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Reach Energy eyes Asia Pacific O&G assets

KUALA LUMPUR: Oil and gas (O&G) special purpose acquisition company (SPAC) Reach Energy Bhd, en route for listing on the Main Market of Bursa Malaysia by mid-August, says it will only invest in Asia Pacific brownfield assets that are ready for development or already producing.

There are tremendous opportunities for the company to have management or strategic control of assets and not just be a pure investor, its managing director

Shahul Hamid Mohd Ismail said.

He said hundreds of small independent oil companies are doing very well right now because big companies are finding it difficult to operate with smaller assets.

"In fact, close to 60% of the world's oil and gas reserves are in small fields," he told reporters after signing an underwriting agreement with Hong Leong Investment Bank Bhd here yesterday.

Reach Energy, which will be the largest O&G SPAC upon the

listing exercise, has no operations or income generating business currently.

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

Its chief financial officer Azmi Arshad said it will place 94.75% or RM710.62 million of the funds raised from its IPO into an Islamic trust account, and investors would also be offered eight years of free

detachable warrants for 75 sen each, equivalent to its IPO price.

"There is no doubt that we will raise the RM750 million proceeds given our clear business strategies, strong management team and sizeable funding to complete the QA within a reasonable time," he said.

Hong Leong Investment group managing director and chief executive officer Lee Jim Leng said the interest and response have been very positive so far. — *Bernama*