-	-	-
Dato' Mazlin bin Md Junid	Malaysian	104,343,386	7.51	20,000,720 <sup>^</sup>	1.44
Tan Sri Dato' Sri Koh Kin Lip JP	Malaysian	78,115,098	5.62	3,000,000 <sup>@</sup>	0.22
Nathan Tham Jooi Loon	Malaysian	69,708,198	5.02	4,709,998 <sup>#</sup>	0.34
Fazrin Azwar bin Md. Nor	Malaysian	9,998	0.001	-	-
Datuk Lim Soon Foo	Malaysian	64,329,098	4.63	279,000 <sup>*</sup>	0.02
Ronnie Lim Hai Liang (Alternate Director to Datuk Lim Soon Foo)	Malaysian	279,000	0.02	64,329,098 <sup>**</sup>	4.63

Notes:

<sup>^</sup> Indirect Interest via the shareholdings of his children pursuant to Section 134(12)(c) of the Act.

<sup>@</sup> Indirect Interest via the shareholdings of his son pursuant to Section 134(12)(c) of the Act.

<sup>#</sup> Indirect Interest via the shareholdings of his spouse pursuant to Section 134(12)(c) of the Act.

<sup>\*</sup> Indirect Interest via the shareholdings of his son pursuant to Section 134(12)(c) of the Act.

<sup>\*\*</sup> Indirect Interest via the shareholdings of his father pursuant to Section 134(12)(c) of the Act.

The substantial shareholders of Daya Materials and their respective shareholdings based on publicly available information as at the LPD are as follows:

Name	Nationality	<----- Direct ----->		<---- Indirect ---->	
		No. of shares	%	No. of shares	%
Dato' Mazlin bin Md Junid	Malaysian	104,343,386	7.51	20,000,720 <sup>^</sup>	1.44
Tan Sri Dato' Sri Koh Kin Lip JP	Malaysian	78,115,098	5.62	3,000,000 <sup>@</sup>	0.22
Nathan Tham Jooi Loon	Malaysian	69,708,198	5.02	4,709,998 <sup>#</sup>	0.34

Notes:

<sup>^</sup> Indirect Interest via the shareholdings of his children pursuant to Section 134(12)(c) of the Act.

<sup>@</sup> Indirect Interest via the shareholdings of his son pursuant to Section 134(12)(c) of the Act.

<sup>#</sup> Indirect Interest via the shareholdings of his spouse pursuant to Section 134(12)(c) of the Act.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.3.3 Changes in shareholdings of substantial shareholders in Reach Energy

Our Company was incorporated on 7 February 2013. The significant changes in the shareholdings of our substantial shareholders in our Company since incorporation are as follows:

Name	<----- As at 7 February 2013 ----->			<----- As at 5 March 2013 ----->			<----- After the Pre-IPO Event ----->		
	<----- Direct ----->	<----- Indirect ----->	<----- Indirect ----->	<----- Direct ----->	<----- Indirect ----->	<----- Indirect ----->	<----- Direct ----->	<----- Indirect ----->	<----- Indirect ----->
	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares
Ir. Shahul Hamid bin Mohd Ismail	1	50.00	-	-	-	2 <sup>(1)</sup>	-	-	255,600,200 <sup>(2)</sup>
Azmi bin Tan Sri Arshad	1	50.00	-	-	-	2 <sup>(1)</sup>	-	-	255,600,200 <sup>(2)</sup>
Reach Energy Holdings	-	-	-	2	100.00	-	255,600,200	92.00	-
Daya Materials	-	-	-	-	-	-	22,222,225	8.00	-

**Notes:**

- (1) Deemed interested via their shareholdings in Reach Energy Holdings pursuant to Section 6A of the Act prior to the Pre-IPO Event.
- (2) Deemed interested via their shareholdings in Reach Energy Holdings pursuant to Section 6A of the Act. For information on their shareholdings in Reach Energy Holdings, please refer to Section 7.3.2 of this Prospectus.

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## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.4 MANAGEMENT TEAM'S REMUNERATION AND MATERIAL BENEFITS IN-KIND

The total gross remuneration paid to members of our Management Team is estimated to be approximately RM3.92 million per annum and includes salaries and contribution to Employees' Provident Fund (EPF). As at the LPD, our Management Team do not receive any material benefits-in-kind from our Company.

Prior to the completion of the Qualifying Acquisition, our Management Team has not and will not receive any securities of Reach Energy as remuneration. Our Management Team has invested in Reach Energy via Reach Energy Holdings, i.e., via the Subscription by Reach Energy Holdings. Please refer to Section 3.2 of this Prospectus for further details on the Subscription by Reach Energy Holdings.

### 7.5 EMPLOYMENT AGREEMENTS

As at the LPD, save as disclosed below, there are no other existing or proposed employment agreements between our Company and our Directors and Management Team.

All members of the Management Team are entitled to remuneration in accordance with the terms of their respective employment agreements with our Company.

#### 7.5.1 Employment Agreements

Our Company had entered into employment agreements with the incumbents, the details of which are as follows:

Management Team	Designation	Agreement date	Commence-ment date	Monthly remuneration (RM)	Monthly EPF contribution* (RM)	Remuneration per annum (RM)
Ir. Shahul Hamid bin Mohd Ismail	Managing Director	26 June 2013	1 July 2013	62,000	7,440	833,280
Azmi bin Tan Sri Arshad	CFO	26 June 2013	1 July 2013	56,000	6,720	752,640
Abd Rahim bin Shamsudin	Vice President of Petroleum Engineering	26 June 2013	1 July 2013	51,000	6,120	685,440
Dr Robert King Park	Vice President of Geosciences	26 June 2013	Upon Listing	45,000	-	540,000
Ir. Syed Salim bin Syed Abu Bakar	Vice President of Operations	26 June 2013	16 July 2013	42,000	5,040	564,480
Ronald Lee Schakosky	Vice President of Business Development	26 June 2013	Upon Listing	45,000	-	540,000

Note:

\* For the Malaysian members of the Management Team, our Company shall contribute to the EPF at the rate based on the relevant legislation.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS *(Cont'd)*

The salient terms of the employment agreements are set out below:

Unless as otherwise stated, all capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the employment agreements.

### 1. Appointment and Duration

The employment of the members of the Management Team shall commence on the date as stated in Section 7.5.1 of this Prospectus and continue to be in force until the expiry of 36 months from the date of listing and quotation of the entire issued and paid-up ordinary share capital of our Company on the Main Market of Bursa Securities, or completion of the Qualifying Acquisition, whichever is earlier, subject to renewal and extension, or unless terminated earlier in accordance with the terms of the agreement.

### 2. Duties

The members of the Management Team shall, during their employment under their respective employment agreements, perform the normal duties as stated below.

In addition, the members of the Management Team shall during their employment under their respective employment agreements:

- (i) do all in their power to promote develop and extend the business and at all times and in all respects conform to and comply with the proper and reasonable directions of our Company; and
- (ii) maintain highest standards of integrity, accountability, corporate governance and responsibility and shall comply with the SC Guidelines, the Malaysian Code on Corporate Governance 2012, the Listing Requirements and all practice notes guidelines and directives issued thereunder.

The members of the Management Team shall diligently and carefully perform such duties and exercise such powers as our Company may from time to time assign to them on behalf of our Company, any subsidiary or any associated company and, if so requested, act as a director or other officer of any associated company.

The members of the Management Team shall work in any place within Malaysia or any other places which our Board may require for the proper performance and exercise of their duties and powers and he may be required to travel within Malaysia and overseas in the course of their duties. For Ronald Lee Schakosky, his office location shall be in Malaysia and/or wherever that may be required of him and his working hours shall be 20 hours a week as required of him by our Company in discharging his duties.

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**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

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The members of the Management Team shall carry out their duties during the prevailing office hours of our Company and such further hours as may from time to time become necessary in order to meet the needs of the business or during such hours as our Board may reasonably require of him, and the members of the Management Team shall not be entitled to receive any additional remuneration for work done outside his normal hours of work.

The members of the Management Team shall ensure that he shall, at all times, abide by any and all standard terms and conditions issued and/or stipulated by our Company in relation to its employees generally.

The specific duties of Ir. Shahul Hamid bin Mohd Ismail as the Managing Director shall include overall business management responsibility covering the full spectrum of technical, commercial and corporate aspects of the business based on his wide and in-depth exposures to the oil and gas value chain, in general, and the E&P business, in particular.

The specific duties of Azmi bin Tan Sri Arshad as the CFO shall include overall responsibility for the financial management of the business, including costing, investment analyses and economic evaluations.

The specific duties of Abd Rahim bin Shamsudin as the Vice President of Petroleum Engineering shall include overall responsibility for the activities related to the subsurface flow of oil and gas, focusing on maximising economic recovery of the oil and gas from subsurface reservoirs through FDP. He is also responsible for dynamic evaluation of oil and gas accumulations. While Geosciences focus on provision of a static description of the oil and gas reservoir rocks, petroleum engineering focuses on estimation of the recoverable volume of this resource using a detailed understanding of the physical behaviour of oil, water and gas within porous rock at very high pressure. The combined efforts of geoscientists and petroleum engineering disciplines throughout the life of a hydrocarbon accumulation determine the way in which a reservoir is developed and depleted.

The specific duties of Dr Robert King Park as the Vice President of Geosciences shall include overall responsibility for the study of the origin, occurrence, movement, accumulation, and exploration of oil and gas. He is also responsible to manage the specific set of geological disciplines that are applied to the search for oil and gas in the rocks or formations and static evaluation of oil and gas accumulations.

The specific duties of Ir. Syed Salim bin Syed Abu Bakar as the Vice President of Operations shall include overall responsibility to manage the safe surface engineering and production of oil and gas and the various facilities associated with the production processes, including the storage and final transportation of oil and gas to customer destinations. He is also responsible for cost-effective execution of the various field activities for producing oil and gas taking into account HSE aspects and assessing the integrity of oil and gas facilities.

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**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

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The specific duties of Ronald Lee Schakosky as the Vice President of Business Development shall include overall responsibility for sourcing, screening and evaluating potential and suitable hydrocarbon asset. In addition, he is also responsible to negotiate and develop strategies and positions for integration of new venture with our Company's strategies and operations.

**3. Remuneration**

During the appointment of the members of the Management Team, our Company shall pay, a fixed salary (which shall accrue from day to day) at the rate stipulated in Section 7.5.1 of this Prospectus (or such higher rate as our Company may, in its discretion from time to time decide or award) payable in arrears but within the first (1<sup>st</sup>) week of the following month.

For the Malaysian members of the Management Team, our Company shall contribute to the Employees Provident Fund at the rate based on the relevant legislation and/or per the existing policies of our Company as at the date of the respective employment agreements and the Malaysian members of the Management Team shall also be required to contribute his portion as per the relevant legislation.

The members of the Management Team may be entitled to receive a bonus at a rate to be decided by our Company from time to time. Bonus payments will normally be paid in December of every year. Our Company reserves the right not to issue a bonus to the members of the Management Team without any notice at the relevant time and for any reason.

Any management performance incentive scheme (including bonus), as may be introduced by our Company from time to time, shall apply accordingly to the members of the Management Team, provided always that the members of the Management Team will not be eligible for any such scheme prior to the successful completion of the Qualifying Acquisition (as defined in the SC Guidelines).

**4. Termination**

A member of the Management Team may terminate their employment agreement in the event of any of the following by giving three months' written notice of termination, or by the payment of three months' salary in lieu of notice:

- (i) any time after the expiry of the minimum period of 36 months from the commencement date of the employment agreements or until the date of completion of the Qualifying Acquisition, whichever is earlier, subject to renewal and extension; or
- (ii) in the event of any persistent or material breach of the terms of the respective employment agreements by the members of the Management Team that is not remedied (if capable of remedy) within 14 working days of the breach first arising.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

Notwithstanding any provision to the contrary contained in the respective employment agreements, the employment of the member of the Management Team may be terminated by our Company without notice or payment in lieu of notice:

- (i) if the member of the Management Team is guilty of any gross default or misconduct in connection with or affecting the business or management of our Company; or
- (ii) if the member of the Management Team, in the reasonable opinion of our Company, found to be incompetent in the performance of his duties; or
- (iii) in the event of any serious or repeated breach or non-observance by the member of the Management Team of any of the stipulations contained in the agreement; or
- (iv) if the member of the Management Team becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors; or
- (v) if the member of the Management Team is convicted of any arrestable criminal offence (other than an offence under the road traffic legislation in Malaysia or elsewhere for which a fine or non-custodial penalty is imposed); or
- (vi) if the member of the Management Team is disqualified from holding office for any reason whatsoever; or
- (vii) if the member of the Management Team shall become of unsound mind; or
- (viii) if the member of the Management Team is convicted of an offence under any present or future statutory enactment or regulations relating to insider dealings; or
- (ix) if the member of the Management Team does or refrains from doing any act whereby his office in our Company is or becomes liable to be vacated; or
- (x) if the member of the Management Team is suffering from terminal illness or other like cause incapacitating him from attending to his duties under the agreement for a period of six months or more.

If the employment of the member of the Management Team under their respective employment agreements is terminated by reason of the liquidation of our Company for the purpose of reconstruction or amalgamation and the member of the Management Team is offered employment with any concern or undertaking resulting from the reconstruction or amalgamation on terms and conditions not less favourable than the terms of their employment agreement, then the member of the Management Team shall have no claim against our Company in respect of the termination of his employment under their employment agreements.

## 7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)

### 7.6 INVOLVEMENT OF EXECUTIVE DIRECTORS AND MANAGEMENT TEAM IN OTHER BUSINESSES / CORPORATIONS

As at the LPD, save as disclosed below, none of our Management Team are presently principally involved in other businesses or corporations.

Management Team	Name of Business/ Corporation	Principal Activities	Nature of interest or involvement
<b>Ir. Shahul Hamid bin Mohd Ismail</b>	Daya Cotech Inspection Services Sdn Bhd	Providing inspection services for the oil industry	Director and Shareholder (indirect) <sup>(1)</sup>
	Daya Maxflo Sdn Bhd	Providing oilfield drilling equipment and drilling services	Director and Shareholder (indirect) <sup>(1)</sup>
	Daya Petroleum Ventures Sdn Bhd	Oilfield technical services	Director and Shareholder
	Energy Economics & Engineering Sdn Bhd	Dormant	Shareholder <sup>(5)</sup>
	Fahud Ventures Sdn Bhd	Investment holding company which owns Kyowa Energy Innovation Sdn Bhd and Vipac Engineers & Scientists Asia Sdn Bhd	Director and Shareholder
	Hamzal Consulting Engineers Sdn Bhd	Providing specialised studies and services in oil and gas industry	Shareholder <sup>(5)</sup>
	Kyowa Energy Innovation Sdn Bhd	Implementing green energy projects	Director and Shareholder (indirect) <sup>(2)</sup>
	MACES International Sdn Bhd	Supplying oilfield chemicals	Shareholder
	MZ Kosmetik (Malaysia) Sdn Bhd	Trading consumer goods	Shareholder
	NES Global Sdn Bhd	Professional manpower supply	Director and Shareholder
	NES Global Talent Solutions Sdn Bhd	Training services	Director and Shareholder
	Overdick Consulting Engineers Sdn Bhd	Consultants in marine engineering and naval architecture	Director and Shareholder
	Petropro Engineering Sdn Bhd	— <sup>(3)</sup>	Director and Shareholder
	PT Daya Maxflo	Dormant	Shareholder (indirect) <sup>(1)</sup>
	Reach Energy Holdings	Investment holding	Director and Shareholder
	Smart Global Scientific Sdn Bhd	Providing laboratory and scientific equipment	Director and Shareholder



**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

<b>Management Team</b>	<b>Name of Business/ Corporation</b>	<b>Principal Activities</b>	<b>Nature of interest or involvement</b>
<b>Ir. Shahul Hamid bin Mohd Ismail (cont'd)</b>	Vipac Engineers & Scientists Asia Sdn Bhd	Engineering consultancy in acoustics and vibrations	Director and Shareholder (indirect) <sup>(2)</sup>
<b>Azmi bin Tan Sri Arshad</b>	Insolvency Data Corporation Berhad	Dormant	Director and Shareholder
	Kemudi Harapan Sdn Bhd	Dormant	Director and Shareholder
	Reach Energy Holdings	Investment holding	Director and Shareholder
	Simaz Offshore Services Sdn Bhd	Marine related services	Director and Shareholder
	Teratai Equipment Sdn Bhd	Marine related equipment supply	Director and Shareholder
	Uniq Oilfield Services Sdn Bhd	Dormant	Director and Shareholder
	Ventrigates Sdn Bhd	Dormant	Director
<b>Abd Rahim bin Shamsudin</b>	Reach Energy Holdings	Investment holding	Director and Shareholder
<b>Dr Robert King Park</b>	Reach Energy Holdings	Investment holding	Shareholder
	Sherwood Holdings Group Limited	Oil and gas consultation services	Director and co-owner
<b>Ir. Syed Salim bin Syed Abu Bakar</b>	Reach Energy Holdings	Investment holding	Shareholder
	Rosys Plantations	Dormant	Sole proprietor
<b>Ronald Lee Schakosky</b>	Hamzal Consulting Engineers Sdn Bhd	Providing specialised studies and services in oil and gas industry	Director and Shareholder
	Reach Energy Holdings	Investment holding	Shareholder
	Schakosky Consulting Services	Consulting engineering services	Sole proprietor
	Smart Global Scientific Sdn Bhd	Providing laboratory and scientific equipment	Shareholder (indirect) <sup>(4)</sup>

**Notes:**

- (1) Deemed interested via his shareholdings in Daya Petroleum Ventures Sdn Bhd pursuant to Section 6A of the Act.  
 (2) Deemed interested via his shareholdings in Fahud Ventures Sdn Bhd pursuant to Section 6A of the Act.  
 (3) CCM has in April 2014 sent a notice to strike off the company's name pursuant to Section 308(2) of the Act.  
 (4) Deemed interested via his shareholding in Hamzal Consulting Engineers Sdn Bhd pursuant to Section 6A of the Act.  
 (5) He has resigned as a director.

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**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

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Notwithstanding that Ir. Shahul Hamid bin Mohd Ismail is a director and/or shareholder in the abovementioned companies, the daily operations of all these companies are independently managed by the respective management teams and he is not actively involved in the management and day-to-day operations of these companies. Ir. Shahul Hamid bin Mohd Ismail has also relinquished his active managerial roles in Daya Petroleum Ventures Sdn Bhd (with 20.0% equity interest), Daya Cotech Inspection Services Sdn Bhd (with 50.0% indirect equity interest via Daya Petroleum Ventures Sdn Bhd) and Daya Maxflo Sdn Bhd (with 50.7% indirect equity interest via Daya Petroleum Ventures Sdn Bhd) which are involved in the oilfield services portfolio such as drilling services, inspection services, asset integrity services, etc. These companies are involved in a different nature of business as they are service providers to the oil and gas industry whereas our Company's proposed business is direct involvement in E&P activities including identification, evaluation and operation of oil and gas assets. As such, the abovementioned companies are not involved in businesses which are similar or competing with our Company and do not give rise to any situation of conflict of interest with the proposed business of our Company.

Notwithstanding that Azmi bin Tan Sri Arshad is a director and/or shareholder in the abovementioned companies, the daily operations of all these companies are independently managed by the respective management teams and he is not actively involved in the management and day-to-day operations of these companies. The abovementioned companies are not involved in businesses which are similar or competing with our Company and do not give rise to any situation of conflict of interest with the proposed business of our Company.

Dr Robert King Park is a director and co-owner (with 50.0% equity interest) of Sherwood Holdings Group Ltd which provides oil and gas consultation services on the reservoir studies, data room preparations and evaluation. The company status of Sherwood Holdings Group Ltd is inactive and he has relinquished his active managerial role in Sherwood Holdings Group Ltd. As such, his interest in the company is not expected to affect his contribution to our Company. Furthermore, his directorship and/or shareholding in the abovementioned company will not give rise to a situation of conflict of interest with our Company's proposed businesses.

Ronald Lee Schakosky is a director and shareholder (with 30.0% equity interest) of Hamzal Consulting Engineers Sdn Bhd. He is not actively involved in the management and day-to-day operations of the said company. Hamzal Consulting Engineers Sdn Bhd is involved in provision of oil and gas consultation services and the nature of business is not in direct competition with our Company's intended business, hence it will not give rise to a conflict of interest situation with our Company's proposed businesses. He has relinquished his active managerial role in Schakosky Consulting Services. Schakosky Consulting Services is a sole proprietorship of Ronald Lee Schakosky founded in Singapore which provides consultation services on new business development for engineering and construction companies.

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## **7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

### **7.7 MANAGEMENT SUCCESSION PLANNING**

We believe that our success and ability to create value for our shareholders would depend on factors which include, amongst others, the dedication and leadership capability of our Management Team and their relevant track record of achievements and technical expertise in the E&P business which will be invaluable in establishing a strong foundation for our Company. Given that some of our Management Team members are in an advanced age, it may raise a concern that our Management Team, as a whole, would be able to and continue to create value to our shareholders.

We recognise the importance of ensuring continuity and succession planning in our management in order to maintain our competitiveness and deliver our business objectives and plans. In this respect, we will place priority on talent management by capitalising on the experiences of our Management Team in the oil and gas industry to play a key role in recruiting, exposing and nurturing high potential and adequately experienced younger talent to facilitate our Company's management succession planning.

Our initiatives on succession planning include:

- (i) identification of critical positions and key competencies; and
- (ii) rigorous staff selection process and structured leadership development programmes to enable these potential successors to be readily available to undertake leadership positions in our Company.

In addition, it is our intention to expose our selected potential successors to various aspects of our business, including full understanding of responsibilities and decision making process. When the time is appropriate or if the need arises, the selected potential successors will be ready to take the leadership roles in our Company and under such circumstances, our incumbent Management Team members may act in advisory roles.

### **7.8 DECLARATION FROM THE MANAGEMENT TEAM/ PROMOTERS AND DIRECTORS**

None of our Management Team/ Promoters and Directors is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency law filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (ii) a person disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation; or
- (iii) a charge and/or conviction in a criminal proceeding or being named as subject of a pending criminal proceeding; or
- (iv) any judgement entered involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

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**7. INFORMATION ON DIRECTORS, MANAGEMENT TEAM/ PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (Cont'd)**

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**7.9 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

Save as disclosed below, there are no family relationships or associations between or amongst our Directors, Management Team/Promoters and substantial shareholders of Reach Energy up until the ultimate beneficial shareholder:

- (i) Ir. Shahul Hamid bin Mohd Ismail is a shareholder while Ronald Lee Schakosky is a shareholder and director of Hamzal Consulting Engineers Sdn Bhd.
- (ii) Ir. Shahul Hamid bin Mohd Ismail is a director and shareholder of Smart Global Scientific Sdn Bhd while Ronald Lee Schakosky has an indirect interest in Smart Global Scientific Sdn Bhd via his direct interest in Hamzal Consulting Engineers Sdn Bhd.
- (iii) Ir. Shahul Hamid bin Mohd Ismail is a director and shareholder of Daya Petroleum Ventures Sdn Bhd which is a subsidiary of Daya Materials. He is also a director of Daya Maxflo Sdn Bhd and has an indirect interest in Daya Maxflo Sdn Bhd and PT Daya Maxflo via his direct interest in Daya Petroleum Ventures Sdn Bhd.
- (iv) Ir. Shahul Hamid bin Mohd Ismail is a director and indirect shareholder of Daya Cotech Inspection Services Sdn Bhd (via his direct interest in Daya Petroleum Ventures Sdn Bhd) in which Dato' Mazlin bin Md Junid and Nathan Tham Jooi Loon, who are directors and substantial shareholders of Daya Materials are also directors of Daya Cotech Inspection Services Sdn Bhd.

**7.10 AMOUNTS/BENEFITS PAID OR INTENDED TO BE PAID OR GIVEN TO ANY PROMOTER, DIRECTOR OR SUBSTANTIAL SHAREHOLDER**

Save as disclosed in Sections 7.1.5 and 7.4 of this Prospectus, there is no other amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders, within the two years preceding the date of this Prospectus.

**7.11 EMPLOYEES**

As at the LPD, our Company has seven employees, four of whom are members of our Management Team. Dr Robert King Park and Ronald Lee Schakosky will be our employees upon Listing. None of our employees belong to any union.

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## 8. APPROVALS AND CONDITIONS

### 8.1 APPROVALS AND CONDITIONS

- 8.1.1 The SC had via its letter dated 19 June 2014 approved our IPO under Section 214(1) of the CMSA subject to compliance with the following conditions:

Details on conditions imposed	Status of compliance
(i) Dr Robert King Park to relinquish his managerial role in Sherwood Holdings Group Ltd	Complied
(ii) Ronald Lee Schakosky to relinquish his managerial role in Hamzal Consulting Engineers Sdn Bhd	Complied
(iii) Reach Energy to ensure that 12.5% of its enlarged issued and paid-up share capital is held by Bumiputera investors recognised by the Ministry of International Trade and Industry, within one year after completion of the qualifying acquisition as defined in the SC Guidelines (" <b>Triggering Date</b> ")	To be complied
(iv) Reach Energy to submit a proposal to comply with condition (iii) above to the SC within six months after the Triggering Date; and	To be complied
(v) HLIB / Reach Energy to fully comply with all the relevant requirements of the SC Guidelines and the SC's Prospectus Guidelines, in relation to the implementation of the Listing	Noted

The SC had via its letter dated 19 June 2014 also approved our application for waivers from compliance with certain requirements under the SC Guidelines and the SC's Prospectus Guidelines. The details of the waivers sought and the accompanying conditions, if any imposed by the SC are as follows:

Reference	Relief sought	Conditions imposed
<b><u>SC Guidelines</u></b>		
<b>Paragraph 6.42 (previously paragraph 6.33)</b>		
Members of the management team and persons connected to them shall not participate in the liquidation distribution, except in relation to securities purchased by them after the date of listing of the SPAC on Bursa Securities	To allow persons connected to the Management Team to participate in the Liquidation Distribution in respect of securities purchased pursuant to the Public Issue	Not applicable
<b><u>SC's Prospectus Guidelines</u></b>		
<b>Chapter 13</b>		
A prospectus must contain an accountants' report in respect of the audited financial statements of the corporation	Waiver from preparing an accountants' report	Not applicable

The Shariah Advisory Council of the SC has, via its letter dated 25 April 2014, classified our shares as Shariah compliant.

## 8. APPROVALS AND CONDITIONS (Cont'd)

8.1.2 Bursa Securities had via its letter dated 7 July 2014 granted its approval for the Listing and the following:

- (i) the admission to the Official List and the listing of and quotation of:
  - (a) our enlarged issued and paid-up ordinary share capital of 1,277,822,425 Shares; and
  - (b) 1,277,822,225 Warrants,
 on the "Special Purpose Acquisition Company" sector of the Main Market of Bursa Securities; and
- (ii) the listing of and quotation for up to 1,277,822,225 new Shares to be issued pursuant to the exercise of our Warrants.

Bursa Securities had via its letter dated 13 August 2013 also approved our application for exemption from compliance with the following paragraph of the Listing Requirements:

Reference	Relief sought	Conditions imposed
<b>Paragraph 6.50</b>		
A listed issuer must ensure that the number of new shares which will arise from all outstanding warrants, when exercised does not exceed 50% of the issued and paid-up share capital of the listed issuer (excluding treasury shares and before the exercise of the warrants) at all times	Waiver to allow our Company to issue new Shares which will arise from all outstanding Warrants, when exercised, to exceed 50% of the issued and paid-up share capital of our Company (excluding treasury shares and before the exercise of the Warrants)	Not applicable

## 8.2 MORATORIUM ON SHARES

### 8.2.1 Moratorium on the securities of our Company held by Reach Energy Holdings

The securities of our Company held by Reach Energy Holdings at the date of our Listing are placed under the Moratorium as follows:

- (a) the Moratorium applies to all the securities held by Reach Energy Holdings from the date of our Listing until after our Company has commenced Commercial Production and generated one full financial year of audited operating revenue; and
- (b) upon our Company generating one full financial year of audited operating revenue, Reach Energy Holdings may thereafter sell, transfer or assign up to a maximum of 50% per annum (on a straight-line basis) of the securities held under Moratorium.

For the avoidance of doubt, "securities" refer to our Shares, Warrants and new Shares arising from the exercise of Warrants.

The Moratorium is specifically endorsed on the share certificate and warrant certificate representing the shareholdings of Reach Energy Holdings in Reach Energy to ensure that our registrars do not register any transfer which is not in compliance with it. In compliance with the restrictions, Bursa Depository will, upon our registrars' instructions in the prescribed forms, ensure that trading of the Shares and Warrants held by Reach Energy Holdings will not be permitted during the moratorium period.

**8. APPROVALS AND CONDITIONS (Cont'd)****8.2.2 Additional restrictions on the Reach Energy Holdings Shares held by our Management Team**

The Reach Energy Holdings Shareholders' Agreements imposes additional restrictions on the sale, transfer, assignment or disposal of the Reach Energy Holdings Shares held by the shareholders of Reach Energy Holdings, who are also our Management Team, as follows:

- (i) Without limitation to Reach Energy Holdings' compliance to the Moratorium and Non-Participation Obligations, the shareholders of Reach Energy Holdings have agreed that they each will not sell, transfer, assign or otherwise dispose of any Reach Energy Holdings Shares held by them before our Company commences the Commercial Production and generates one full financial year of audited operating revenue or any other longer period as may be specified by the relevant authorities. Thereafter, they may sell, transfer or assign up to a maximum of 50% per annum on a straight-line basis of the Reach Energy Holdings Shares held by them.
- (ii) If any shareholder of Reach Energy Holdings who is employed or engaged by Reach Energy in any capacity whatsoever leaves or ceases to be in the employment or services of Reach Energy other than due to medical or physical incapacity or death, before our Company commences the Commercial Production and generates one full financial year of audited operating revenue, or any other longer period as may be specified by the relevant authorities, such shareholder will have to offer all the shares held by him in Reach Energy Holdings to the remaining shareholders (subject to approval from the relevant authority(ies)) within six business days from the relevant resignation/termination notice, pursuant to the relevant provisions of the Reach Energy Holdings Shareholders' Agreements.
- (iii) Any medically or physically incapacitated, or deceased shareholder of Reach Energy Holdings or his personal representative (including his executor or his administrator) may upon his incapacitation or death before our Company commences the Commercial Production and generates one full financial year of audited operating revenue, or any other longer period as may be specified by the relevant authority(ies), offer all Shares held by him in Reach Energy Holdings to the remaining shareholders of Reach Energy Holdings (subject to approval from the relevant authority(ies)) within 180 days of such incapacitation or death, pursuant to the relevant provisions of the Reach Energy Holdings Shareholders' Agreements.

In addition, the following shareholders of Reach Energy Holdings have given their respective undertaking that they will not sell, transfer or assign any part of their interest in all and any shares they hold in Reach Energy Holdings during the moratorium period:

- (i) Ir. Shahul Hamid bin Mohd Ismail;
- (ii) Azmi bin Tan Sri Arshad;
- (iii) Abd Rahim bin Shamsudin;
- (iv) Dr Robert King Park;
- (v) Ir. Syed Salim bin Syed Abu Bakar; and
- (vi) Ronald Lee Schakosky

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## **8. APPROVALS AND CONDITIONS (Cont'd)**

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### **8.2.3 Moratorium imposed on the Initial Investor**

In accordance with the Initial Investor's Subscription Agreements, a moratorium on the sale, transfer and assignment of the Shares will also be imposed on the Initial Investor's Shares and Warrants from the Listing until the completion of the Qualifying Acquisition.

The moratorium is specifically endorsed on the share certificate and warrant certificate representing the shareholdings of the Initial Investor to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of the Initial Investor's Shares and Warrants held is not permitted during the moratorium period.

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## 9. CONFLICT OF INTEREST

### 9.1 INTERESTS IN SIMILAR BUSINESS

As at the LPD, none of our Directors, substantial shareholders or Management Team are interested, directly or indirectly, in any business carrying on a similar trade as the businesses proposed to be acquired by our Company which are the businesses of development and production of oil and gas resources, a segment of the upstream oil and gas industry. Please refer to Section 5.2 of this Prospectus for a more detailed description of the businesses proposed to be acquired by our Company.

### 9.2 RELATED PARTY TRANSACTIONS

#### (i) Related party transactions

We did not have any related party transactions as defined under the Listing Requirements, including existing and proposed related party transactions from 7 February 2013, being the date of incorporation to the LPD.

#### (ii) Monitoring and oversight of related party transactions

Related party transactions, by their nature, involve conflict of interests between us and the related parties of our Company. Any related party transactions or conflict of interest situations involving our Company (including any future related party transactions and conflict of interest situations) must be reviewed by our Audit Committee who would subsequently report to our Board for their further consideration and action. Additionally, the interested Directors, major shareholders, Management Team and/or persons connected with them are required to abstain from deliberations and voting at the relevant Board meeting and general meeting in deciding on the related party transactions.

Furthermore, our Audit Committee will periodically review the procedures set by us to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms that are not more favourable to the related parties than those generally available to the third parties, are dealt with at arm's length basis with our Company and not to the detriment of our minority shareholders.

### 9.3 DECLARATION BY ADVISERS

- (i) HLIB hereby declares that there is no existing or potential conflict of interests in its capacity as the Principal Adviser, Placement Agent and Underwriter to Reach Energy for our Listing save as disclosed below:

HLIB's Group Managing Director and Chief Executive Officer, Lee Jim Leng is a spouse of Nathan Tham Jooi Loon, the Group Managing Director and substantial shareholder of Daya Materials. Based on the latest available public information, she has approximately 0.34% direct equity interest in Daya Materials.

HLIB is of the view that the said relationship does not result in a situation of conflict of interest or potential conflict of interest in its capacity as the Principal Adviser to our Company in respect of our Listing based on the following:

- (a) Daya Materials is merely a financial investor in our Company and has no control or influence over the management of our Company. Daya Materials will hold approximately 1.74% equity interest in our Company;

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**9. CONFLICT OF INTEREST (Cont'd)**

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- (b) there is no common directorship held by Lee Jim Leng as she is not a director in Daya Materials;
  - (c) HLIB is a licenced investment bank and the appointment as the Principal Adviser to our Company for our Listing is in its ordinary course of business. Furthermore, the conduct of HLIB is regulated strictly by the Financial Services Act 2013, the CMSA and its internal control policies and procedures; and
  - (d) HLIB does not receive or derive any financial interest or monetary benefit from the implementation of our Listing other than the relevant professional fees (including underwriting and placement fees) in relation to our Listing.
- (ii) Messrs Lee Choon Wan & Co. hereby declares that there is no existing or potential conflict of interests in its capacity as the Solicitors to Reach Energy for our Listing.
- (iii) Messrs KPMG hereby declares that there is no existing or potential conflict of interests in its capacity as the Reporting Accountants to Reach Energy for our Listing.
- (iv) PFC Energy hereby declares that there is no existing or potential conflict of interests in its capacity as the IMR to Reach Energy for our Listing.

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## 10. FINANCIAL INFORMATION

### 10.1 HISTORICAL FINANCIAL INFORMATION

The audited financial statements of our Company from 7 February 2013 (i.e. date of our incorporation) to 31 July 2013 and for the financial period from 1 August 2013 to 30 November 2013 were prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

You should read our audited financial statements in conjunction with the management discussion and analysis of our financial conditions and results of operations as set out in Section 10.2 of this Prospectus and the Reporting Accountants' Letter on the Pro Forma Statements of Financial Position as at 31 January 2014 as set out in Section 10.5 of this Prospectus.

#### 10.1.1 Audited Statement of Comprehensive Income

As Reach Energy has not commenced business operations since incorporation on 7 February 2013, our Company has not generated any revenue, save for interest income. The summary of the audited Statement of Comprehensive Income of our Company from 7 February 2013 (i.e. date of our incorporation) to 31 July 2013 and for the financial period from 1 August 2013 to 31 January 2014 is as follows:

	<-----Audited----->	
	7 February 2013 to 31 July 2013 RM	1 August 2013 to 31 January 2014 RM
Operating expenses	(2,173,245)	(2,545,664)
Interest income	4,284	66,776
Loss before taxation	(2,168,961)	(2,478,888)
Income tax expense	-	-
Loss / total comprehensive expenses for the period	(2,168,961)	(2,478,888)
No. of Shares in issue	113,600,200	113,600,200
Net loss per Share (sen)	(1.91)	(2.18)
Diluted loss per Share <sup>(1)</sup>	*	*

Notes:

(1) The diluted loss per Share after the Public Issue and upon the full conversion of Warrants is less than RM0.01.

\* Negligible

#### 10.1.2 Capitalisation and Indebtedness

The following information should be read in conjunction with the Reporting Accountants' Letter on Pro Forma Statements of Financial Position as at 31 January 2014 as set out in Section 10.5 of this Prospectus.

The table below sets out the cash and cash equivalents as well as capitalisation and indebtedness of our Company:

- (i) Based on our Pro Forma Statements of Financial Position as at 31 January 2014; and

**10. FINANCIAL INFORMATION (Cont'd)**

- (ii) As adjusted for the net proceeds from the Public Issue and intended use of the proceeds from the Public Issue.

	Audited as at 31 January 2014 RM'000	After Public Issue and payment of listing expenses RM'000	After Public Issue and payment of listing expenses and completion of Qualifying Acquisition RM'000
Cash and cash equivalents	5,589	750,647	750,647
Indebtedness	-	710,625	-
Total shareholders' equity	549	37,982	748,607
Total capitalisation and indebtedness	549	748,607	748,607

**10.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

As stated in Section 5.1.1 of this Prospectus, Reach Energy has not commenced business operations since incorporation on 7 February 2013 and hence, our Company has not generated any revenue, save for interest income.

For the FPE 31 July 2013, the expenses of our Company comprise remuneration of our Management Team and Board of RM201,480, depreciation of RM30,947, listing expenses of RM1,747,547, share-based payment expense of RM12,153 and other administrative and sundry expenses including office rental, secretarial fees, audit fee, general office expenses, corporate identity development expenses and travel expenses of RM181,118.

For the financial period from 1 August 2013 to 31 January 2014, the expenses of our Company comprise remuneration of our Management Team and Board of RM1,467,023, depreciation of RM50,137, listing expenses of RM810,462, share-based payment expense of RM72,915 and other administrative and sundry expenses including office rental, secretarial fees, audit fee, general office expenses, corporate identity development expenses and travel expenses of RM145,127.

As at the date of this Prospectus, we have raised a total of RM19,170,000 from Reach Energy Holdings and RM10,000,000 from the Initial Investor, which will be utilised for our administration expenses and preliminary operating expenses prior to the IPO. Pursuant to the Public Issue, our Company is expected to raise RM750,000,000.

The total proceeds to be raised of RM779,170,000 will be utilised for acquisition of target company and/or asset pursuant to the Qualifying Acquisition, working capital purposes and to defray estimated listing expenses. An amount of approximately RM710,625,000, being 94.75% of the proceeds from the Public Issue will be placed in the Islamic Trust Account for the acquisition of target company and/or asset pursuant to the Qualifying Acquisition, RM42,545,000 will be utilised as working capital and RM26,000,000 to defray the estimated listing expenses.

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**10. FINANCIAL INFORMATION (Cont'd)**

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We expect to use substantially all of the net proceeds from the IPO not held in the Islamic Trust Account for our operating and listing expenses and to fund expenses relating to our efforts to acquire a target company and/or asset pursuant to the Qualifying Acquisition, including identifying and evaluating prospective acquisition candidates, selecting the target company and/or asset, and structuring, negotiating and completing the Qualifying Acquisition. Our Board believes that, upon completion of the IPO, the funds available to us excluding the proceeds from the IPO held in the Islamic Trust Account would be sufficient to allow us to operate as a SPAC for the next 36 months after the Listing.

**10.3 DIVIDEND POLICY**

We do not intend to pay any dividends prior to the completion of the Qualifying Acquisition.

It is our intention to pay dividends to our shareholders in the future post-Qualifying Acquisition. Nevertheless, the dividend to be proposed and declared will depend on, among others, our Company's financial performance, cash flow requirements for operations, financing commitments and capital expenditure, availability of adequate distributable reserves and any other factors considered relevant by our Board.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval.

**10.4 CONTINGENT LIABILITIES**

As at the LPD, there are no material contingent liabilities incurred by us, which upon becoming enforceable may have a material effect on the financial position of our Company.

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## 10. FINANCIAL INFORMATION (Cont'd)

### 10.5 REPORTING ACCOUNTANTS' LETTER ON THE PRO FORMA STATEMENTS OF FINANCIAL POSITION AS AT 31 JANUARY 2014



**KPMG (Firm No. AF 0758)**

Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 3399  
Internet [www.kpmg.com.my](http://www.kpmg.com.my)

- 4 JUL 2014

The Board of Directors  
**Reach Energy Berhad**  
Unit D3-6-15, Block D3,  
Solaris Dutamas,  
No.1, Jalan Dutamas 1,  
50480 Kuala Lumpur,  
Malaysia.

Dear Sirs

**Reach Energy Berhad**  
**Reporting Accountants' Report ("Report") on the Compilation of Pro Forma Financial Information**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Reach Energy Berhad ("REB" or "the Company") as at 31 January 2014, and the notes therein as set out in Appendix A (which we have stamped for the purpose of identification). The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma information are set out in the notes thereon in accordance with the requirement of Chapter 12 of the Prospectus Guidelines – Equity and Debt issued by the Malaysia Securities Commission in respect of the initial public offering ("Guidelines").

The pro forma financial information has been compiled by the Board of Directors of the Company to illustrate the impact of the Pre-IPO Events and the Public Issue as defined and detailed in Note 4.0 of Appendix A, on the Company's statement of financial position, as if these events had occurred or the transactions had been undertaken as at 31 January 2014. As part of this process, information about the Company's financial position has been extracted by the Board of Directors from the Company's financial statements for the period ended 31 January 2014, on which an audit report has been published.

#### **Directors' Responsibilities**

The Board of Directors of the Company is responsible for compiling the pro forma financial information on the basis set out in the notes thereon in accordance with the requirement of Chapter 12 of the Guidelines.

**10. FINANCIAL INFORMATION (Cont'd)**

*Reach Energy Berhad*  
*Reporting Accountants' Report on the Compilation of Pro Forma*  
*Financial Information*

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion as required by the Guidelines, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis stated in Note 2.0 in Appendix A of the prospectus.

We conducted our engagement in accordance with International Standards on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the Reporting Accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma financial information on the basis stated in Note 2.0 in Appendix A of the prospectus.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 January 2014, and for the year then ended, would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effects to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

**10. FINANCIAL INFORMATION (Cont'd)**

*Reach Energy Berhad*  
Reporting Accountants' Report on the Compilation of Pro Forma  
Financial Information

The procedures selected depend on the Reporting Accountants' judgement, having regard to the Reporting Accountants' understanding of the nature of the Company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

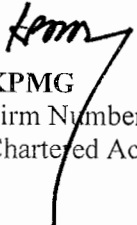
In our opinion,


- 1 the pro forma financial information has been properly compiled, in all material respects, on the basis stated in Note 2.0 of Appendix A of the prospectus using historical financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Company; and
- 2 each material adjustment made to the information used in the preparation of the pro forma financial information is appropriate for the purpose of preparing the pro forma financial information.

**Other Matters**

The pro forma financial information has been prepared for inclusion in the prospectus for the purpose of submission to the Securities Commission in connection with the proposed initial public offering of ordinary shares and warrants in REB, and should not be used or relied upon for any other purpose. We accept no duty of responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this Report in connection with any transaction other than that.

Yours faithfully,

  
**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

  
**Ahmad Nasri Abdul Wahab**  
Approval Number: 2919/03/16(J)  
Chartered Accountant



## 10. FINANCIAL INFORMATION (Cont'd)

Reach Energy Berhad  
Pro Forma Statement of Financial Position as at 31 January 2014

APPENDIX A

	Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV	Pro Forma V	Pro Forma VI
	After Pro Forma I, Subsequent Subscription of Shares and Warrants by Reach Energy Holdings, Subscription of Shares and Warrants by Initial Investors and Conversion of RCPS	After Pro Forma II and Public Issue	After Pro Forma III and payment of listing expenses	After Pro Forma IV and completion of Qualifying Acquisition	After Pro Forma V and exercise of all Warrants	
	RM	RM	RM	RM	RM	RM
<b>Non-current assets</b>						
Plant and equipment	171,911	171,911	171,911	171,911	171,911	171,911
<b>Total non-current assets</b>	<u>171,911</u>	<u>171,911</u>	<u>171,911</u>	<u>171,911</u>	<u>171,911</u>	<u>171,911</u>
<b>Current assets</b>						
Cash and cash equivalents	5,389,157	7,000,000	776,647,157	750,647,157	958,366,669	1,709,013,826
Deposits and prepayments	37,280	37,280	37,280	37,280	37,280	37,280
<b>Total current assets</b>	<u>5,626,437</u>	<u>26,684,437</u>	<u>776,684,437</u>	<u>750,684,437</u>	<u>750,684,437</u>	<u>1,709,051,106</u>
<b>Total assets</b>	<u>5,798,348</u>	<u>26,856,348</u>	<u>776,856,348</u>	<u>750,856,348</u>	<u>750,856,348</u>	<u>1,709,223,017</u>
<b>Equity</b>						
Share capital	1,136,002	1,642,222	12,778,224	12,778,224	12,778,222	25,556,446
Share premium	1,908,480	15,562,490	35,645,970	32,322,970	1,168,209,256	1,688,657,226
Warrant reserves	2,067,520	6,853,289	20,120,809	20,120,809	(222,620,809)	-
Retained earnings	(4,647,849)	(298,200)	(5,383,541)	(8,060,541)	(7,239,781)	(7,239,781)
Share-based payment reserve	83,068	298,200	820,760	820,760	-	-
<b>Total equity</b>	<u>549,221</u>	<u>24,607,222</u>	<u>63,982,222</u>	<u>37,982,222</u>	<u>748,607,222</u>	<u>1,706,973,891</u>
<b>Non-current liability</b>						
Financial liability component of the Public Issue Share	-	-	710,625,000	-	-	-
<b>Total non-current liabilities</b>	<u>-</u>	<u>-</u>	<u>710,625,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>						
RCPS	3,000,001	(3,000,001)	-	-	-	-
Trade and other payables	2,249,126	2,249,126	2,249,126	2,249,126	2,249,126	2,249,126
Advance from holding company	14,058,000	(14,058,000)	-	-	-	-
<b>Total current liabilities</b>	<u>5,249,127</u>	<u>2,249,126</u>	<u>2,249,126</u>	<u>2,249,126</u>	<u>2,249,126</u>	<u>2,249,126</u>
<b>Total liabilities</b>	<u>5,249,127</u>	<u>2,249,126</u>	<u>712,874,126</u>	<u>712,874,126</u>	<u>750,856,348</u>	<u>1,709,223,017</u>
<b>Total equity and liabilities</b>	<u>5,798,348</u>	<u>26,856,348</u>	<u>776,856,348</u>	<u>750,856,348</u>	<u>750,856,348</u>	<u>1,709,223,017</u>
<b>Number of ordinary shares (unit)</b>	113,600,200	277,822,425	1,277,822,425	1,277,822,425	1,277,822,425	2,555,644,650
<b>Net assets (RM)</b>	549,221	24,607,222	63,982,222	37,982,222	748,607,222	1,706,973,891
<b>Net assets per ordinary share (RM)</b>	0.005	0.09	0.05	0.03	0.59	0.67

Notes:

^ ordinary shares of RM0.01 each



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014****1.0 Abbreviation**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

Act	Companies Act, 1965
Bursa Securities	Bursa Malaysia Securities Berhad
Custodian	AmanahRaya Trustees Berhad
Initial Investor	Investor who invested in the Company prior to IPO, namely Daya Materials Berhad
IPO	Initial public offering of the Public Issue Shares
IPO Investors	Investors who subscribe for the Public Issue Shares
IPO Trust Proceeds	94.75% of the gross proceeds raised by the Company in the IPO
Issue Price	RM0.75 per Public Issue Share
Liquidation Amount	Amount held in the Islamic Trust Account, net of any taxes payable and expenses related to the Liquidation Distribution
Liquidation Distribution	Liquidation of the Company and the return of the Liquidation Amount to relevant shareholders upon the expiry of the Permitted Timeframe without completion of any Qualifying Acquisition by the Company
Listing	Admission to the Official List of the Main Market of Bursa Securities and the Listing of and quotation for the Company's entire issued and paid-up ordinary share capital comprising 1,277,822,425 Shares together with 1,277,822,225 Warrants on the Main Market of Bursa Securities
Management Team	The management team of our Company, presently comprising Ir Shahul Hamid bin Mohd Ismail, Azmi bin Tan Sri Arshad, Abd Rahim bin Shamsudin, Dr Robert King Park, Ir Syed Salim bin Syed Abu Bakar and Ronald Lee Schakosky and such other relevant future employees of our Company (if any) as referred to under the SC Guidelines



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****1.0 Abbreviation (continued)**

Subscription	Subscription for 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants pursuant to the offering of 1,000,000,000 Public Issue Shares
Permitted Investments	Shariah-compliant securities issued by the Malaysian government, money-market instruments and AAA-rated papers
Permitted Timeframe	36 months from the date of Listing
Public Issue	The issuance of 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants on the basis of 1 Warrant for every 1 Public Issue Share subscribed, at the Issue Price
Public Issue Share(s)	1,000,000,000 new Shares to be issued pursuant to the Public Issue
Qualifying Acquisition	As described in the SC Guidelines, one or more initial acquisition of asset and/or business by the Company which has an aggregate fair market value equal to at least 80% of the aggregate amount then standing in the balance of the Islamic Trust Account (net of any taxes payable)
RCPS	Redeemable Convertible Preference Shares in the Company issued to the Initial Investor
Reach Energy Holdings	Reach Energy Holdings Sdn. Bhd.
Reach Energy or Company	Reach Energy Berhad
RM and sen	Ringgit Malaysia and sen, respectively
SC	Securities Commission Malaysia
SC Guidelines	The Equity Guidelines issued by the SC
Share(s)	Ordinary share(s) of RM0.01 each in the Company



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****1.0 Abbreviation (continued)**

Trust Account	A trust account maintained with a licensed Islamic bank (as defined in the Islamic Financial Services Act 2013) or a licensed bank or investment bank (as defined in the Financial Services Act 2013) by the Custodian to hold and deal with part of the IPO Trust Proceeds on behalf of the Company, in accordance with the SC Guidelines
Warrant(s)	Free detachable warrant(s) in the Company issued to Reach Energy Holdings and to be issued to the Initial Investor and to IPO Investors

**2.0 Basis of preparation**

The Pro Forma Statement of Financial Position have been prepared on the basis stated in the notes described below using the audited financial statements of the Company for the financial period ended 31 January 2014 prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with both the format of the Statement of Financial Position and the accounting policies of the Company.

The Pro Forma Statement of Financial Position together with the accompanying notes thereto, has been prepared solely for illustrative purposes, to show the effects of the Public Issue and inter-related transactions, had they been implemented and completed on 31 January 2014, for inclusion in the prospectus of the Company in connection with the Listing.

The Pro Forma Statement of Financial Position, because of its nature, may not be reflective of the Company's actual financial position. Furthermore, such information does not purport to predict the future financial position of the Company.

**3.0 Listing scheme**

Public issue of 1,000,000,000 new ordinary shares of RM0.01 each in the Company, together with 1,000,000,000 Warrants on the basis of 1 Warrant for every 1 Public Issue Share subscribed, at an issue price of RM0.75 per Public Issue Share payable in full upon application comprising:-

- (i) 980,000,000 Public Issue Shares together with 980,000,000 Warrants on the basis of 1 Warrant for every 1 Public Issue Share subscribed for by way of placement to selected investors; and
- (ii) 20,000,000 Public Issue Shares together with 20,000,000 Warrants on the basis of 1 Warrant for every 1 Public Issue Share subscribed available for application by the Malaysian Public,

in conjunction with the Company's Listing on the Main Market of Bursa Securities.



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription****4.1 Pro Forma I**

- 4.1.1** As at 4 JUL 2014, since the date of the previous Statement of Financial Position as at 31 January 2014, Pro Forma I incorporates the effect of the following pre-IPO actual events that have occurred:

**Advance from Reach Energy Holdings**

Reach Energy Holdings has provided an advance payment of RM14,058,000 to the Company.

The advance payment is made in relation to a separate supplemental agreement entered into by the Company with Reach Energy Holdings in connection with the proposed subsequent subscription as further explained in Proforma II.

The subsequent subscription will be issued after the receipt of the SC's approval of the Listing.

- 4.1.2** On 26 June 2013, the initial subscription of 113,600,000 ordinary shares, together with 113,600,000 Warrants, at the subscription price of RM0.045 each by Reach Energy Holdings raised proceeds of RM5,112,000. Upon initial subscription of ordinary shares by Reach Energy Holdings, the ordinary shares were issued with Warrants with the following features:

- (a) 1 free Warrant for 1 ordinary share
- (b) Exercise price for Warrants: RM0.75
- (c) Upon IPO, there is moratorium in place whereby the Shares and Warrants are not transferable during the moratorium period (i.e. before the Company generates one full financial year of audited operating revenue)

As the Warrants are issued for free, concurrent with the issuance of ordinary shares, it is deemed that the free Warrants are issued for payment of service. Accordingly, the management of the Company made an assessment under MFRS 2, Share-based Payment. Grant date for the share-based payment is the date of issuance of Warrants when all conditions have been fulfilled.



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.1 Pro Forma I (continued)****Initial Management Subscription**

The fair value of Warrants at grant date arising from Initial Management Subscription was estimated using the Bloomberg Trinomial Lattice Model based on the following key assumptions:

(1)	Subscription price	RM0.045 per ordinary share
(2)	Exercise price	RM0.75 per Warrant
(3)	Tenure of the Warrants	8 years
(4)	Risk free interest rate	3.222%
(5)	Expected dividend yield	0%
(6)	Expected share price volatility	56.65%

The expected share price volatility used is based on the historical volatility of a similar listed entity. It is assumed that the Qualifying Acquisition will be completed within the Permitted Timeframe.

The fair value of Warrants at grant date arising from Initial Management Subscription is estimated to be RM0.0046. Accordingly, the share-based payment of RM522,560 is computed based on the fair value of Warrants at grant date of RM0.0046 multiplied by 113,600,000 Warrants issued. Vesting period is up to the date of completion of Qualifying Acquisition. The share-based payment is amortised over the vesting period and recognised as an expense to the Statement of Profit or Loss and Other Comprehensive Income with a corresponding entry to the share-based payment reserve in the Statement of Financial Position.

As at 31 January 2014, a share-based payment charge of RM85,068 has been recognised as an expense to the Statement of Profit or Loss and Other Comprehensive Income with a corresponding entry to the share-based payment reserve in the Statement of Financial Position.

For the purpose of Pro Forma I, the remaining amount of share-based payment of RM437,492 is deemed to be fully vested at grant date for illustration purpose.



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.2 Pro Forma II**

Pro Forma II incorporates the effects of Pro Forma I, and the following events:

**(a) Subsequent Management Subscription**

Upon receipt of SC's approval of the Listing, the 142,000,000 ordinary shares have been issued together with 142,000,000 Warrants, at the subscription price of RM0.099 each by Reach Energy Holdings. Consequently, the advance payment as stated in Proforma I has been reclassified from financial liability to equity and recognised accordingly through the share capital account, share premium account and warrant reserve account.

For the purpose of Pro Forma II, the carrying amount of the Warrants was determined based on the relative fair value of Warrants issued to the IPO Investors on the date of the IPO over the IPO share price of RM0.75 per Share.

The fair value of Warrants on the date of IPO was estimated using the Bloomberg Trinomial Lattice Model based on the following key assumptions:

(1) IPO share price	RM0.75 per Share
(2) Exercise price	RM0.75 per Warrant
(3) Tenure of the Warrants	8 years
(4) Risk free interest rate	4.031%
(5) Expected dividend yield	0%
(6) Expected share price volatility	34.114%

The expected share price volatility used is based on the historical volatility of a similar listed entity. The tenure of the Warrants used is based on the assumption whereby the Qualifying Acquisition will be completed within the Permitted Timeframe.

The fair value of Warrants on the date of IPO was estimated to be RM0.2137 each.

The amount allocated to each component instruments are as follow:

	RM	
a) Share capital	0.0100	*
b) Share premium	0.0608	#
c) Warrant reserve	0.0282	^
	<u>0.0990</u>	
	=====	

\* The amount allocated to share capital was derived based on the par value of Shares.



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.2 Pro Forma II (continued)**

- # The amount allocated to share premium was derived based on the share capital component less amount allocated to the Warrant component.
- ^ The amount allocated to Warrant was derived based on the relative fair value of Warrants on the date of IPO of RM0.2137 each over the IPO share price of RM0.75 per Share multiplied by Reach Energy Holding's subscription price of RM0.099 per Share.

Accordingly, the carrying amounts of the component instruments were derived based on the allocation above multiplied by 142,000,000 Shares issued.

The fair value of Warrants at grant date arising from Subsequent Management Subscription was estimated using the Bloomberg Trinomial Lattice Model based on the following key assumptions:

(1) Subscription price	RM0.099 per ordinary share
(2) Exercise price	RM0.75 per Warrant
(3) Tenure of the Warrants	8 years
(4) Risk free interest rate	4.031%
(5) Expected dividend yield	0%
(6) Expected share price volatility	31.114%

The expected share price volatility used is based on the historical volatility of a similar listed entity. It is assumed that the Qualifying Acquisition will be completed within the Permitted Timeframe.

The fair value of Warrants at grant date arising from Subsequent Management Subscription is estimated to be RM0.0021. Accordingly, the share-based payment of RM298,200 is computed based on the fair value of Warrants at grant date of RM0.0021 multiplied by 142,000,000 Warrants issued. Vesting period is up to the date of completion of Qualifying Acquisition. The share-based payment is amortised over the vesting period and recognised as an expense to the Statement of Profit or Loss and Other Comprehensive Income with a corresponding entry to the share-based payment reserve in the Statement of Financial Position.

For the purpose of Pro Forma II, all share-based payments are deemed to be fully vested at grant date for illustration purpose.





**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.2 Pro Forma II (continued)****(b) Initial Investor Subscription**

On 26 July 2013, the subscription of 666,667 RCPS at the subscription price of RM4.50 per RCPS by Initial Investor raised proceeds of RM3,000,001.

The terms of the RCPS, inter alia, include the following:

- (i) Each RCPS is convertible into 10 Shares together with 10 Warrants.
- (ii) Subject only to compliance with the requirements of Section 61 of the Act, all RCPS shall be mandatorily redeemed in full at the redemption price of RM4.50 per RCPS:
  - on the date falling 12 months after the date of issue of the RCPS if the approval from the SC is not received by the Company by then; or
  - on the date falling 14 business days after the Company's receipt of any letter from the SC rejecting or stating its non-approval of the Company's application for the IPO; or

whichever occurs first.

Accordingly, the RCPS is classified as a financial liability as the Company does not have the unconditional right to avoid delivering cash before the IPO scheme is approved by the SC.

The RCPS is measured at fair value on initial recognition. The fair value of RCPS is calculated as the present value of future cash flows at redemption. In view of the short time frame between the issuance and the redemption (within 12 months), the fair value of RCPS approximates the nominal/carrying value of RM3,000,001.

Pro Forma II incorporates the effects of the following events:

- Conversion of 666,667 RCPS by Initial Investor into 6,666,670 new Shares together with 6,666,670 Warrants. This conversion is assumed to take place after SC's approval of the Listing.
- Subscription of 15,555,555 ordinary shares, together with 15,555,555 Warrants, at the subscription price of RM0.45 each by Initial Investor, which raised proceeds of RM7,000,000.

For the purpose of Pro Forma II, the carrying amount of the Warrants was determined based on relative fair value of Warrants issued to the IPO Investors on the date of IPO over the IPO share price of RM0.75 per Share.



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.2 Pro Forma II (continued)****(b) Initial Investor Subscription (continued)**

The fair value of Warrants on the date of IPO was estimated using the Bloomberg Trinomial Lattice Model based on the same key assumptions used in Note 4.2(a).

The fair value of Warrants on the date of IPO was estimated to be RM0.2137 each.

The amount allocated to each component instruments are as follow:

	RM	
a) Share capital	0.0100	*
b) Share premium	0.3118	#
c) Warrant reserve	0.1282	^
	<u>0.4500</u>	
	=====	

\* The amount allocated to share capital was derived based on the par value of Shares.

# The amount allocated to share premium was derived based on the share capital component less amount allocated to the Warrant component.

^ The amount allocated to Warrant was derived based on the relative fair value of Warrants on the date of IPO of RM0.2137 each over the IPO share price of RM0.75 per Share multiplied by Initial Investor's subscription price of RM0.45 per Share.

Accordingly, the carrying amounts of the component instruments were derived based on the allocation above multiplied by 22,222,225 Shares issued.

(Transactions identified in Pro Forma I and II are collectively referred to as "Pre-IPO Events").



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.3 Pro Forma III**

Pro Forma III incorporates the effects of Pro Forma II, and the effects of the Public Issue.

SC Guidelines, inter alia, require the following:

- (a) The Company must place at least 90% of the gross proceeds from its IPO in a Trust Account immediately upon receipt of all proceeds. The monies in the Trust Account may only be released by the Custodian upon termination of the Trust Account;
- (b) The balance of the proceeds from the IPO, being 10% of the proceeds, may be utilised to defray expenses related to the IPO and for working capital purposes including but not limited to operating costs, fund the search for a target company or asset and completing the Qualifying Acquisition; and
- (c) In the event the Company fails to complete a Qualifying Acquisition within the Permitted Timeframe, it must be liquidated. The amount then held in the Trust Account (net of any taxes payable and direct expenses related to the liquidation), must be distributed to the respective shareholders except for the Management Team, persons connected to the Management Team, and the Initial Investor on a pro rate basis as soon as practicable, as permissible by the relevant laws and regulations. The Management Team, persons connected to the Management Team, and the Initial Investor may not participate in the Liquidation Distribution.

Notwithstanding as mentioned in item (a) above, Reach Energy will place 94.75% of the gross proceeds from its IPO in a Trust Account immediately upon receipt of all proceeds. The balance of the proceeds from the IPO, being 5.25% of the proceeds, will be utilised to defray expenses related to the IPO, for working capital purpose and expenses relating to the Qualifying Acquisition.

Consequently, the Public Issue Share is a compound financial instrument with a financial liability and equity component as defined under MFRS 132 Financial Instruments: Presentation. The financial liability component being the fair value of the 94.75% of the gross proceeds represents the Company's obligation to refund the IPO Trust Proceeds held in the Trust Account to the IPO Investors in the event the Company fails to complete a Qualifying Acquisition within the Permitted Timeframe.

For the purpose of Pro Forma III, the carrying amount of the Warrants was determined based on relative fair value of Warrants issued to the IPO Investors on the date of IPO over the IPO share price of RM0.75 per Share.



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.3 Pro Forma III (continued)**

The fair value of Warrants on the date of IPO was estimated using the Bloomberg Trinomial Lattice Model based on the same key assumptions used in Note 4.2(a).

The fair value of Warrants on the date of IPO was estimated to be RM0.2137 each.

The amount allocated to each component instruments are as follows:

	RM	
a) Share capital	0.0100	*
b) Share premium account	0.0182	#
c) Warrant reserve	0.0112	^
	<hr/>	
	0.0394	
d) Financial liability component of Public Issue Shares	0.7106	@
	<hr/>	
	0.7500	
	<hr/>	

\* The amount allocated to share capital was derived based on the par value of Shares.

# The amount allocated to share premium account was derived based on five point twenty-five percent (5.25%) of the IPO share price of RM0.75 each less share capital component less amount allocated to the Warrant component.

^ The amount allocated to Warrant reserve was derived based on five point twenty-five percent (5.25%) of the fair value of Warrants on the date of IPO of RM0.2137 each.

@ The amount allocated to the financial liability component of the Public Issue Shares was derived based on ninety-four point seventy-five percent (94.75%) of the IPO share price of RM0.75 each.

Accordingly, the carrying amounts of the component instruments were derived based on the allocation above multiplied by 1,000,000,000 Shares issued.



**10. FINANCIAL INFORMATION (Cont'd)****APPENDIX A****Reach Energy Berhad****Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)****4.0 Subscription (continued)****4.4 Pro Forma IV**

Pro Forma IV incorporates the effects of Pro Forma III and the payment of Listing expenses of RM26,000,000. The estimated Listing expenses for the issuance of new Shares of RM23,323,000 are assumed to be directly attributable to the Public Issue and as such will be debited against the share premium account, whereas the remaining estimated Listing expenses of RM2,677,000 are assumed to be attributable to the IPO and as such, will be charged to the Statement of Profit and Loss and Other Comprehensive Income.

**4.5 Pro Forma V**

Pro Forma V incorporates the effects of Pro Forma IV and the effects of the completion of Qualifying Acquisition based on the SC Guidelines, being fulfillment of all conditions precedent set out in the sale and purchase agreement governing the Qualifying Acquisition. Consequently, the financial liability component of the Public Issue Share will be reclassified as equity and recognised through the share premium account and Warrant reserve account as the Company has no further obligation to refund the IPO Trust Proceeds held in the Islamic Trust Account.

For the purpose of Pro Forma V, the amount allocated to share premium account and Warrant reserve account were based on relative fair value of the respective instruments as elaborated below:

**(a) Amount allocated to the Warrant reserve account**

	RM
Fair value of each Warrant as disclosed in Note 4.1.1(a)	0.2137
Less: Equity component of the Warrant as disclosed in Note 4.3	(0.0112)
	<hr/>
Amount allocated to the Warrant in Pro Forma V	0.2025
	<hr/>

The amount reclassified to Warrant reserve account is derived based on the allocation above multiplied by 1,000,000,000 Public Issue Shares.

**(b) Amount allocated to share premium account**

	RM
Financial liability component of Public Issue Shares as disclosed in Note 4.3	0.7106
Less: Amount allocated to the Warrant in Note 4.5(a) above	(0.2025)
	<hr/>
Amount allocated to the share premium in Pro Forma V	0.5081
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**10. FINANCIAL INFORMATION (Cont'd)**

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**APPENDIX A**

**Reach Energy Berhad**

**Notes to the Pro Forma Statement of Financial Position as at 31 January 2014 (continued)**

**4.0 Subscription (continued)**

**4.5 Pro Forma V (continued)**

(b) (continued)

The amount reclassified to share premium account is derived based on the allocation above multiplied by 1,000,000,000 Public Issue Shares.

The above transactions are effected based on the following assumptions:

- (i) approval is obtained from SC in connection to the Qualifying Acquisition,
- (ii) there is no investment income from Permitted Investments that has been accrued to the Islamic Trust Account, and
- (iii) there are no IPO Investors who vote against the Qualifying Acquisition.

**4.6 Pro Forma VI**

Pro Forma VI incorporates the effects of Pro Forma V and assumes the exercise of all 1,277,822,225 Warrants at the exercise price of RM0.75 per Share.



## 11. DIRECTORS' REPORT

### Reach Energy Berhad (1034400-D)

Level U6, Block D3, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia

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#### Registered Office:

Level 8, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1N46  
47301 Petaling Jaya  
Selangor Darul Ehsan.

Date: 16 July 2014

### The Shareholders of Reach Energy Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Reach Energy Berhad ("Reach Energy" or "Company"), I report after due enquiry during the period from 31 January 2014, being the date to which the last audited financial statements of the Company have been made up, to the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus, that:

- (i) the business of the Company has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Company which have adversely affected the trading or the value of the assets of the Company;
- (iii) the current assets of the Company appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) no contingent liabilities have arisen by reason of any guarantee or indemnity given by the Company;
- (v) since the last audited financial statements of the Company, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of; and
- (vi) since the last audited financial statements of the Company, there has been no material change in the published reserves or any unusual factor affecting the profits of the Company.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**REACH ENERGY BERHAD**

**Ir Shahul Hamid bin Mohd Ismail**  
Managing Director

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "REACH ENERGY BERHAD" around the perimeter and "1034400-D" in the center, with a small star at the bottom.

## **12. ADDITIONAL INFORMATION**

### **12.1 SHARE CAPITAL**

- (i) No securities will be allotted on the basis of this Prospectus later than 12 months after the date of this Prospectus, save as disclosed in Sections 3.1, 3.2 and 3.3 of this Prospectus.
- (ii) There are 2 classes of securities in our Company, namely the Shares and Warrants.
- (iii) Save as disclosed in Sections 3.1, 3.2 and 3.3 of this Prospectus, no shares or debentures of our Company has been issued or has been agreed to be issued or is proposed to be issued as fully or partly paid-up, in cash or otherwise, within the 2 years immediately preceding the date of this Prospectus.
- (iv) There is currently no other scheme involving our Directors or employees in the capital of our Company.
- (v) Save for the Warrants as disclosed in Section 3.3.2 of this Prospectus, our Company does not have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this Prospectus.
- (vi) Save for the Warrants as disclosed in Section 3.3.2 of this Prospectus, our Company does not have any capital that is under option or agreed conditionally or unconditionally to be put under option.
- (vii) As of the date of this Prospectus, there are no limitations on the right to own securities including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our securities.

### **12.2 ARTICLES OF ASSOCIATION**

The following provisions are reproduced from our Company's Articles of Association.

Terms defined in our Company's Articles of Association shall have the same meanings when used here unless they are otherwise defined here or unless the context otherwise requires.

#### **(i) Transfer of securities**

The provisions of our Articles of Association dealing with transfer of securities and restrictions on free transferability are as follows:

##### **Article 21**

Subject to the provisions of the Central Depositories Act and the Rules, the transfer of any listed security or class of listed security of the Company shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Section 103 and 104 of the Act, but subject to Subsection 107C(2) of the Act and any exemption that may be made from compliance with Subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, there shall be no restriction on the transfer of fully paid shares except where required by law.

##### **Article 22**

No share shall in any circumstances be transferred or transmitted to any infant, bankrupt or person of unsound mind.



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**12. ADDITIONAL INFORMATION (Cont'd)**

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**Article 23**

The registration of transfer may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. Such notice shall state the books closing date, which shall be ten (10) Market days (or such other period as prescribed by the Exchange from time to time or any relevant governing laws and/or guidelines) after the date of notification to the Exchange, and the address of share registry at which documents will be accepted for registration. At least three (3) Market days prior notice or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time shall be given to the Depository to enable the Depository to prepare the appropriate Record of Depositors.

**Article 24**

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside and in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto. Provided always that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

**(ii) Remuneration of Directors**

The provisions of our Articles of Association dealing with the remuneration and benefits of our Directors are as follows:

**Article 77**

Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of proposed increase has been given in the notice convening the meeting. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company. PROVIDED THAT Non-Executive Directors shall not be remunerated by a commission on or percentage of profits or turnover and that nothing herein shall prejudice the power of the Directors to appoint any of their number to be the employee or agent of the Company at such remuneration which may not include a commission on or percentage of turnover. The fee payable to non-executive Directors shall be fixed sums as shall be determined by the Company in general meeting.

**Article 110**

A Managing Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

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**12. ADDITIONAL INFORMATION (Cont'd)**

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**(iii) Voting and borrowing powers of Directors**

The provisions of our Articles of Association dealing with voting and borrowing powers of our Directors are as follows:

**Article 89**

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of moneys, as they think proper.

**Article 90**

The Directors may raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company (both present and future) including uncalled capital, or by means or charges, mortgages, bonds and disposition in security or bonds of cash-credit, with or without power of sale, as the Directors shall think fit.

**Article 91**

The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as a security for any debt, liability or obligation of an unrelated third party.

**Article 92**

- (1) The Directors may borrow or raise any such money as aforesaid upon by the issue or sale of any bonds, debentures, debenture stock, or securities, and upon such terms as to time of repayment, rate of interest, price of issue of sale, payment of premium or bonus upon redemption or repayment or otherwise as they may think proper. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for shares in the Company or any class authorised to be issued.
- (2) Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by a mortgage or a charge upon all or any part of the undertaking or property of the Company both present and future and upon any capital remaining unpaid upon the shares of the Company whether called up or not by any other security and the Director may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any moneys so borrowed or so raised and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Director may think necessary or expedient in relation to the undertaking or property of the Company, or the management or the realisation thereof, or the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustee may be remunerated.

**12. ADDITIONAL INFORMATION (Cont'd)**

- (3) The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed.

**Article 99**

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. A Director shall not vote in respect of any contract or arrangement in which he has, directly or indirectly, such interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting.

**(iv) Changes in capital and variations of class rights**

The provisions of our Articles of Association dealing with changes in capital and variations of class rights (or, which are in accordance with the requirements under the law) are as follows:

**Article 40**

The Company may from time to time by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

**Article 41**

- (1) Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, or renounced will be deemed to be declined, and after the expiration of such time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may, subject to these Articles, dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any such new shares or securities which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.
- (2) Notwithstanding the foregoing and subject to the Act, the Company may apply to any Exchange to the waiver of convening an extraordinary general meeting to obtain shareholders approval for further issue of shares (other than bonus or rights issue) where the aggregate issues of which in any one financial year do not exceed ten (10) per cent of the issued capital and where in accordance with the provisions of Section 132D of the Act, there is still in effect a resolution approving the issue of shares by the Company.

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**12. ADDITIONAL INFORMATION (Cont'd)**

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**Article 42**

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of the calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

**Article 43**

The Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (b) sub-divide its existing shares, or any of them into shares of smaller amount that is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act, and so that as between the resulting shares, one or more of such shares may be the resolution by which such sub-division is effected be given any preference or advantage as regards Dividend, capital, voting or otherwise over the others or any other of such shares; or
- (c) cancel any shares not taken or agreed to be taken by any person.

**Article 44**

- (1) The Company may by special resolution reduce its share capital and any capital redemption reserve fund in any manner authorised and subject to any conditions prescribed by the Act and the Listing Requirements.
- (2) The Company may reduce its issued share capital by the cancellation of shares purchased by the Company and the amount by which the Company's issued capital is diminished shall be transferred to the capital redemption reserve in accordance with Section 67A of the Act and the Listing Requirements.

**Article 45**

Subject to the provisions of Section 65 of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the Members of that class. To any such separate meeting all the provisions of these Articles as to General Meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be Members of the class holding or representing by proxy one-third of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him. To every such special resolution the provisions of Section 152 of the Act shall with such adaptations as are necessary apply. Provided however that in the event of the necessary majority not having been obtained in the manner aforesaid consent in writing may be secured from Members holding at least three-fourths of the issued shares of the class and such consent if obtained within two months from the date of the separate general meeting shall have the force and validity of a special resolution duly carried by a vote in person or by proxy.

**12. ADDITIONAL INFORMATION (Cont'd)****Article 46**

The rights conferred upon the holders of the shares of any class, other than ordinary shares, with preference or other rights, shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith but in no respect in priority thereto

**(v) SPAC company**

The provisions of our Articles of Association dealing with a SPAC company are as follows:

**Article 47A**

- (1) The Company is a SPAC established in accordance with the SC Equity Guidelines for the purpose of seeking a suitable Qualifying Acquisition in the upstream oil and gas activities consist of exploration, development and production of oil and gas resources.
- (2) Articles 47A, 47B and 47C shall only apply to the Company as long as it has not completed any Qualifying Acquisition. Upon due completion of a Qualifying Acquisition, those Articles shall cease to have effect and the Company shall not be bound by such Articles thereafter.
- (3) Prior to the due completion of a Qualifying Acquisition, the other Articles shall be read subject to the provisions of Articles 47A, 47B and 47C and those Articles shall prevail over the other Articles accordingly in the event (and to the extent) of any conflict or inconsistency.

**(vi) Trust Account and Custodian**

The provisions of our Articles of Association dealing with the Trust Account and Custodian are as follows:

**Article 47B**

- (1) The Company shall appoint a Custodian and maintain the Trust Account at all times after its IPO until the termination of the Trust Account in accordance with the custodian agreement. The terms of appointment of the Custodian (including its role, responsibilities and termination of appointment) shall be in accordance with the SC Equity Guidelines and the custodian agreement.
- (2) The Company shall place at least ninety percent (90%) of the gross proceeds raised in its IPO in the Trust Account upon the Company's receipt of all the proceeds.
- (3) The monies in the Trust Account may only be invested in Permitted Investments and/or dealt with in such manner as may be permitted by these Articles or the SC Equity Guidelines. In this regard, all interests and income derived from the funds held in the Trust Account (including in relation to the Permitted Investments) shall accrue to the Trust Account accordingly and shall (amongst others) form part of any liquidation distribution pursuant to Article 47C.

**12. ADDITIONAL INFORMATION (Cont'd)**

- (4) All other monies not placed in the Trust Account shall be available for use by the Company to defray and pay expenses related to the IPO, the Qualifying Acquisition (including the funding of costs relating to the search for prospective or potential acquisition transactions and the completion of such transactions) and other operating expenses of the Company.

**(vii) Approval of shareholders for a Qualifying Acquisition**

The provisions of our Articles of Association dealing with the approval of shareholders for a Qualifying Acquisition are as follows:

**Article 47C**

- (1) Prior to its due completion of a Qualifying Acquisition:
- (a) the Company shall not issue any securities other than by way of rights issue. Where additional financing is sought by way of a rights issue, the Company shall deposit at least ninety percent (90%) of the gross proceeds raised into the Trust Account and the monies shall be dealt with in the same way as provided under Articles 47B(3) and 47B(4) in relation to the specified ninety percent (90%) of the IPO proceeds and the relevant requirements under Chapter 6 of the Listing Requirements;
  - (b) any debt financing proposed to be obtained by the Company shall be subject to the requirements of the SC Equity Guidelines;
  - (c) Security-based compensation arrangements between the Company and members of the Management Team such as Share Issuance Scheme are prohibited unless otherwise permitted by the SC and other relevant authorities.
- (2) The Qualifying Acquisition which may comprise more than one (1) acquisition transaction, must have an aggregate fair market value equal to at least eighty percent (80%) of the aggregate amount then on deposit in the Trust Account (excluding any taxes payable).
- (3) Where the Qualifying Acquisition comprises more than one (1) acquisition, the sale and purchase agreements relating to each of the acquisitions must be inter-conditional and shall complete simultaneously within the Permitted Time Frame.
- (4) A Qualifying Acquisition shall be subject to the prior approval of a majority in number of the holders of the ordinary shares representing at least seventy-five percent (75%) of the total value of the issued ordinary shares held by all holders of ordinary shares present and voting either in person or by proxy at a general meeting duly convened by the Company for purposes of consideration of the Qualifying Acquisition PROVIDED ALWAYS THAT members of the Management Team and persons connected to them (as defined in the SC Equity Guidelines) shall not be permitted to vote on such resolution(s) approving a Qualifying Acquisition. The voting in relation to a Qualifying Acquisition under this Article shall be by way of poll and the details of all votes cast shall be duly recorded by the Secretary. Where a proposed Qualifying Acquisition comprises more than one (1) acquisition transaction, each acquisition transaction must be approved by the holders of the ordinary shares in the same manner as aforesaid in order for the Qualifying Acquisition to be duly approved for purposes of this Article.

**12. ADDITIONAL INFORMATION (Cont'd)**

- (5) The Company shall not proceed to complete a Qualifying Acquisition unless the conditions set out in Articles 47C(3) and 47C(4) are duly complied with.
- (6) Holders of ordinary shares (other than members of the Management Team and persons connected to them as defined in the SC Equity Guidelines and the Initial Investors), who vote against a Qualifying Acquisition at the general meeting convened to consider the Qualifying Acquisition ("Dissenting Shareholders") shall be entitled to require the Company to purchase the ordinary shares held by such Dissenting Holder(s) (in respect of which votes were exercised against the Qualifying Acquisition) ("QA Share Repurchase") at a cash purchase consideration equivalent to a pro-rata portion of the amount then held in the Trust Account (net of any taxes payable and expenses related to the facilitation of the QA Share Repurchase) calculated on the following basis:-

$$X = \frac{Y}{Z}$$

Where:

- X** = Amount per Share payable to the Dissenting Shareholder
- Y** = Amount then held in Trust Account (net of any taxes payable and expenses relation to the QA Share Repurchase)
- Z** = Total number of shares excluding Shares held by the Management Team, persons connected to the Management Team and the Initial Investors (except in relation to ordinary shares purchased by the Initial Investors after the date of listing or pursuant to the Public Issue)

PROVIDED ALWAYS THAT such Qualifying Acquisition is duly approved (in accordance with Article 47C(4) above) and completed within the Permitted Time Frame.

In order to exercise the right to require the Company to purchase its ordinary shares pursuant to this Article, a holder shall be required to send a notice in writing to the Company (in such format, and within such timeframe as may be prescribed by the Company from time to time).

The satisfaction of the purchase consideration for the QA Share Repurchase shall be effected by the Company in favour of each Dissenting Shareholder within seven (7) Market days after the Qualifying Acquisition has been fully and duly completed PROVIDED THAT the Custodian has received evidentially proof to its satisfaction that the consideration for the Qualifying Acquisition has been fully paid and the ownership of the assets acquired by the Company pursuant to the Qualifying Acquisition is beneficially and legally vested in the Company in accordance with these Articles, the Listing Requirements and the SC Equity Guidelines. Such payment to the Dissenting Shareholder(s) shall be effected in the same manner as provided in Article 129 in relation to Dividends.

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## 12. ADDITIONAL INFORMATION (Cont'd)

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### (viii) Payment of Dividends

The provisions of our Articles of Association dealing with the payment of dividends by our Company are as follows:

#### **Article 129**

The Directors may with the sanction of a general meeting from time to time declare Dividends, but no such Dividends shall be payable except out of profits of the Company. No higher Dividend shall be paid than is recommended by the Directors and the declaration of the Directors as to the amount of the net profits shall be conclusive.

#### **Article 130**

Subject to the provision of the Act, the Central Depositories Act and the Listing Requirements and/or regulatory authorities, payment of dividends may be made by direct transfer or such other mode of electronic means to the bank account of the holder whose name appear in the Register of Members of Record of Depositors or, if more than one (1) person is entitled thereto in consequence of the death or bankruptcy of the holder, payment in such manner to the bank account of any one of such persons or to the bank account of such person as such persons may by writing direct. The payment of any dividends by such electronic means shall constitute a good and full discharge to the Company of the dividends to which it relates regardless of any discrepancy given by Members in the details of bank account(s).

#### **Article 131**

Subject to the provisions hereinafter contained and to the preferential or special rights as to Dividends for the time being attached to any preference shares or any other special class of shares in the capital of the Company, the profits of the Company available for Dividends shall be applied in payment of Dividends on the ordinary shares of the Company in proportion to the amounts paid up or credited as paid up thereon respectively; but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid-up on the share.

#### **Article 132**

The Directors may from time to time pay to the Members such interim Dividends as appear to the Directors to be justified by the profits of the company.

#### **Article 133**

No Dividends shall be paid otherwise than out of profit or shall bear interest against the Company. The Directors may retain any Dividend payable to a Member or any part thereof and set the same off against the amount of any call made in respect of such Members' shares and remaining unpaid and whether such call shall have been made before or after the declaration of the Dividend in question.



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**12. ADDITIONAL INFORMATION (Cont'd)**

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**Article 134**

The Directors may before recommending any Dividends, set aside out of the profits of the Company such sums as they think proper as reserves which shall, at the discretion of the Directors, be applicable for any purposes to which the profits of the Company may be properly applied, and pending any such application may, at their discretion, either be employed in the business of the Company or be invested in such investments (other than shares in the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

**Article 135**

Subject to the rights of persons attached to shares on the terms of their issue with all Dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the Dividend is paid, but no amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the shares. All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid; but if any share is issued on terms providing that it shall rank for Dividend as from a particular date that share rank for Dividend accordingly.

**Article 136**

The Directors may deduct from any Dividend payable to any Member all sum of money, if any, presently payable by him to the Company on account of calls of otherwise in relation to the shares of the Company.

**Article 137**

Any general meeting declaring a Dividend or bonus may direct payment of such Dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debentures stock of any other Company or in any one or more of such ways and the Directors shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

**Article 138**

- (1) Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post to the last registered address of the Member or person entitled thereto or by direct transfer or such other mode of electronic means (subject to the provision of the Act, the Central Depositories Act and the Rules, the Listing Requirements and/or other regulatory authorities) to the bank account of the holders whose name appear in the Register or Record of Depositors respectively. Every such cheque or warrant or payment by direct transfer shall be made payable to the order of the person to whom it is sent or to such person as the holder or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct a payment of the cheque or warrant or by such electronic means shall be a good discharge to the Company.

**12. ADDITIONAL INFORMATION (Cont'd)**

The payment of any dividend by such electronic means shall constitute a good and full discharge to the Company of the dividend to which it relates regardless of any discrepancy given by the Member in the details of the bank account(s). Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

- (2) The receipt of the person whose name on the date of the declaration of Dividend appears on the Register, as the owner of any share shall be a good discharge to the Company for all payments made in respect of such share.
- (3) A transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.
- (4) Subject to the Unclaimed Moneys Act, 1965 all Dividends unclaimed after having been declared, may be invested or otherwise made use of by the Directors for the benefits of the Company until claimed.
- (5) Every Dividend shall belong and be paid (subject to the Company's lien) to those Members who shall be on the Register at the date fixed for payment of such Dividend, notwithstanding any subsequent transfer or transmission of share.

**(ix) Liquidation of our Company**

The provisions of our Articles of Association dealing with the liquidation of our Company are as follows:

**Article 47C**

- (7) If the Company does not duly complete a Qualifying Acquisition within the Permitted Time Frame or the Company is delisted by the Exchange before the Company completes a Qualifying Acquisition, the following shall take effect:
  - (a) The Company shall be dissolved, wound up and liquidated under the Act (where the requisite approvals of the holders of the ordinary shares for the voluntary liquidation of the Company and the appointments of the Liquidator in accordance with the Act have been obtained) in accordance with all applicable laws and regulations and such process shall be commenced by the Directors as soon as practicable within sixty (60) days after the expiry of the Permitted Time Frame;
  - (b) Upon liquidation the amount then held in the Trust Account (net of any taxes payable and direct expenses related to the liquidation distribution) shall be distributed to the holders of the ordinary shares on a pro-rate basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulations PROVIDED ALWAYS THAT members of the Management Team and persons connected to them (as defined in the SC Equity Guidelines) and the Initial Investors shall not be entitled to (and shall not participate in) the liquidation distribution of the monies held in the Trust Account, except in relation to ordinary shares purchased by them after the date of listing and the ordinary shares purchased by the persons connected to the Management Team and the Initial Investors pursuant to the Public Issue.

## 12. ADDITIONAL INFORMATION (Cont'd)

The liquidation distribution referred to above shall be calculated on the following basis:-

$$A = \frac{B}{C}$$

Where:

- A** = Amount per ordinary share payable to the shareholder
- B** = Amount then held in the Trust Account (net of any taxes payable and direct expenses related to the liquidation distribution).
- C** = Total number of issued ordinary shares, excluding the number of ordinary shares held by the Management Team, persons connected to them and the Initial Investors (except in relation to ordinary shares purchased by them after the date of listing and the ordinary shares purchased by the persons connected to the Management Team and the Initial Investors pursuant to the Public Issue).

### (x) Winding up

The provisions of our Articles of Association dealing with the winding up of our Company are as follows:

#### Article 144

If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

#### Article 145

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company divide amongst the Members in kind the whole or any part of the assets of the Company (whether they consist of property of the same kind or not) and may for that purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of any such assets in trustees upon trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

**12. ADDITIONAL INFORMATION (Cont'd)****Article 146**

On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been approved by the shareholders. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which the commission or fee is to be considered.

**12.3 MATERIAL CONTRACTS**

Save as disclosed below, there are no contracts which are material (not being contracts entered into in the ordinary course of business) which have been entered into by our Company within two years immediately preceding the date of this Prospectus:

- (i) Subscription agreement dated 26 June 2013 between our Company and Reach Energy Holdings for the subscription of a total of 113,600,000 Shares together with 113,600,000 Warrants at a subscription price of RM0.045 per Share;
- (ii) Subscription agreement dated 26 July 2013 and supplemental subscription agreement dated 2 July 2014 between our Company and Daya Materials for the subscription of a total of 533,334 RCPS at a subscription price of RM4.50 per RCPS and the subscription of a total of 12,444,444 Shares together with 12,444,444 Warrants at a subscription price of RM0.45 per Share after the receipt of the SC's approval for the IPO;
- (iii) Subscription agreement dated 26 July 2013 between our Company and Midvest Asia Sdn Bhd for the subscription of a total of 133,333 RCPS at a subscription price of RM4.50 per RCPS and the subscription of a total of 3,111,111 Shares together with 3,111,111 Warrants at a subscription price of RM0.45 per Share after the receipt of the SC's approval for the IPO. This subscription agreement was subsequently novated to Daya Materials by way of a Novation Agreement dated 2 July 2014 between our Company, Midvest Asia and Daya Materials. A further supplemental to the Novation Agreement dated 2 July 2014 was entered into between our Company and Daya Materials;
- (iv) Warrants deed poll dated 26 June 2013 and supplemental Warrants deed poll dated 20 June 2014 constituting the Warrants;
- (v) Supplemental subscription agreement dated 5 February 2014 between our Company and Reach Energy Holdings for the additional subscription of a total of 142,000,000 Shares together with 142,000,000 Warrants at a subscription price of RM0.099 per Share;
- (vi) Underwriting Agreement dated 26 June 2014 between our Company and the Underwriter to underwrite 20,000,000 Public Issue Shares which are available for application by the Malaysian Public at an underwriting commission as set out in Section 3.8 of this Prospectus;
- (vii) Placement agreement dated 23 June 2014 between our Company and HLIB for the placement of 980,000,000 Public Issue Shares at a placement commission as set out in Section 3.8 of this Prospectus;
- (viii) Custodian Agreement dated 26 June 2014 between our Company and the Custodian for custodian services provided by the Custodian to our Company in respect of the funds to be held in the Islamic Trust Account for an annual administration fee of RM30,000; and

**12. ADDITIONAL INFORMATION (Cont'd)**

- (ix) Master cornerstone placing agreement dated 26 June 2014 between our Company, HLIB and the Cornerstone Investors whereby the Cornerstone Investors have agreed to acquire an aggregate of 210 million Public Issue Shares with 210 million Warrants at the Issue Price, representing 16.43% of the enlarged issued and paid-up capital of Reach Energy upon Listing.

**12.4 MATERIAL LITIGATION**

As at the LPD, our Company is not engaged in any material litigation and arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Company and our Directors have no knowledge of any proceedings pending or threatened against our Company or of any facts likely to give rise to any proceedings which might materially and adversely affect the position or business of our Company.

**12.5 PUBLIC TAKE-OVERS**

Since our Company's incorporation on 7 February 2013, there were no:

- (i) public take-over offers by third parties in respect of our Company's shares; and
- (ii) public take-over offers by our Company in respect of other companies' shares.

**12.6 CONSENTS**

The written consents of the Principal Adviser, Placement Agent, Underwriter, Principal Banker, Issuing House, Company Secretary, Share Registrar, Custodian and Solicitor for the Listing to the inclusion in this Prospectus of their names in the manner and form in which their respective names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consents of the Auditors and Reporting Accountants to the inclusion of their name, the Reporting Accountants' letter on the Pro Forma Statements of Financial Position of our Company, independent auditors' report and all references thereto in the manner and form in which they appear in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of PFC Energy to the inclusion of the IMR Report and all references thereto in the manner and form in which they appear in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of SPE to the inclusion of the Figure 1-1: Resource Classification Framework and definitions from Section 1.1 of the SPE/WPC/APPG/SPEE Petroleum Resources Management System (PMRS) in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

## 12. ADDITIONAL INFORMATION *(Cont'd)*

### 12.7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company, during normal business hours for a period of 12 months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) The IMR Report as included in Section 6.2 of this Prospectus;
- (iii) The Reporting Accountants' letter relating to the Pro Forma Statements of Financial Position as at 31 January 2014 as included in Section 10.5 of this Prospectus;
- (iv) The Directors Report as included in Section 11 of this Prospectus;
- (v) The material contracts referred to in Section 12.3 of this Prospectus;
- (vi) The letters of consent referred to in Section 12.6 of this Prospectus;
- (vii) The audited financial statements of our Company for the FPE 31 July 2013 and FPE 31 January 2014; and
- (viii) The respective employment agreements between our Company and each Management Team dated 26 June 2013 as referred to in Section 7.5 of this Prospectus.

### 12.8 RESPONSIBILITY STATEMENTS

- (i) Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm there are no false or misleading statements or other facts, the omission of which would make any statement in this Prospectus false and/or misleading.
- (ii) HLIB, being our Principal Adviser, Placement Agent and Underwriter acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Public Issue.

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### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE

#### 13.1 OPENING AND CLOSING OF APPLICATION

The Application for the Public Issue will open at 10.00 a.m. on 24 July 2014 and will remain open until 5.00 p.m. on 4 August 2014 or for such further period or periods as our Directors and HLIB in their absolute discretion may decide. **Late Applications will not be accepted.**

We will notify all parties via an advertisement in a widely circulated English and Bahasa Malaysia newspaper in Malaysia in the event there is an extension of time on the closing date of the Applications.

#### 13.2 METHODS OF APPLICATION

Application for the Public Issue Shares may be made using any of the following ways:

- (i) Application Forms; or
- (ii) Electronic Share Application; or
- (iii) Internet Share Application.

#### 13.3 GENERAL CONDITIONS FOR APPLICATIONS

Application for 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants at the Issue Price comprising:

##### (i) Application by Malaysian Public

Applications for 20,000,000 Public Issue Shares together with 20,000,000 Warrants on the basis of 1 Warrant for every 1 Public Issue Share made available for application by the Malaysian Public must be made on the **White** Application Forms provided or by way of Electronic Share Application or by way of Internet Share Application.

However, a corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or by way of Internet Share Application.

##### (ii) Application by selected investors

Selected investors being allocated the Public Issue Shares under this category will be contacted directly by the Placement Agents and are to follow the instructions as communicated by the Placement Agents.

**White** Application Forms together with copies of this Prospectus may be obtained, subject to availability, from HLIB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH.

The submission of an Application Form does not necessarily mean that the application will be successful.

A person who submits multiple applications using the names of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to 10 years under Section 182 of the CMSA. Only one Application Form from each applicant will be considered and applications must be for a minimum of 100 ordinary shares or multiples of 100 ordinary shares.

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

**Multiple applications will not be accepted**, and applications appearing to be, or suspected of being multiple applications may be rejected at the discretion of our Directors. The amount payable in full on application is RM0.75 per share. Persons submitting applications by way of Application Forms may not submit applications by way of Electronic Share Application or by way of Internet Share Application and vice versa.

Persons submitting Applications by way of Application Form or by way of Electronic Share Application or Internet Share Application **MUST HAVE A CDS ACCOUNT**.

The Applications shall be made in relation to and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.

**All applicants must give their:**

- (i) **exact full name (as per the National Registration Identity Card or “resit pengenalan sementara (KPPK 09)”) in the case of individuals, or as per the certificate of incorporation in the case of corporate and institutional applicants; and**
- (ii) **CDS account number as per the Bursa Malaysia Depository Sdn Bhd (145570-W) records.**

**Applications by individuals must be accompanied by a legible photocopy of their National Registration Identity Card or “resit pengenalan sementara (KPPK 09)” issued under the National Registration Act 1959, or authority card issued under the written laws of Malaysia in the case of armed forces and police personnel.**

**Applications by corporations and institutions must be accompanied by a legible photocopy of their certificate of incorporation or equivalent document as proof of their constitution.**

No acknowledgement of receipt of Applications or Application monies will be made by us, the Placement Agent or MIH.

#### 13.4 APPLICATIONS USING APPLICATION FORMS

Applications by way of **White** Application Forms shall be made on, and subject to, the terms and conditions appearing below:

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia with a Malaysian address. You must have a CDS account.
- (ii) If you are a corporation/institution you must be incorporated in Malaysia and must have a correspondence address in Malaysia.
- (iii) The **White** Application Form must be completed in accordance with the notes and instructions printed on the reverse side of the **White** Application Forms. In accordance with Section 232(2) of the CMSA, the Application Form together with the notes and instructions printed shall constitute an integral part of this Prospectus. Applications which **do not strictly** conform to the terms of this Prospectus or **White** Application Form or Notes and Instructions printed, or which are illegible, will not be accepted.



### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iv) Each completed **White** Application Form must be accompanied by remittance in Ringgit Malaysia for the full amount payable either by:
- banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
  - money order or postal order (for applicants from Sabah and Sarawak only); or
  - Guaranteed Giro Order ("**GGO**") from Bank Simpanan Nasional (differentiated by a special red band for Bumiputera applicants); or
  - ATM statement obtained from any of the following:
    - Alliance Bank Malaysia Berhad;
    - CIMB Bank Berhad;
    - Hong Leong Bank Berhad;
    - Malayan Banking Berhad; or
    - RHB Bank Berhad.

made out in favour of "**MIH Share Issue Account No. 557**" and crossed "**A/C Payee only**" (excluding ATM statements) and endorsed on the reverse side with the name of the applicant (as exactly stated on the Application Form).

**Applications accompanied by any mode of payment other than those stated above or with excess or insufficient remittance or inappropriate banker's drafts/cashier's orders/money orders/GGO/ATM statement will not be accepted. Details of the remittance must be filled in the appropriate boxes provided in the Application Forms.**

- (v) **You must state your CDS account number in the space provided in the Application Form.**
- (vi) **Your name (as exactly stated on the White Application Form) must be written on the reverse side of the banker's draft, cashier's order, ATM statement, money order, postal order or GGO from Bank Simpanan Nasional.**
- (vii) Our Directors reserve the right to require any successful applicant to appear in person at the registered office of MIH at any time prior to the listing of and quotation for our Company's Shares and Warrants on the Main Market of Bursa Securities to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (viii) Our Directors reserve the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ix) MIH, on the authority of our Directors reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefore. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing and adequate market for our shares.
- (x) Where an application is not accepted, the full amount of the Application monies, without interest, will be returned and shall be despatched to the applicant within 10 Market Days from the date of the final ballot of the Application by ordinary post to the Applicant's address last maintained with Bursa Depository or where the Application is not accepted due to the Applicant not having provided a CDS account, to the address as per the National Registration Identity Card or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, where applicable in the case of individual applicants (except for armed forces/police personnel) and the registered address in the case of corporate/institutional applicants. Armed forces/police personnel must use the address of the respective camp/base/station) at the applicant's own risk.
- (xi) You shall ensure that your personal particulars as stated in the **White** Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xii) MIH reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post or ordinary post at the applicant's own risk.
- (xiii) Each completed **White** Application Form must be despatched by ORDINARY POST in the official envelopes provided to the following address:  
  
 Malaysian Issuing House Sdn Bhd (258345-X)  
 Level 6, Symphony House  
 Pusat Dagangan Dana 1  
 Jalan PJU 1A/46  
 47301 Petaling Jaya  
 Selangor Darul Ehsan  
  
 Or  
  
 P.O.Box 8269  
 Pejabat Pos Kelana Jaya  
 46785 Petaling Jaya  
  
 or **delivered by hand and deposited** in the drop-in boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan so as to arrive not later than 5:00 p.m. on 4 August 2014, or such further period or periods as our Directors and HLIB in their absolute discretion may decide.
- (xiv) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Public Issue Shares.
- (xv) **Please direct all enquiries in respect of the White Application Form to MIH.**

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

#### 13.5 APPLICATIONS VIA ELECTRONIC SHARE APPLICATION

##### 13.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with the participating financial institution specified in Section 13.5.2 of this Prospectus ("**Participating Financial Institution**") and an ATM card issued by that Participating Financial Institution to access the account;
- (ii) You **must** have a CDS account; and
- (iii) You may apply for the Public Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out on Section 13.5.3 of the terms and conditions for Electronic Share Applications. You will have to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:
  - Personal Identification Number ("**PIN**");
  - MIH Share Issue Account No. 557;
  - CDS account number;
  - Number of Public Issue Shares applied for and/or the RM amount to be debited from the account; and
  - Confirmation of several mandatory statements.

##### 13.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- RHB Bank Berhad;
- Public Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

##### 13.5.3 Terms and conditions of Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 13.5.1 of this Prospectus. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "applicant"/you in the terms and conditions for Electronic Share Applications and the steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Only an applicant who is an individual with a CDS account is eligible to utilise the facility and in the case of a joint account, an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS account registered in the joint account holder's name.

You must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. **The Transaction Record is for your retention and should not be submitted with any Application Form.**

Upon the closing of the Application for the Public Issue Shares on 4 August 2014 at 5:00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customer's Applications for the Public Issue Shares to MIH as soon as practicable but not later than 12:00 p.m. of the 2nd business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to the applicant making only one application.

**You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the conditions.**

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (i) The Electronic Share Application shall be made in relation to and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (ii) You are required to confirm the following statements (by depressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:
  - You are at least 18 years of age as at the closing date of the share Application;
  - You are a Malaysian citizen residing in Malaysia;
  - You have read the relevant Prospectus and understood and agreed with the terms and conditions of the Application;
  - You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

The Application will not be successfully completed and cannot be recorded, as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant Laws of Malaysia including Section 133 of the Financial Services Act, 2013 and Section 45 of SICDA to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to MIH, or any relevant regulatory bodies.

- (iii) You confirm that you are not applying for Public Issue Shares as nominee of any other person and that any Electronic Share Application that you make is made by you as beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the Public Issue Shares, whether at the ATMs of any Participating Financial Institution, on the prescribed Application Forms or via Internet Share Application.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that our Directors decide to allot or allocate any lesser number of such shares or not to allot or allocate any shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of shares applied for shall signify, and shall be treated as, your acceptance of the number of shares that may be allotted or allocated to you and to be bound by the Memorandum and Articles of Association of our Company.
- (vi) MIH, on the authority of our Directors reserves the right not to accept any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason. Due consideration will be given to the desirability of allotting or allocating the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (vii) Where an Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within 2 Market Days after the balloting date. You may check your accounts on the 5<sup>th</sup> Market Day from the balloting date.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to you by MIH by crediting into your account with that Participating Financial Institution within 10 Market Days from the date of final ballot, at your own risk.

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Should you encounter any problems in your Applications, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us to credit the Public Issue Shares allotted or allocated to you into your CDS account and to issue certificate(s) representing such Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (ix) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if:
  - (a) our Company or MIH does not receive your Electronic Share Application; and
  - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,

you shall be deemed not to have made an Electronic Share Application and you shall not claim against our Company, MIH, the Participating Financial Institution or Bursa Depository for the Public Issue Shares applied for or for any compensation, loss or damage.
- (x) Your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, MIH and relevant Participating Financial Institution shall be entitled to rely on the accuracy.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
  - (a) in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to MIH due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
  - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by you to subscribe for and purchase the Public Issue Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said shares;
  - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allocated to you; and

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) our Company agrees that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Share Scheme and/or any terms, all rights, obligations and liabilities shall be construed and determined in accordance with the Laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (xiii) Our Directors reserve the right to require any successful applicant to appear in person at the registered office of MIH within 14 days from the date of the notice issued to you to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (xiv) Our Directors reserve the right to reject applications, which do not conform to these instructions.
- (xv) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:
  - (a) Affin Bank Berhad – No fee will be charged for application by their account holders;
  - (b) AmBank (M) Berhad – RM1.00;
  - (c) CIMB Bank Berhad – RM2.50;
  - (d) HSBC Bank Malaysia Berhad – RM2.50;
  - (e) Malayan Banking Berhad – RM1.00;
  - (f) Public Bank Berhad – RM2.00;
  - (g) RHB Bank Berhad – RM2.50; or
  - (h) Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50

#### 13.6 APPLICATIONS VIA INTERNET SHARE APPLICATION

##### 13.6.1 Steps for Internet Share Application through an Internet Participating Financial Institution

The exact steps for Internet Share Application for Public Issue Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below the possible steps of an application for Public Issue Shares using Internet Share Application.

**Please note that the actual steps for Internet Share Applications contained in the Internet financial services websites of the Internet Participating Financial Institutions may differ from the steps outline below.**

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (ii) Log in to the Internet financial services facility by entering your user identification and PIN/password.

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of Public Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the Online Application form.
- (vii) Check that the information contained in the Online Application Form such as the share counter, Identity Card number, CDS account number, number of Public Issue Shares applied for and the account number to debit are correct and select the designated hyperlink on the screen to confirm and submit the Online Application Form.
- (viii) After selecting the designated hyperlink on the screen, you will confirm and undertake that the following mandatory statements are true and correct:
  - (a) You are at least 18 years of age as at the Closing Date and Time of our Public Issue Share application.
  - (b) You are a Malaysian citizen residing in Malaysia.
  - (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood.
  - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for Public Issue Shares.
  - (e) The Internet Share Application is the only application that you are submitting for Public Issue Shares.
  - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for Public Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.
  - (g) You give your express consent in accordance with the relevant Laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority.
  - (h) You are not applying for Public Issue Shares as a nominee of any other persons and the application is made in your own name as a beneficial owner and subject to the risks referred to in this Prospectus.



### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with Public Issue Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with Public Issue Shares. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.
- (ix) Upon submission of the Online Application Form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application of Public Issue Shares.
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen on the website through which the online payment for the application of our Public Issue Shares is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institutions shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

#### 13.6.2 Terms and conditions of Internet Share Application

Your application for Public Issue Shares may be made through the Internet financial services websites of the Internet Participating Financial Institutions.

**Applicants are advised not to apply for Public Issue Shares through any website other than the Internet financial services website of the Internet Participating Financial Institutions.**

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com); or
- Affin Investment Bank Berhad at [www.affintrade.com](http://www.affintrade.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my); or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my); or
- Public Bank Berhad at [www.pbepbank.com](http://www.pbepbank.com); or
- RHB Bank Berhad at [www.rhb.com.my](http://www.rhb.com.my).

**Please read the terms of this Prospectus, terms and conditions for Internet Share Application and the procedures set out in the Internet Financial Services website of the Internet Participating Financial Institutions, before you make an Internet Share Application.**

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

**The exact terms and conditions and its sequence for the Internet Share Applications in respect of Public Issue Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.**

**Please note that the actual terms and conditions outlined below supplement the additional terms and conditions for Internet Share Application contained in the Internet financial services websites of the Internet Participating Financial Institutions.**

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out below:

- (i) In order to make an Internet Share Application, you must:
  - (a) be an individual with a CDS account and in the case of a joint account, an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS account registered in the joint account holder's name;
  - (b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification and PIN/password for the relevant Internet financial services facilities; and
  - (c) be a Malaysian citizen and have a Malaysian address.

You are advised to note that the User Identification and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for Public Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms and conditions of this Prospectus and Memorandum and Articles of Association of our Company.
- (iii) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purpose of this section of the Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Public Issue Shares applied for, which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 13.6.1 (viii) above.

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iv) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for Public Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not strictly conform to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made, shall be rejected.

- (v) You irrevocably agree and undertake to subscribe for and to accept the number of Public Issue Shares applied for as stated on the Confirmation Screen or any lesser number of such Public Issue Shares that may be allotted or allocated to you. In the event that we decide to allot or allocate any lesser amount of Public Issue Shares or not to allot or allocate any Public Issue Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation on the number of Public Issue Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (a) your acceptance of the number of Public Issue Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
  - (b) your agreement to be bound by the Memorandum and Articles of Association of our Company.
- (vi) You are fully aware that multiple or suspected multiple Internet Share Applications for our Public Issue Shares will be rejected. MIH, on the authority of our Directors reserves the right to reject or accept any Internet Share Application in whole or in part without assigning any reason. Due consideration will be given to the desirability of allotting or allocating Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (vii) If your Internet Share Application is unsuccessful or partially successful in part only, MIH shall inform the relevant Internet Participating Financial Institutions of the unsuccessful or partially successful Internet Share Applications within 2 Market Days after the balloting date. The Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it (as the case may be) in RM (without interest or any share of revenue or other benefit arising from the application monies) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 Market Days after receipt of written confirmation from MIH.

A number of applications will be reserved to replace any successfully balloted applications that are subsequently rejected. The application monies relating to these applications which are subsequently rejected, will be refunded (without interest or any share of revenue or other benefit arising from the application monies) by MIH by crediting into your account with the Participating Financial Institution within 10 Market Days from the date of the final ballot.

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institutions will arrange for a refund of the application monies (or any part of the application monies but without interest or any share of revenue or other benefit arising from the application monies) into your account within 2 Market Days after receipt of confirmation by MIH.

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of Public Issue Shares allotted, if any, before trading of our Shares on the Bursa Securities.

- (viii) Internet Share Applications will be closed at 5.00 p.m. on 4 August 2014 or such further period or date(s) as our Directors and HLIB in their absolute discretion may decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Application will not be accepted.
- (ix) You irrevocably agree and acknowledge that the Internet Share Application is subject to the risk of electrical, electronic, technical, transmission and communication and computer related faults and breakdowns, fires and other events which are not in our control, or the control of MIH, the Internet Participating Financial Institutions and the Authorised Financial Institutions. If we, MIH, the Internet Participating Financial Institutions and/or the Authorised Financial Institutions do not receive your Internet Share Application and/or the payment, or if any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, MIH or the Internet Participating Financial Institutions and the Authorised Financial Institutions in relation to Public Issue Shares applied for or for any compensation, loss or damage arising from it.
- (x) All of your particulars in the records of the relevant Internet Participating Financial Institutions at the time of the Internet Share Application shall be deemed to be true and correct and we, MIH, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy of your particulars in the records.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institutions are correct and identical, otherwise your Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xi) By making and completing an Internet Share Application, you are deemed to have, agreed that:
  - (a) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institutions acting as our agents, the Internet Share Application is irrevocable;

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (b) you have irrevocably requested and authorised us to register Public Issue Shares allotted to you for deposit into your CDS account;
  - (c) neither us nor the Internet Participating Financial Institutions, shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH and Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 13.6.2 (ix) above or to any cause beyond our/their control;
  - (d) you shall hold the Internet Participating Financial Institutions harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, MIH and/or the Internet Participating Financial Institutions for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institutions;
  - (e) the acceptance of your offer to subscribe for and the purchase of Public Issue Shares for which your Internet Share Application has been successfully completed shall be constituted by the issue of a notice of allotment by us or on our behalf for prescribed securities in respect of Public Issue Shares, notwithstanding the receipt of any payment by us or on our behalf;
  - (f) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
  - (g) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Underwriter, the Principal Adviser and any other person involved in our Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and
  - (h) our acceptance of your Internet Share Application and the contract resulting from our Public Issue shall be governed by and construed in accordance with the Laws of Malaysia and you irrevocably submit to the jurisdiction of the courts of Malaysia.
- (xii) The processing fee per Internet Share Application will be charged by the respective financial institutions as follows:
- (a) Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fees will be charged for application by their account holders;
  - (b) Affin Investment Bank Berhad ([www.affintrade.com](http://www.affintrade.com)) – No fee will be charged for application by their account holders;
  - (c) CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) – RM2.00 for applicants with CDS account held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
  - (d) CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
  - (e) Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
  - (f) Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00; and
  - (g) RHB Bank Berhad ([www.rhb.com.my](http://www.rhb.com.my)) – RM2.50.

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### **13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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#### **13.7 APPLICATIONS AND ACCEPTANCES**

Our Directors reserve the right not to accept any Application which does not strictly comply with the instructions or to accept any application in part only without assigning any reason.

The submission of an Application Form does not necessarily mean that the application will be successful.

All applications must be made for a minimum of 100 ordinary shares or multiples of 100 ordinary shares.

In the event of an over-subscription for the Public Issue Shares set aside for the Malaysian Public, acceptance of applications by the Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Public Issue Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in our Shares. Pursuant to the Listing Requirements, our Company needs to have at least 25% of the enlarged issued and paid-up capital of our Company held by a minimum number of 1,000 public shareholders holding not less than 100 shares each. Our Company is expected to achieve this at the point of Listing. However, in the event that the above requirement is not met pursuant to this Public Issue, our Company may not be allowed to proceed with the Listing. In such an event, monies paid in respect of all applications will be returned without interest. The successful applicants will be selected in a manner to be determined by our Directors.

In the event of an under-subscription by the Malaysian Public (subject to the clawback and reallocation terms as set out in Section 3.1 of this Prospectus), all the Public Issue Shares not applied for will be made available for subscription by the Underwriter as specified in the Underwriting Agreement.

Where your successfully balloted application under the White Application Form is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within 10 Market Days from the date of the final ballot of the application to your address registered with the Bursa Depository.

Where your successfully balloted application under the Electronic Share Application or Internet Share Application is subsequently rejected, the full amount of your application monies, will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution respectively.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Public Issue Shares.

Where an application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to the applicant within 10 Market Days from the date of the ballot of the application by ordinary post or registered post, respectively, to the applicant's address registered with Bursa Depository.

MIH reserves the right to bank in all application monies from unsuccessful and partially successful bumiputera applicants which would subsequently be refunded without interest to the applicant within 10 Market Days from the date of the final ballot of the application by ordinary post or registered post to the applicant's address registered with the Bursa Depository at the applicant's own risk. No application shall be deemed to have been accepted by reason of the remittance having been presented for payment.

### 13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

#### 13.8 CDS ACCOUNTS

Pursuant to Section 14(1) of SICDA, Bursa Securities has prescribed the securities of our Company's Shares as Prescribed Securities. Therefore, the Public Issue Shares together with the Warrants offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these securities will be carried out in accordance with the aforesaid Acts and Rules of the Depository.

Following the above, in accordance with Section 29 of SICDA, all dealings in our Company's shares including the Public Issue Shares and Warrants will be by book entries through CDS accounts. No share certificates or warrant certificates will be issued to successful applicants.

Only an applicant who has a CDS account can make an Application by way of an Application Form. The applicant shall furnish his/her CDS account number in the space provided in the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH or our Company. An applicant who does not presently have a CDS account should open a CDS account at an ADA prior to making an Application for our Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, MIH under the instruction of our Directors, will reject the application.

In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number may result in the Application being rejected.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. The applicant's CDS account number would automatically appear in the Internet Share Application form.

**Failure to comply with these specific instructions or inaccuracy in the CDS account number arising from use of invalid, third party or nominee accounts, may result in your Application being rejected.** If a successful applicant fails to state his/her CDS account number, MIH, on the authority of our Directors, will reject the Application.

Our Directors reserve the right to reject any incomplete and inaccurate application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application, differ from those in Bursa Depository's records such as the identity card number, names and nationalities.

#### 13.9 NOTICE OF ALLOTMENT

Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. Notice of successful allotment will be despatched to the successful or partially successful applicants at their addresses last maintained with Bursa Depository at the applicant's own risk prior to our Listing. This is the only acknowledgement of acceptance of the Application.

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

If the Applicant's address as stated in the Application Form or, in the case of an Electronic Share Application, in the records of the Participating Financial Institution or in the case of an Internet Share Application, in the records of the Internet Participating Financial Institution, as the case may be, is different from the address registered with Bursa Depository, the Applicant must inform Bursa Depository of his/her updated address promptly by adhering to the certain rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to the Applicant's address last registered with Bursa Depository.

Applicants may also check the status of their application by logging on to MIH website at [www.mih.com.my](http://www.mih.com.my) or by calling their respective ADAs at the telephone number as stated in Section 13.10 of this Prospectus or MIH Enquiry Services at 03-7841 8000 or 03-7841 8289, between 5 to 10 Market Days (during office hours only) after the balloting date.

**13.10 LIST OF ADAS**

The list of the ADAs and their respective broker codes are as follows:

Name	Address and telephone number	Broker code	Name	Address and telephone number	Broker code
<b>KUALA LUMPUR</b>					
UOB Kay Hian Securities (M) Sdn Bhd	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-62056000	078-004	Affin Investment Bank Berhad	Ground Mezzanine & 3 <sup>rd</sup> Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-21438668	028-001
Affin Investment Bank Berhad	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel.No.: 03-91308803	028-005	AmlInvestment Bank Berhad	15 <sup>th</sup> Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-20782788	086-001
Alliance Investment Bank Berhad	17 <sup>th</sup> Floor, Menara Multi-Purpose, Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-26043333	076-001	CIMB Investment Bank Berhad	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: 03-22618888	065-001
BIMB Securities Sdn Bhd	32 <sup>nd</sup> Floor Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-26918887	024-001	TA Securities Holdings Berhad	Menara TA One No. 22, Jalan P Ramlee 50250 Kuala Lumpur Tel No.: 03-20721277	058-003
Hong Leong Investment Bank Berhad	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel. No.: 03-21681168	066-001	Hong Leong Investment Bank Berhad	Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-26910200	066-006



**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

HwangDBS Investment Bank Berhad	2 <sup>nd</sup> Floor, Bangunan AHP No.2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No: 03-77106688	068-009	HwangDBS Investment Bank Berhad	No. 57-10 Level 10 The Boulevard Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel.No.: 03-2287 2273	068-017
HwangDBS Investment Bank Berhad	7 <sup>th</sup> , 22 <sup>nd</sup> & 23 <sup>rd</sup> Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-27116888	068-014	Inter-Pacific Securities Sdn Bhd	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-21171888	054-001
Inter-Pacific Securities Sdn Bhd	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-79847796	054-003	Inter-Pacific Securities Sdn Bhd	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-90562921	054-005
Jupiter Securities Sdn Bhd	Level 8 & 9 Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: 03-20341888	055-001	KAF-Seagroatt & Campbell Securities Sdn Bhd	11 <sup>th</sup> -14 <sup>th</sup> Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-21688800	053-001
Kenanga Investment Bank Berhad	8 <sup>th</sup> Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-21649080	073-001	Kenanga Investment Bank Berhad	1 <sup>st</sup> Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-21781133	073-029
Kenanga Investment Bank Berhad	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-42978806	073-020	Kenanga Investment Bank Berhad	1 <sup>st</sup> Floor West Wing Bangunan ECMLibra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-20892888	073-021
Maybank Investment Bank Berhad	5-13 Floor, MaybanLife Tower Dataran Maybank No.1 Jalan Maarof 59000 Kuala Lumpur Tel No.: 03- 2297 8888	098-001	M&A Securities Sdn Bhd	Level 1-3, No. 45 & 47 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-22821820	057-002
MIDF Amanah Investment Bank Berhad	Level 21 Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-21738888	026-001	Mercury Securities Sdn Bhd	L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-62037227	093-002

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

RHB Investment Bank Berhad	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-62575869	087-028	RHB Investment Bank Berhad	12 <sup>th</sup> , 20 <sup>th</sup> & 21 <sup>st</sup> Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-23338333	087-018
RHB Investment Bank Berhad	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor No.55 Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-90587222	087-058	RHB Investment Bank Berhad	No. 5 & 7, Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-42804798	087-054
RHB Investment Bank Berhad	Level 3A, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-92873888	087-001	PM Securities Sdn Bhd	Ground, Mezzanine 1 <sup>st</sup> & 10 <sup>th</sup> Floor Menara PMI No.2 Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No: 03-2146 3000	064-001
Public Investment Bank Berhad	27 <sup>th</sup> Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-20313011	051-001			

**SELANGOR DARUL EHSAN**

Affin Investment Bank Berhad	3 <sup>rd</sup> & 4 <sup>th</sup> Floors Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-33439999	028-002	Affin Investment Bank Berhad	Lot 229, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77298016	028-003
Affin Investment Bank Berhad	1 <sup>st</sup> Floor, 20-22 Jalan 21/22, SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Tel.No.: 03-78776229	028-006	Affin Investment Bank Berhad	No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel.No.: 03-33221999	028-007
AmlInvestment Bank Berhad	4 <sup>th</sup> Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77106613	086-003	Hong Leong Investment Bank Berhad	Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03-77246888	066-002

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

HwangDBS Investment Bank Berhad	16 <sup>th</sup> , 18 <sup>th</sup> -20 <sup>th</sup> Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-55133288	068-002	HwangDBS Investment Bank Berhad	East Wing & Centre Link Floor 3A Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-56356688	068-010
JF Apex Securities Berhad	6 <sup>th</sup> Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-87361118	079-001	JF Apex Securities Berhad	15 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-76201118	079-002
Kenanga Investment Bank Berhad	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-78626200	073-005	Kenanga Investment Bank Berhad	55C (2 <sup>nd</sup> Floor) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel No.: 03-80241773	073-006
Kenanga Investment Bank Berhad	35 (Ground & 1 <sup>st</sup> Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel.No.: 03-33488080	073-035	Kenanga Investment Bank Berhad	Lot 240, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77259095	073-016
Kenanga Investment Bank Berhad	Level 1 East Wing Wisma Cosplant 2 No.7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel.No.: 03-56212118	073-030	Malacca Securities Sdn Bhd	No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-78761533	012-003
Malacca Securities Sdn Bhd	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-56361533	012-002	Maybank Investment Bank Berhad	Suite 8.02, Level 8 Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-30508888	098-003
Maybank Investment Bank Berhad	Wisma Bentley Music Level 1, No. 3 Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77188888	098-004	RHB Investment Bank Berhad	No.37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-87363378	087-045

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

RHB Investment Bank Berhad	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-78736366	087-011	RHB Investment Bank Berhad	Ground & Mezzanine Floor No.87 & 89 Jalan Susur Pusat Perniagaan NBC Batu 1 ½ Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-33439180	087-048
RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-60928916	087-047	RHB Investment Bank Berhad	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-61483361	087-051
RHB Investment Bank Berhad	Unit 1B, 2B & 3B USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: 80221888	087-059	PM Securities Sdn Bhd	No. 157 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-80700773	064-003
RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No.13, Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-80706899	087-049	SJ Securities Sdn Bhd	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Seksyen 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-51920202	096-001
PM Securities Sdn Bhd	No. 18 & 20 Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-33415300	064-007	CIMB Investment Bank Berhad	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77173388	065-009
TA Securities Holdings Berhad	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-80251880	058-005	TA Securities Holdings Berhad	2 <sup>nd</sup> Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77295713	058-007
SJ Securities Sdn Bhd	101B, Jalan SS15/5A 47500 Subang Jaya Selangor Darul Ehsan No. Tel.: 03-56317888	096-002	SJ Securities Sdn Bhd	No. 74-2 Jalan Batu Nilam 5 Bandar Baru Tinggi 41200 Klang Selangor Darul Ehsan No. Tel.: 03-33221915	096-004

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)****MELAKA**

CIMB Investment Bank	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No.191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898800	065-006	Kenanga Investment Bank Berhad	71 (A & B) & 73 (A & B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881720	073-028
Kenanga Investment Bank Berhad	22A & 22A - 1 and 26 & 26 -1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372550	073-034	Malacca Securities Sdn Bhd	Nos. 1,3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No.: 06-3371533	012-001
Mercury Securities Sdn Bhd	No. 81-B & 83-B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921898	093-003	RHB Investment Bank Berhad	579, 580-581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825211	087-026
PM Securities Sdn Bhd	No. 13, Jalan PM2 Plaza Makhota 75000 Melaka Tel No.: 06-2866008	064-006	RHB Investment Bank Berhad	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka. Tel No.: 06-2833622	087-002
TA Securities Holdings Berhad	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862618	058-008			

**PERAK DARUL RIDZUAN**

UOB Kay Hian Securities (M) Sdn. Bhd.	29G, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6216010	078-009	Hong Leong Investment Bank Berhad	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530888	066-003
HwangDBS Investment Bank Berhad	2 <sup>nd</sup> & 3 <sup>rd</sup> Floor No.22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559988	068-015	HwangDBS Investment Bank Berhad	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8066688	068-003

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Kenanga Investment Bank Berhad	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 4 <sup>th</sup> Floor No.63, Persiaran Greenhill 30450 Ipoh Perak Tel No.: 05-2422828	073-022	Kenanga Investment Bank Berhad	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6222828	073-026
Kenanga Investment Bank Berhad	Ground Floor No.25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel.No.: 05-6939828	073-031	Maybank Investment Bank Berhad	B-G-04 (Ground Floor) Level 1 & 2, No. 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453400	098-002
M&A Securities Sdn Bhd	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: 05-2419800	057-001	RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No.17 Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236498	087-014
RHB Investment Bank Berhad	21-25, Jalan Seenivasagam, Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415100	087-023	RHB Investment Bank Berhad	Ground Floor No.40,42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel. No.: 05-8088229	087-034
RHB Investment Bank Berhad	1 <sup>st</sup> Floor No. 23 & 25, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921228	087-016	RHB Investment Bank Berhad	Ground Floor No.2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170888	087-052
RHB Investment Bank Berhad	Ground Floor No. 72 Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.:05-4651261	087-044	TA Securities Holdings Berhad	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531313	058-001
CIMB Investment Bank Berhad	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor No.8, 8A-8C, Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088688	065-010			

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)****PULAU PINANG**

UOB Kay Hian Securities (M) Sdn Bhd	1 <sup>st</sup> Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2299318	078-002	UOB Kay Hian Securities (M) Sdn Bhd	Ground & 1 <sup>st</sup> Floor No.2 Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541388	078-003
Alliance Investment Bank	Ground & Mezzanine Floor Bangunan Barkath 21, Lebu Pantai 10300 Pulau Pinang Tel No.: 04-2611688	076-015	AmlInvestment Bank Berhad	Level 3 Menara Liang Court No.37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2261818	086-004
AmlInvestment Bank Berhad	Level 3 No. 15, Lebu Pantai 10300 Pulau Pinang Tel. No.: 04-2619288	086-007	CIMB Investment Bank Berhad	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: 04-2385900	065-001
HwangDBS Investment Bank Berhad	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-2636996	068-001	HwangDBS Investment Bank Berhad	No. 2&4, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam, Pulau Pinang Tel No.: 04-5372882	068-006
Inter-Pacific Securities Sdn Bhd	Ground, Mezzanine & 8 <sup>th</sup> Floor Sentral Tower No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-2690888	054-002	Malacca Securities Sdn Bhd	Prima Tanjung Suite 98-3-13A Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel No.: 04-8981525	012-004
Kenanga Investment Bank Berhad	7 <sup>th</sup> , 8 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2283355	073-023	Mercury Securities Sdn Bhd	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel.No.: 04-3322123	093-001
Mercury Securities Sdn Bhd	2 <sup>nd</sup> Floor Standard Chartered Bank Chambers 2 Lebu Pantai 10300 Pulau Pinang Tel No.: 04-2639118	093-004	RHB Investment Bank Berhad	64 & 64-D Ground-3 <sup>rd</sup> Floor & 5 <sup>th</sup> -8 <sup>th</sup> Floor Lebu Bishop 10200 Pulau Pinang Tel No.: 04-2634222	087-033

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

M&A Securities Sdn Bhd	332H-I & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel.No.: 04-2817611	057-005	RHB Investment Bank Berhad	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No.11A Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel. No.:04-5402888	087-015
RHB Investment Bank Berhad	Ground 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No.2677 Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No.: 04-3900022	087-005	RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, Medan Kampung Relau (Bayan Point), 11950 Pulau Pinang Tel No.: 04-6404888	087-042
RHB Investment Bank Berhad	834, Jalan Besar Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-5831888	087-032	RHB Investment Bank Berhad	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel.No.: 04-8352988	087-056
PM Securities Sdn Bhd	Level 25, Menara BHL 51 Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2273000	064-004	SJ Securities Sdn Bhd	12 <sup>th</sup> Floor, Office Tower Hotel Royal Penang No 3 Jalan Larut 10050 Georgetown Pulau Pinang Tel No.: 04-2289836	096-003

**KEDAH DARUL AMAN**

UOB Kay Hian Securities (M) Sdn. Bhd.	Lot 4, 5 & 5A, 1 <sup>st</sup> Floor EMUM 55 No.55, Jalan Gangsa Kawasan Perusahaan Megong 2 Seberang Jaya Putra 05130 Alor Setar Kedah Darul Aman Tel No.: 04-7322111	078-007	Alliance Investment Bank Berhad	Lot T-30, 2 <sup>nd</sup> Floor Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317088	076-004
HwangDBS Investment Bank Berhad	No 70A, B & C Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256666	068-011	RHB Investment Bank Berhad	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204888	087-017
RHB Investment Bank Berhad	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964888	087-019	RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor 215-A & 215-B, Medan Putra Jalan Putra, 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209888	087-021



**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)****PERLIS INDRA KAYANGAN**

RHB Investment Bank Berhad    Ground & 1<sup>st</sup> Floor    087-060  
 No.39, Taman Suriani  
 Persiaran Jubli Emas  
 01000 Kangar  
 Perlis Indra Kayangan  
 Tel No.: 04-9793888

**NEGERI SEMBILAN DARUL KHUSUS**

HwangDBS Investment Bank Berhad	1 <sup>st</sup> Floor 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612288	068-007	HwangDBS Investment Bank Berhad	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553188	068-013
Kenanga Investment Bank Berhad	1 C & 1 D, Ground & First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No.: 06-7655998	073-033	RHB Investment Bank Berhad	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641641	087-024
RHB Investment Bank Berhad	1 <sup>st</sup> Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-4421000	087-037	RHB Investment Bank Berhad	1 <sup>st</sup> & 2 <sup>nd</sup> Floor, No. 168, Jalan Mewah, (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau, Negeri Sembilan Darul Khusus Tel: 06-4553014	087-040
RHB Investment Bank Berhad	Ground & Mezzanine Floor NO. 346 & 347 Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel.No.: 06-6461234	087-046	PM Securities Sdn Bhd	Ground, 1 <sup>st</sup> - 3 <sup>rd</sup> Floor No. 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623131	064-002
Maybank Investment Bank Berhad	Wisma HM No.43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel.No.: 06-7669555	098-005			

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)****JOHOR DARUL TAKZIM**

UOB Kay Hian Securities (M) Sdn. Bhd.	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332000	078-001	UOB Kay Hian Securities (M) Sdn Bhd	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637398	078-005
UOB Kay Hian Securities (M) Sdn Bhd	No. 70, Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513218	078-006	UOB Kay Hian Securities (M) Sdn Bhd	No.171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No.: 07-5121633	078-008
Alliance Investment Bank Berhad	No. 73, Ground & 1 <sup>st</sup> Floor, Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717922	076-006	AmInvestment Bank Berhad	3 <sup>rd</sup> Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342282	086-002
AmInvestment Bank Berhad	18 <sup>th</sup> Floor Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006	HwangDBS Investment Bank Berhad	Level 7 (Office Tower) Johor Bahru City Square 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222692	068-004
Inter-Pacific Securities Sdn Bhd	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231211	054-004	Hong Leong Investment Bank Berhad	Suite 25.02, Level 25 Johor Bahru City Centre (Office Tower) No.106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2227388	066-005
Kenanga Investment Bank Berhad	No.31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 06-9542711	073-008	Kenanga Investment Bank Berhad	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333600	073-004
Kenanga Investment Bank Berhad	No. 33 & 35 (Ground Floor A& B) Jalan Syed Abdul Hamid Sagaff, 86000 Kluang Johor Darul Takzim Tel No.: 07-7771161	073-010	Kenanga Investment Bank Berhad	Ground & Mezzanine Floor No.34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333515	073-009

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Kenanga Investment Bank Berhad	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre Batu Pahat 83000 Johor Darul Takzim Tel No.: 07-4326963	073-017	Kenanga Investment Bank Berhad	Ground Floor, No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782292	073-011
Kenanga Investment Bank Berhad	Suite 16-02, 16-03 & 16-03A Level 16 Menara MSC Cyberport No. 5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: 07-2237423	073-019	Kenanga Investment Bank Berhad	No. 57,59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531222	073-024
M&A Securities Sdn Bhd	26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel.No.: 07-2366288	057-006	Kenanga Investment Bank Berhad	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel. No.: 07-4678885	073-025
Mercury Securities Sdn Bhd	Suite 17.1 Level 17, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316992	093-005	M&A Securities Sdn Bhd	Suite 5.3A Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel.No.: 07-3381233	057-003
RHB Investment Bank Berhad	6 <sup>th</sup> Floor Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788821	087-006	RHB Investment Bank Berhad	No. 33-1, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538262	087-025
RHB Investment Bank Berhad	53, 53A & 53B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380288	087-009	RHB Investment Bank Berhad	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321543	087-030
RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No. 119 & 121, Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577628	087-029	RHB Investment Bank Berhad	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, No. 10, Jalan Anggerik 1, Taman Kulai Utama, 81000 Kulai, Johor Darul Takzim. Tel No.: 07-6626288	087-035

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No.40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel. No.: 07-7769655	087-031	RHB Investment Bank Berhad	1 <sup>st</sup> Floor, No. 2 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel. No.: 07-9256881	087-039
RHB Investment Bank Berhad	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, No. 343, Jalan Muar, 84900 Tangkak, Johor Darul Takzim. Tel: 06-9787180	087-038	RHB Investment Bank Berhad	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No.21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: 07-3522293	087-043
PM Securities Sdn Bhd	No.41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Jalan Kuning, Taman Johor Darul Takzim Tel No.: 07-3513232	064-005	PM Securities Sdn Bhd	Ground & 1 <sup>st</sup> Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008

**PAHANG DARUL MAKMUR**

Alliance Investment Bank Berhad	Ground, Mezzanine & 1 <sup>st</sup> Floor B400 Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660800	076-002	Kenanga Investment Bank Berhad	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171698	073-027
RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No. 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234943	087-022	RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No. 76-A, Persiaran Camelia 4, Tanah Rata, 39000 Cameron Highlands, Pahang Darul Makmur. Tel: 05-4914913	087-041
RHB Investment Bank Berhad	B32 & B34 Lorong Tun Ismail 8, Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173811	087-007	CIMB Investment Bank Berhad	No.A-27 (Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057800	065-007

**KELANTAN DARUL NAIM**

RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430077	087-020	TA Securities Holdings Berhad	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7432288	058-004
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**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)****TERENGGANU DARUL IMAN**

Alliance Investment Bank Berhad	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6317922	076-009	FA Securities Sdn Bhd	No. 51 & 51A Ground, Mezzanine & 1 <sup>st</sup> Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6238128	021-001
RHB Investment Bank Berhad	Ground Floor & 1 <sup>st</sup> Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel. No.: 09-858 3109	087-027	RHB Investment Bank Berhad	31A Ground Floor 31A & 31B 1 <sup>st</sup> Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel. No.: 09-6261816	087-055

**SARAWAK**

AmInvestment Bank Berhad	No.164, 166 & 168 1 <sup>st</sup> Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244791	086-005	CIMB Investment Bank Berhad	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358606	065-001
CIMB Investment Bank Berhad	No.6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No.: 084-367700	065-001	HwangDBS Investment Bank Berhad	Ground Floor & 1 <sup>st</sup> Floor No.1, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341999	068-005
HwangDBS Investment Bank Berhad	No.282, 1 <sup>st</sup> Floor Park City Commercial Centre, Phase 4 Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330008	068-016	Kenanga Investment Bank Berhad	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435577	073-002
Kenanga Investment Bank Berhad	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel No.: 082-338000	073-003	Kenanga Investment Bank Berhad	No. 11-12 (Ground & 1 <sup>st</sup> Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No.: 084-313855	073-012
RHB Investment Bank Berhad	Lot 170 & 171 Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching Sarawak Tel No.: 082-422252	087-008	RHB Investment Bank Berhad	2 <sup>nd</sup> Floor Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422788	087-012

**13. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**

RHB Investment Bank Berhad	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329100	087-013	RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No.10, Jalan Bersatu 96100 Sarikei Sarawak Tel.No.: 084-654100	087-050
RHB Investment Bank Berhad	Ground & 1 <sup>st</sup> Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: 086-311770	087-053	TA Securities Holdings Berhad	12G, H & I, Jalan Kampung Datu 96000 Sibu Sarawak Tel No.: 084-319998	058-002
TA Securities Holdings Berhad	2 <sup>nd</sup> Floor Bangunan Binamas Lot 138 Section 54, Jalan Padungan 93100 Kuching Sarawak Tel No.: 082-236333	058-006	RHB Investment Bank Berhad	Yung Kong Abell Units No. 1-10, 2 <sup>nd</sup> Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No.: 082-250888	087-003

**SABAH**

CIMB Investment Bank Berhad	1 <sup>st</sup> & 2 <sup>nd</sup> Floor Central Building No.28 Jalan Segunting 88000 Kota Kinabalu Sabah Tel No.: 088-328878	065-001	HwangDBS Investment Bank Berhad	Suite 1-9-E1, 9 <sup>th</sup> Floor CPS Tower, Centre Point Sabah No.1 Jalan Centre Point 88400 Kota Kinabalu Tel No.: 088-311688	068-008
UOB Kay Hian Securities (M) Sdn Bhd	11, Equity House Block K, Sadong Jaya Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234090	078-011	Kenanga Investment Bank Berhad	Level 8 Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236188	073-032
RHB Investment Bank Berhad	5 <sup>th</sup> Floor, Wisma BSN Sabah Jalan Kemajuan Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269788	087-010	RHB Investment Bank Berhad	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel. No.: 089-229286	087-057
RHB Investment Bank Berhad	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel.No: 088-2588618	087-036			

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**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014**

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**Reach Energy Berhad**

(Company No. 1034400-D)

(Incorporated in Malaysia)

**Financial statements for the period  
from 1 August 2013 to 31 January 2014**

**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

1

**Reach Energy Berhad**

(Company No. 1034400-D)

(Incorporated in Malaysia)

**Statement of financial position as at 31 January 2014**

	Note	31.1.2014 RM	31.7.2013 RM
<b>Assets</b>			
Plant and equipment	3	171,911	205,930
<b>Total non-current asset</b>		171,911	205,930
Deposits and prepayments	4	37,280	45,009
Cash and cash equivalents	5	5,589,157	6,749,593
<b>Total current assets</b>		5,626,437	6,794,602
<b>Total assets</b>		5,798,348	7,000,532
<b>Equity</b>			
Share capital	6	1,136,002	1,136,002
Reserves	7	(586,781)	1,819,192
<b>Equity attributable to owner of the Company</b>		549,221	2,955,194
<b>Current liabilities</b>			
Other payables and accruals	8	2,249,126	1,045,337
Redeemable convertible preference shares ("RCPS")	9	3,000,001	3,000,001
<b>Total current liabilities</b>		5,249,127	4,045,338
<b>Total equity and liabilities</b>		5,798,348	7,000,532

The notes on pages 6 to 31 are an integral part of these financial statements.



## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

2

**Reach Energy Berhad**

(Company No. 1034400-D)

(Incorporated in Malaysia)

**Statement of profit or loss and other comprehensive income for the period from 1 August 2013 to 31 January 2014**

	Note	1.8.2013 to 31.1.2014 RM	7.2.2013 to 31.7.2013 RM
Operating expenses		(2,545,664)	(2,173,245)
Interest income		66,776	4,284
<b>Loss before tax</b>	10	(2,478,888)	(2,168,961)
Tax expense	11	-	-
<b>Loss/Total comprehensive expense for the period</b>		<u>(2,478,888)</u>	<u>(2,168,961)</u>
<b>Loss attributable to :</b>			
Owner of the Company		<u>(2,478,888)</u>	<u>(2,168,961)</u>
<b>Basic loss per ordinary share (sen):</b>	12	<u>(0.038)</u>	<u>(0.152)</u>
<b>Diluted loss per ordinary share (sen):</b>	12	<u>-</u>	<u>-</u>

The notes on pages 6 to 31 are an integral part of these financial statements.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

3

**Reach Energy Berhad**

(Company No. 1034400-D)

(Incorporated in Malaysia)

**Statement of changes in equity for the period from  
1 August 2013 to 31 January 2014**

	<-----Attributable to owner of the Company----->					
	<-----Non-distributable----->					
	Share capital RM	Share premium RM	Warrants reserve RM	Share-based payment reserve RM	Accumulated losses RM	Total RM
<b>At 7 February 2013 (date of incorporation)</b>	2	-	-	-	-	2
Loss/Total comprehensive expense for the period	-	-	-	-	(2,168,961)	(2,168,961)
<i>Contributions by owner of the Company</i>						
Issuance of ordinary shares	1,136,000	1,908,480	2,067,520	-	-	5,112,000
Share-based payment transaction	-	-	-	12,153	-	12,153
<b>At 31 July 2013/ 1 August 2013</b>	1,136,002	1,908,480	2,067,520	12,153	(2,168,961)	2,955,194
Loss/Total comprehensive expense for the period	-	-	-	-	(2,478,888)	(2,478,888)
Share-based payment transaction	-	-	-	72,915	-	72,915
<b>At 31 January 2014</b>	1,136,002	1,908,480	2,067,520	85,068	(4,647,849)	549,221
	Note 6	Note 7	Note 7	Note 7		

The notes on pages 6 to 31 are an integral part of these financial statements.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

4

**Reach Energy Berhad**

(Company No. 1034400-D)

(Incorporated in Malaysia)

**Statement of cash flows for the period from 1 August 2013 to 31 January 2014**

	Note	1.8.2013 to 31.1.2014 RM	7.2.2013 to 31.7.2013 RM
<b>Cash flows from operating activities</b>			
Loss before tax		(2,478,888)	(2,168,961)
<i>Adjustments for:</i>			
Depreciation of plant and equipment	3	50,137	30,947
Interest income		(66,776)	(4,284)
Share-based payment transaction	7.3	72,915	12,153
		<u>          </u>	<u>          </u>
Operating loss before changes in working capital		(2,422,612)	(2,130,145)
Changes in working capital:			
Deposits and prepayments		7,729	(45,009)
Other payables and accruals		1,203,789	1,045,337
		<u>          </u>	<u>          </u>
<b>Cash used in operations</b>		(1,211,094)	(1,129,817)
Interest income received		66,776	4,284
		<u>          </u>	<u>          </u>
<b>Net cash used in operating activities</b>		(1,144,318)	(1,125,533)
		<u>          </u>	<u>          </u>
<b>Cash flows from investing activity</b>			
Acquisition of plant and equipment	3	(16,118)	(236,877)
		<u>          </u>	<u>          </u>
<b>Net cash used in investing activity</b>		(16,118)	(236,877)
		<u>          </u>	<u>          </u>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		-	5,112,000
Proceeds from issuance of redeemable convertible preference shares		-	3,000,001
		<u>          </u>	<u>          </u>
<b>Net cash generated from financing activities</b>		-	8,112,001
		<u>          </u>	<u>          </u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(1,160,436)	6,749,591
<b>Cash and cash equivalents at 1 August / date of incorporation</b>		6,749,593	2
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at 31 January / 31 July</b>		5,589,157	6,749,593
		<u>          </u>	<u>          </u>

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**Reach Energy Berhad**

(Company No. 1034400-D)

(Incorporated in Malaysia)

**Statement of cash flows for the period from 1 August 2013 to 31 January 2014 (continued)****Cash and cash equivalents**

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	Note	31.1.2014 RM	31.7.2013 RM
Short-term deposits with a licensed bank		3,045,781	3,000,000
Cash and bank balances		2,543,376	3,749,593
		<u>5,589,157</u>	<u>6,749,593</u>

The notes on pages 6 to 31 are an integral part of these financial statements.

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**Reach Energy Berhad**

(Company No. 1034400-D)

(Incorporated in Malaysia)

**Notes to the financial statements**

Reach Energy Berhad (formerly known as Reach Energy Sdn. Bhd.) was incorporated on 7 February 2013 as a private limited liability company. On 2 August 2013, the Company was converted into a public limited liability company under the name of Reach Energy Berhad. The Company is incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows:

**Principal place of business**

D3-6-13A,  
Solaris Dutamas  
No.1, Jalan Dutamas 1,  
50480 Kuala Lumpur.

**Registered office**

Level 8, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor.

The Company has not commenced operations since the date of its incorporation. Its intended principal activities are the exploration and production of oil and gas, and activities related to development and production of the petroleum industry. The Company intends to list its shares and warrants as a Special Purpose Acquisition Company ("SPAC") on the Main Market of Bursa Malaysia Securities Berhad.

The holding company is Reach Energy Holdings Sdn. Bhd., a company incorporated in Malaysia.

These financial statements were authorised for issue by the Board of Directors on 20 May 2014.

**1. Basis of preparation****(a) Statement of compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRSs"). These are the Company's first financial statements prepared in accordance with MFRS and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**1. Basis of preparation (continued)****(a) Statement of compliance (continued)**

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Company:

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014***

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**1. Basis of preparation (continued)****(a) Statement of compliance (continued)*****MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (continued)***

- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

***MFRSs, Interpretations and amendments effective at dates yet to be confirmed***

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Company plans to apply the abovementioned standards, amendments and interpretations; where applicable;

- from the annual period beginning on 1 August 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014 and 1 July 2014.

The initial application of the standards, amendments and interpretations are not expected to have any material financial impacts to the current period financial statements of the Company upon their first adoption.

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**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

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**1. Basis of preparation (continued)****(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

**(c) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards ("MFRSS") requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in Note 7 – fair valuation of warrants.

**2. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

**(a) Financial instruments****(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.



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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**2. Significant accounting policies (continued)****(a) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement**

The Company categorises financial instruments as follows:

***Financial assets******Loans and receivables***

Loans and receivables category comprises debt instruments that are not quoted in an active market, deposits and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets are subject to review for impairment (see Note 2(e)).

***Financial liabilities***

All financial liabilities are subsequently measured at amortised cost.

**(iii) Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**2. Significant accounting policies (continued)****(b) Plant and equipment****(i) Recognition and measurement**

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

**(ii) Subsequent costs**

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

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**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

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**2. Significant accounting policies (continued)****(b) Plant and equipment (continued)****(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment.

The estimated useful lives for the current periods are as follows:

- Leasehold improvement 2 years
- IT network equipment 2 years
- Office furniture and equipment 3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

**(c) Operating leases**

Leases, where the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

**(d) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value.

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 2(a)(ii).

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**2. Significant accounting policies (continued)****(e) Impairment****(i) Financial assets**

All financial assets are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

**(ii) Other assets**

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**2. Significant accounting policies (continued)****(e) Impairment (continued)****(ii) Other assets (continued)**

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(f) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(i) Issue expenses**

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(iii) Preference share capital**

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**2. Significant accounting policies (continued)****(f) Equity instruments (continued)****(iii) Preference share capital (continued)**

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

**(iv) Warrants reserve**

The warrants reserve arose from the proceeds from issuance of warrants and is non distributable by way of dividends. Warrants reserve is transferred to share premium upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry date of the warrants period will be transferred to retained earnings.

**(v) Share-based payment**

The fair value of the warrants granted to shareholder is recognised as operating expenses with a corresponding increase in the share-based payment reserve over the vesting period.

The fair value of the warrants is measured using Bloomberg Trinomial Lattice Model. Measurement inputs include subscription price on grant date, exercise price of the warrants, tenure of the warrants, risk-free interest rate, expected dividend yield and the expected volatility based on the historical volatility of a similar listed entity.

**(g) Other income****Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss.

**(h) Income tax**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted by the end of the reporting period.

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**2. Significant accounting policies (continued)****(h) Income tax (continued)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liability is recognised for all the taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(i) Loss per ordinary share**

The Company presents basic and diluted loss per share data for its ordinary shares.

Basic loss per ordinary share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted loss per ordinary share is determined by adjusting the loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise free convertible warrants granted to the shareholders.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**3. Plant and equipment**

	<b>Leasehold improvement RM</b>	<b>IT network equipment RM</b>	<b>Office furniture and equipment RM</b>	<b>Total RM</b>
<b>Cost</b>				
At 7.2.2013 (date of incorporation)	-	-	-	-
Additions	104,100	26,000	106,777	236,877
At 31 July 2013/ 1 August 2013	104,100	26,000	106,777	236,877
Additions	-	-	16,118	16,118
At 31 January 2014	104,100	26,000	122,895	252,995
<b>Accumulated depreciation</b>				
At 7.2.2013 (date of incorporation)	-	-	-	-
Charge for the period	17,285	4,333	9,329	30,947
At 31 July 2013/ 1 August 2013	17,285	4,333	9,329	30,947
Charge for the period	26,047	6,500	17,590	50,137
At 31 January 2014	43,332	10,833	26,919	81,084
<b>Carrying amount</b>				
At 31 July 2013/ 1 August 2013	86,815	21,667	97,448	205,930
At 31 January 2014	60,768	15,167	95,976	171,911

**4. Deposits and prepayments**

	<b>31.1.2014 RM</b>	<b>31.7.2013 RM</b>
Deposits	37,280	39,026
Prepayments	-	5,983
	<u>37,280</u>	<u>45,009</u>



**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

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**5. Cash and cash equivalents**

	<b>31.1.2014</b>	<b>31.7.2013</b>
	<b>RM</b>	<b>RM</b>
Short-term deposits with a licensed bank	3,045,781	3,000,000
Cash and bank balances	2,543,376	3,749,593
	<u>5,589,157</u>	<u>6,749,593</u>

**6. Share capital**

The movements in the authorised share capital of the Company are as follows:-

	<b>Note</b>	<b>Par Value # RM</b>	<b>Number Of shares 2013</b>	<b>Amount 2013 RM</b>
<b>Ordinary Shares:</b>				
At 7.2.2013 (date of incorporation)		1.00	100,000	100,000
Sub-division of the par value of ordinary shares RM1.00 each into RM0.01 each	<b>6.1</b>	0.01	9,900,000	-
Increase during the financial period	<b>6.2</b>	0.01	2,480,000,000	24,800,000
At 31.1.2014/ 31.7.2013		0.01	2,490,000,000	24,900,000

The movements in the issued and paid-up capital of the Company are as follows:-

	<b>Note</b>	<b>Par Value # RM</b>	<b>Number Of shares 2013</b>	<b>Amount 2013 RM</b>
<b>Ordinary Shares:</b>				
At 7.2.2013 (date of incorporation)		1.00	2	2
Sub-division of the par value of ordinary shares RM1.00 each into RM0.01 each	<b>6.1</b>	0.01	198	-
Issued during the period	<b>6.3</b>	0.01	113,600,000	1,136,000
At 31.1.2014/ 31.7.2013		0.01	113,600,200	1,136,002

# Prior to the share subdivision as described in Note 6.1, the ordinary shares have a par value of RM1 each. Pursuant to the share subdivision, the par value of the ordinary shares became RM0.01 each.

**6.1** On 22 May 2013, the Company subdivided its authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1 each to RM100,000 comprising 10,000,000 ordinary shares of RM0.01 each.

**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

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**6. Share capital (continued)**

**6.2** On 23 May 2013, the Company increased its authorised share capital of RM100,000 to RM25,000,000 through the creation of 2,480,000,000 ordinary shares of RM0.01 each and 10,000,000 Redeemable Convertible Preference Shares ("RCPS") of RM0.01 each.

**6.3** On 10 July 2013, pursuant to the subscription agreement dated 26 June 2013 between the Company and its holding company, Reach Energy Holdings Sdn. Bhd., the Company increased its issued and paid-up ordinary share capital from RM2 to RM1,136,002 by the issuance of 113,600,000 ordinary share of RM0.01 each at an issue price of RM0.045 per ordinary shares together with 113,600,000 free detachable warrants for a cash consideration of RM5,112,000 for working capital purposes.

**7. Reserves**

	<b>Note</b>	<b>31.1.2014 RM</b>	<b>31.7.2013 RM</b>
<b>Reserves consist of:-</b>			
Share premium	<b>7.1</b>	1,908,480	1,908,480
Warrants reserve	<b>7.2</b>	2,067,520	2,067,520
Share-based payment reserve	<b>7.3</b>	85,068	12,153
Accumulated losses		(4,647,849)	(2,168,961)
At 31 January/ 31 July		<u>(586,781)</u>	<u>1,819,192</u>

**7.1 Share premium**

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The movement in the share premium of the Company are as follow:-

	<b>Note</b>	<b>RM</b>
At 7.2.2013 (date of incorporation)		-
Issuance of ordinary shares during the period	<b>6.3</b>	1,908,480
At 31.1.2014/ 31.7.2013		<u>1,908,480</u>

**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

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**7. Reserves (continued)****7.2 Warrants reserve**

The movements in the warrants reserve of the Company are as follow:-

	RM
At 7.2.2013 (date of incorporation)	-
Created during the period	2,067,520
	<hr/>
At 31.1.2014/ 31.7.2013	2,067,520
	<hr/> <hr/>

**Fair value of warrant**

During the period, the Company issued 113,600,000 ordinary shares of RM0.01 each at an issue price of RM0.045 per ordinary share together with 113,600,000 free detachable warrants for a cash consideration of RM5,112,000 for working capital purposes. The fair value of the warrants was estimated using the Bloomberg Trinomial Lattice Model based on the following key assumptions:

(i) Initial Public Offering ("IPO") share price	RM0.75 per share
(ii) Exercise price	RM0.75 per warrant
(iii) Tenure of the Warrant	8 years
(iv) Risk free interest rate	4.031%
(v) Expected dividend yield	0%
(vi) Expected share price volatility	51.501%

The fair value of the Warrant was estimated to be RM0.3026 each.

The amount allocated to each component instrument are as follow:

	RM
Share capital	0.0100 (a)
Share premium	0.0168 (b)
Warrant reserve	0.0182 (c)
	<hr/>
	0.0450
	<hr/> <hr/>

- (a) The amount allocated to share capital was derived based on the par value of ordinary shares.
- (b) The amount allocated to share premium was derived based on the share capital component less amount allocated to the Warrant component.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**7. Reserves (continued)****7.2 Warrants reserve (continued)**

- (c) The amount allocated to Warrant reserve was derived based on the relative fair value of the Warrant on the date of IPO of RM0.3026 each over the IPO share price of RM0.75 per share multiplied by subscription price of RM0.045 per share.

**7.3 Share-based payment reserve**

The movements in the share-based payment reserve of the Company are as follow:-

	RM
At 7.2.2013 (date of incorporation)	-
Charge during the period	12,153
	<hr/>
At 31.7.2013/ 1.8.2013	12,153
Charge during the period	72,915
	<hr/>
At 31.1.2014	85,068
	<hr/> <hr/>

As mentioned in Note 6.3, the subscription of ordinary shares by the holding company, Reach Energy Holdings Sdn. Bhd. was with free detachable warrants with the following features:

- (i) 1 free Warrant for 1 ordinary share
- (ii) Exercise price for Warrants is RM0.75
- (iii) Upon IPO, there is moratorium in place whereby the Shares and Warrants are not transferable during the moratorium period

As the Warrants are issued for free, concurrent with the issuance of ordinary shares, it is deemed that the free Warrants are issued for payment of service. Accordingly, the Company made an assessment under MFRS 2, Share-based Payment.

Grant date for the share-based payment is the date of issuance of Warrants when all conditions have been fulfilled.

**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

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**7. Reserves (continued)****7.3 Share-based payment reserve (continued)**

The fair value of Warrants at grant date was estimated using the Bloomberg Trinomial Lattice Model based on the following key assumptions:

(i)	Subscription price	RM0.045 per share
(ii)	Exercise price	RM0.75 per warrant
(iii)	Tenure of the Warrant	8 years
(iv)	Risk free interest rate	3.222%
(v)	Expected dividend yield	0%
(vi)	Expected share price volatility	56.65%

The fair value of Warrants at grant date is estimated to be RM0.0046. Accordingly, the total share-based payment of RM522,560 is computed based on the fair value of Warrants at grant date of RM0.0046 multiplied by 113,600,000 Warrants issued and amortised over the vesting period. The expected duration between the issuance of Warrants and the vesting period is 43 months with the assumptions that the Company will successfully complete the Qualifying Acquisition within 36 months upon listing on the Main Market of Bursa Malaysia Securities Berhad. Qualifying Acquisition is defined as one or more initial acquisition of asset and/or business by the Company which has an aggregate fair market value equal to at least 80% of the aggregate amount then standing in the balance of the trust account (net of any taxes payable)

As the Warrants were issued on 10 July 2013 thus the cumulative share-based payment of RM85,068 as at 31 January 2014 is computed based on 7 over 43 months of total share-based payment of RM522,560.

**8. Other payables and accruals**

	<b>31.1.2014</b>	<b>31.7.2013</b>
	<b>RM</b>	<b>RM</b>
Other payables	1,118,018	14,758
Accruals	1,131,108	1,030,579
	<u>2,249,126</u>	<u>1,045,337</u>
	=====	=====

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**9. Redeemable convertible preference shares (“RCPS”)**

	Note	Number of RCPS of RM0.01 each	Amount RM
<b>Authorised:</b>			
At 7.2.2013 (date of incorporation)		-	-
Created during the period	6.2	10,000,000	100,000
		<u>10,000,000</u>	<u>100,000</u>
At 31.1.2014/ 31.7.2013		<u>10,000,000</u>	<u>100,000</u>
<b>Nominal value - Issued and fully paid:</b>			
At 7.2.2013 (date of incorporation)		-	-
Issued during the period	9.1	666,667	6,667
		<u>666,667</u>	<u>6,667</u>
At 31.1.2014/ 31.7.2013		<u>666,667</u>	<u>6,667</u>
<b>Share premium of RCPS</b>			
At 7.2.2013 (date of incorporation)			-
Increased during the period			2,993,334
			<u>2,993,334</u>
At 31.1.2014/ 31.7.2013			<u>2,993,334</u>
Carrying value of RCPS			<u>3,000,001</u>

**9.1** On 26 July 2013, two investors (“Initial Investors”) entered into separate subscription agreements with the Company for the following:

- (i) Subscription of 666,667 Redeemable Convertible Preference Shares (“RCPS”) at a subscription price of RM4.50 per RCPS. The RCPS were issued on 29 July 2013 and raised proceeds of RM3,000,001 for working capital purposes.
- (ii) Subscription of a total of 15,555,555 ordinary shares, together with 15,555,555 warrants at the subscription price of RM0.45 per share after the receipt of approval from Securities Commission Malaysia to list as a Special Purpose Acquisition Company (“SPAC”) on the Main Market of Bursa Malaysia Securities Berhad.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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## 9. Redeemable convertible preference shares ("RCPS") (continued)

### 9.2 Principal terms

The principal terms of the RCPS are as follows:

Par value	:	Each RCPS shall have a par value of RM0.01.
Subscription price	:	The subscription price for each RCPS shall be RM4.50.
Premium	:	Each RCPS shall be issued at a premium of RM4.49.
Dividends	:	The RCPS shall not be entitled to any dividend.
Transferability	:	The RCPS shall not be transferable.
Conversion	:	Each RCPS is convertible into 10 shares together with 10 warrants.
Redemption	:	<p>Subject only to compliance with the requirements of Section 61 of the Act, all RCPS (unless earlier converted into Shares) shall be fully redeemable at the option of the holder, at the redemption price of RM4.50 per RCPS ("RCPS Redemption price"):</p> <p>(i) on the date falling 12 months after the date of issue of the RCPS If the approval from the SC is not received by the Company by then; or</p> <p>(ii) on the date falling 14 Business Days after the Company's receipt of any letter from the SC rejecting or stating its non-approval of the Company's application for the IPO</p> <p>whichever occurs first.</p> <p>The Company shall use its reasonable endeavours to ensure that it has sufficient funds (whether through profits or a new issue of shares or otherwise), which can be lawfully applied towards redemption of the RCPS at the relevant time.</p>
Redemption Price	:	RM4.50 per RCPS.
Voting Rights	:	The RCPS shall entitle the holder to the voting rights as referred to in Section 148(2) of the Act and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights.

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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## 9. Redeemable convertible preference shares ("RCPS") (continued)

### 9.2 Principal terms (continued)

Protective Provision : The prior consent of the holders of the RCPS shall also be required for any proposal by the Company which relates to, or involves, any of the following:

- (i) the issue by the Company of any other preference shares or any type of convertible debt/equity instruments ranking *par passu* or in priority to the RCPS; or
- (ii) Any alteration or change to the rights, preference and privileges of the RCPS; or
- (iii) Any increase in the number of RCPS to be issued by the Company; or
- (iv) Anything which results or give rise to a capital reduction by the Company.

Status : The RCPS shall not be listed or quoted on any stock exchange.

Non-Entitlement Obligations : The shares held by the Initial Investors after conversion of RCPS are not entitled to participate in the Liquidation Distribution or the Qualifying Acquisition Share Repurchase.

### 9.3 Financial liabilities

The RCPS is classified as a financial liability as the Company does not have the unconditional right to avoid delivering cash upon redemption by the RCPS holder.



## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**10. Loss before tax**

	<b>1.8.2013 to 31.1.2014 RM</b>	<b>7.2.2013 to 31.7.2013 RM</b>
<b>Loss before tax is arrived at after charging:</b>		
Auditors' remuneration		
- Statutory audit	7,000	7,000
Depreciation of plant and equipment	50,137	30,947
Key management personnel expenses:		
- Salaries and other emoluments	1,303,200	181,200
- Defined contribution plan	151,920	20,280
Rental of office premise	35,897	17,949
Share-based payment transaction	72,915	12,153
	=====	=====
<b>and after crediting:</b>		
Interest income	66,776	4,284
	=====	=====

**11. Tax expense***Recognised in profit or loss*

	<b>1.8.2013 to 31.1.2014 RM</b>	<b>7.2.2013 to 31.7.2013 RM</b>
Current tax expense	-	-
	=====	=====

*Reconciliation of tax expense*

Loss before tax	(2,478,888)	(2,168,961)
	=====	=====
Taxation at Malaysian statutory tax rate of 20%*	(495,778)	(433,792)
Non-deductible expenses	482,423	432,935
Other items	13,355	857
	=====	=====
Income tax expense	-	-
	=====	=====

\* Current income tax is calculated at the statutory tax rate of 20% of the estimated assessable profit for the year. The Company, being a Malaysian resident company with a paid-up capital of RM2.5 million or less, qualifies for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows :

On the first RM500,000 of chargeable income: 20%  
In excess of RM500,000 of chargeable income: 25%

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**12. Loss per ordinary share****Basic loss per ordinary share**

The calculation of basic loss per ordinary share at 31 January 2014 was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	<b>1.8.2013 to 31.1.2014 RM</b>	<b>7.2.2013 to 31.7.2013 RM</b>
Loss attributable to ordinary shareholders	(2,478,888)	(2,168,961)
Weighted average number of ordinary shares	65,185,600	14,281,300
Basic loss per ordinary share	(0.038)	(0.152)

**Diluted loss per ordinary share**

The fully diluted loss per share for the Company in the current financial year was not presented as the assumed conversion from the exercise of warrants would be anti-dilutive.

**13. Financial instruments****13.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Other liabilities (OL).

<b>31.1.2014</b>	<b>Carrying amount RM</b>	<b>L&amp;R/ (OL) RM</b>
<b>Financial assets</b>		
Deposits	37,280	37,280
Cash and bank balances	5,589,157	5,589,157
	<u>5,626,437</u>	<u>5,626,437</u>
<b>Financial liabilities</b>		
Other payables and accruals	(2,249,126)	(2,249,126)
Redeemable convertible preference shares ("RCPS")	(3,000,001)	(3,000,001)
	<u>(5,249,127)</u>	<u>(5,249,127)</u>

## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**13. Financial instruments (continued)****13.1 Categories of financial instruments (continued)**

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);  
(b) Other liabilities (OL).

	Carrying amount RM	L&R/ (OL) RM
<b>31.7.2013</b>		
<b>Financial assets</b>		
Deposits	28,582	28,582
Cash and bank balances	6,749,593	6,749,593
	<u>6,778,175</u>	<u>6,778,175</u>
<b>Financial liabilities</b>		
Other payables and accruals	(1,045,337)	(1,045,337)
Redeemable convertible preference shares ("RCPS")	(3,000,001)	(3,000,001)
	<u>(4,045,338)</u>	<u>(4,045,338)</u>

**13.2 Net gains arising from financial instruments**

	1.8.2013 to 31.1.2014 RM	7.2.2013 to 31.7.2013 RM
Net gains on:		
Loans and receivables	<u>66,776</u>	<u>4,284</u>

**13.3 Financial risks management objectives and policies**

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**13. Financial instruments (continued)****13.4 Credit risk****Loans and receivables***Risk management objectives, policies and processes for managing the risk*

The Company's primary exposure to credit risk arises through its loans and receivables. The management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

*Exposure to credit risk*

The maximum exposure to credit risk for the Company is represented by the carrying amount of the loans and receivables presented in the statement of financial position. As at the end of the reporting period, there was no indication that the loans and receivables are not recoverable.

**13.5 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its payables.

The Company maintains a level of cash and bank balances deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liability when they fall due. The Company's financial liabilities as at the end of the reporting period are expected to be settled in less than one year.

**13.6 Fair value of financial instruments**

The carrying amount of cash and bank balances, deposits, other payables and accruals and redeemable convertible preference shares approximate their fair value due to the relatively short-term nature of these financial instruments.

**14. Capital management**

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

**AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)**

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**15. Operating leases***Leases as lessee*

Non-cancellable operating lease rentals are payable as follows:

	31.1.2014 RM	31.7.2013 RM
Less than one year	71,795	71,795
Between one and five years	29,915	53,846
	<u>101,710</u>	<u>125,641</u>
	=====	=====

The Company leases office premise under operating lease. The lease runs for a period of two years. None of the lease includes contingent rentals.

**16. Related parties**

For the purposes of these financial statements, parties are considered to be related to the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. Key management personnel include all the Directors of the Company, and certain members of senior management of the Company.

The significant related party transactions of the Company are shown below:

	1.8.2013 to 31.1.2014 RM	7.2.2013 to 31.7.2013 RM
<b>Key management personnel:</b>		
<i>Directors</i>		
- Fees	37,200	6,200
- Remunerations and other emoluments	372,000	68,000
- Defined contribution plan	44,640	7,440
	<u>453,840</u>	<u>81,640</u>
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## AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**16. Related parties (continued)**

	1.8.2013 to 31.1.2014 RM	7.2.2013 to 31.7.2013 RM
<i>Other key management personnel</i>		
- Remunerations and other emoluments	894,000	107,000
- Defined contribution plan	107,280	12,840
	<hr/> 1,001,280	<hr/> 119,840
	-----	-----
	<hr/> 1,455,120	<hr/> 201,480
	=====	=====

**17. Comparative figures**

The financial statements for the current period cover the period from 1 August 2013 to 31 January 2014. There are no corresponding comparative amounts for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and the related notes as they relate to a period prior to incorporation.

For information purposes only, the comparative disclosed are from the most recent audited financial statements which is in respect of the period from 7 February 2013 (date of incorporation) to 31 July 2013. Accordingly, the comparative amounts for the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows and the related notes are not comparable.

**18. Significant event**

On 5 July 2013, the Board of Directors of the Company approved the proposal to consider the listing of the Company's shares and warrants as a SPAC on the Main Market of Bursa Malaysia Securities Berhad ("the Listing").

**19. Subsequent event**

On 5 February 2014, the holding company, Reach Energy Holdings Sdn. Bhd. provided an advance payment of RM 14,058,000 to the Company.

The advance payment was in relation to a separate supplemental agreement entered into by the Company with Reach Energy Holdings Sdn. Bhd. in connection with the subsequent subscription.

The subsequent subscription will be issued after the receipt of the SC's approval of the Listing.

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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**Reach Energy Berhad**


(Company No. 1034400-D)

(Incorporated in Malaysia)

**Statement by a Director**

I, **Shahul Hamid Bin Mohd Ismail**, being one of the Directors of Reach Energy Berhad, do hereby state that in my opinion, the financial statements set out on pages 1 to 31 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 January 2014 and of its financial performance and cash flows for the period then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Director:



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**Shahul Hamid Bin Mohd Ismail**

20 May 2014

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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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## **Independent auditors' report to the member of Reach Energy Berhad**

(Company No. 1034400-D)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Reach Energy Berhad, which comprise the statement of financial position as at 31 January 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 31.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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AUDITED FINANCIAL STATEMENTS OF OUR COMPANY FOR FPE 31 JANUARY 2014 (Cont'd)

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*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 January 2014 and of its financial performance and cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Other Matters**

This report is made solely to the member of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG  
Chartered Accountants

Petaling Jaya,

20 May 2014