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Reach Energy looks beyond Asia-Pacific

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KUALA LUMPUR: Reach Energy Bhd, which is expected to raise RM750 million through its initial public offering (IPO), may go beyond the Asia-Pacific region as it sees value in smaller oil and gas companies globally.

Its managing director Shahul Hamid said the company is actively seeking a qualifying asset, and its search is not only confined to the Asia-Pacific.

He also said Reach Energy, as a special purpose acquisition company (SPAC), is eyeing assets that are ready for development, but is not looking into risk-sharing contracts (RSC).

"An RSC is a service contract, we're not going into RSC, we want to own reserves.

"We're not just a pure investor, we want to be recognised as an exploration and production company," Shahul told a press conference during an underwriting agreement signing ceremony with Hong Leong Investment Bank Bhd.

According to the Securities Commission's guidelines, an SPAC is required to secure its qualifying asset within a three-year period upon listing.

The company last month obtained approval from the regulator for its listing on the Main Market of Bursa Malaysia, scheduled to take place in August. The exercise will entail a public issue of one billion new shares together with one



ASHRAF SHAMSUL/THESUN

From left: Azmi, Shahul, Lee and Hong Leong Investment Bank co-head of equity markets Phang Siew Loong at the signing ceremony yesterday.

billion free detachable warrants on the basis of one warrant for every one share subscribed. However, only 20 million shares is available for the public, the remaining 980 million shares will be allocated to selected investors.

Based on an issue price of 75 sen per share, Reach Energy is expected to raise RM750 million from the IPO.

Reach Energy CFO Azmi Arshad said the SPAC will place 94.75% or RM710.62 million of the IPO proceeds in an Islamic trust account, to ensure higher investor protection.

Meanwhile, Hong Leong Investment Bank managing director Lee Jim Leng believes Reach Energy's IPO will receive good response from the investing public. "So far, interest (in Reach Energy) has been very encouraging, that demonstrates the confidence level... as of today, we have received good response for placement," she said.

Reach Energy will be the fourth SPAC listed in the local stock market after Hibiscus Petroleum, CLIQ Energy Bhd and Sona Petroleum Bhd.