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Reach Energy to place RM711m into Islamic trust

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KUALA LUMPUR: Reach Energy Bhd, en route to a listing on Bursa Malaysia's Main Market by mid-August, will place RM710.62 million of the proceeds raised into an Islamic trust account.

"This allocation, which represents 94.75 per cent (of the total funds raised), will have very high investor protection," said its chief financial officer Azmi Arshad.

Azmi is confident that Reach Energy will raise the targeted RM750 million, given the company's clear business strategies, strong management team and sizeable funding to complete an acquisition within a reasonable time.

Reach Energy, an oil and gas special-purpose acquisition company (SPAC), currently has no operations

or income-generating business. The initial public offering (IPO) will allow it to raise money to acquire operating companies, businesses or assets, otherwise known as a qualifying acquisition.

The company yesterday signed an underwriting agreement with Hong Leong Investment Bank for the IPO.

Reach Energy managing director Shahul Hamid Mohd Ismail said the company's prospectus launch will take place next month.

He said upon listing, Reach Energy will begin searching for opportunities in the oil and gas exploration and production business, targeting Asia-Pacific markets.

"We will only invest in Asia-Pacific brownfield assets that are ready for development or already producing. There are tremendous opportunities

for us to have management or strategic control of assets and not just be a pure investor in those countries," he said.

He said there are hundreds of small independent oil companies that are doing very well now because big companies are finding it difficult to

operate with smaller assets.

"In fact, close to 60 per cent of the world's oil and gas reserves are in small fields," Shahul said.

Reach Energy will be making a public issue of up to one billion shares at 75 sen each, sweetened by up to 1.1 billion free detachable warrants on the basis of one warrant for every share.

The IPO is expected to raise up to RM750 million, which is seen as potentially the biggest by a SPAC in Malaysia.

**IPO
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