

REACH ENERGY BERHAD (“REB” OR THE “COMPANY”)

- (I) PROPOSED DEBT SETTLEMENT; AND
- (II) PROPOSED EXEMPTION

(COLLECTIVELY REFERRED TO AS THE “PROPOSALS”)

(Unless otherwise stated, all the exchange rates used herein to convert USD to MYR shall be RM1.00:USD0.2272 (Source: Bank Negara Malaysia (“BNM”) middle rate as at 20 June 2022 being the latest practical date (“LPD”) of this announcement)

1. INTRODUCTION

On behalf of the Board of Directors of REB (“**Board**”), Hong Leong Investment Bank Berhad (“**HLIB**”) wishes to announce that the Company proposes to undertake an offset of USD49,562,125.54 or RM206,508,856.40 (RM1.00:USD0.2400) debt to be owed to Super Racer Limited (“**SRL**” or “**Offeror**”) (subject to the completion of the transfer and assignment of the Debt (as defined below) from MIE Holdings Corporation (“**MIEH**”) to SRL) via the issuance of 1,032,544,282 new ordinary shares in REB (“**REB Shares**” or “**Shares**”) to SRL at an issue price of RM0.20 per REB Share (collectively the “**Settlement Shares**” and each a “**Settlement Share**”) (“**Proposed Debt Settlement**”).

In conjunction with the Proposed Debt Settlement, SRL and Mr. Cheung Siu Fai (“**Mr. Cheung**”), being the person acting in concert with SRL (“**PAC**”) intend to seek an exemption from the Securities Commission Malaysia (“**SC**”) under Paragraph 4.08(1)(b) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions (“**Rules**”) from the obligation to undertake a mandatory take-over offer (“**Mandatory Offer**”) for the remaining REB Shares and the outstanding warrants 2014/2022 issued by REB which are expiring on 15 August 2022 (“**Warrants**”) not already held by them upon completion of the Proposed Debt Settlement (“**Proposed Exemption**”).

Further details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED DEBT SETTLEMENT

On 30 June 2022, REB entered into a subscription agreement with SRL to offset USD49,562,125.54 or RM206,508,856.40* against the debt to be owed to SRL (subject to the completion of the transfer and assignment of the Debt (as defined below) from MIEH to SRL) via the issuance of 1,032,544,282 Settlement Shares at an issue price of RM0.20 for each Settlement Share (“**Subscription Agreement**”).

** Converted at RM1.00:USD0.2400, being the conversion rate agreed between REB and SRL for the purpose of converting the value of the Debt (as defined below) in USD to MYR in the Subscription Agreement.*

As at the LPD, the outstanding amount owing by the Company to MIEH amounted to USD63,197,929 or RM278,159,899 (“**Debt**”). Following the completion of the transfer and assignment of the Debt from MIEH to SRL and the Proposed Debt Settlement, the remaining Debt will amount to USD13,635,803 or RM60,016,739 (“**Remaining Debt**”) and shall be owed by the Company to SRL. The Remaining Debt will be subject to the same terms and conditions on which the Debt is subject to (as per the SPA 1 (as defined below)), save that the applicable interest rate will be revised from 14% to 5% per annum.

The summary of the Debt before and after the Proposed Debt Settlement is as follows:

As at LPD	Before Proposed Debt Settlement (USD)	After Proposed Debt Settlement (USD)
Debt - Principal	38,747,346	13,635,803
Debt - Interest	24,450,583	-
Total Debt	63,197,929 <i>(being the "Debt")</i>	13,635,803 <i>(being the "Remaining Debt")</i>
Interest rate (%)	14.00	5.00

In addition, SRL has agreed that upon completion of the Proposed Debt Settlement, SRL will enter into a shareholder loan facility agreement or procure that Mr. Cheung enter into a shareholder loan facility agreement (either by himself or jointly with SRL) to make available a shareholder's loan facility of up to USD5.0 million or RM22.01 million to the Company for purposes as set out in Section 2.6 of this announcement.

The salient terms of the shareholder's loan facility and the Subscription Agreement are set out under **Appendix I** of this announcement.

2.1. Background of the Acquisition (as defined below) and the Debt

On 15 August 2014, REB was listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") as a Special Purpose Acquisition Company ("**SPAC**"). As a SPAC, REB is required to undertake an acquisition of any business which has an aggregate fair market value equal to at least 80% of the aggregate amount in the trust account and is in line with the business strategy disclosed in REB's prospectus dated 24 July 2014 ("**Qualifying Acquisition**") within 3 years from the date of listing. On 5 March 2016, REB entered into a sales and purchase agreement ("**SPA 1**") with Palaeontol Cooperatief U.A. ("**PUA**") (an indirect wholly owned subsidiary of MIEH) and MIEH, pursuant to which MIEH agreed to sell (by procuring PUA to sell) and REB, together with its subsidiaries ("**REB Group**") agreed to purchase 60% interest in Palaeontol B.V. ("**PBV**") which owns Emir Oil LLP ("**Emir Oil**") at a purchase consideration of USD175,856,539 ("**Purchase Consideration**") ("**Acquisition**").

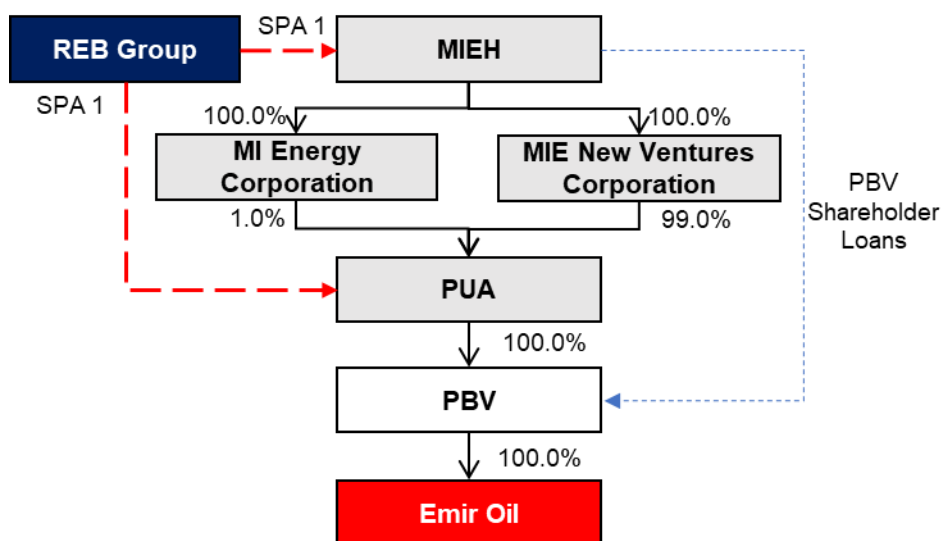
Prior to the Acquisition, MIEH had been funding Emir-Oil through shareholder loans to PBV ("**PBV Shareholder Loans**"). After the Acquisition, 60% or USD173.1 million of the PBV Shareholder Loan with interest accrued thereon is payable to REB Group ("**60% PBV Shareholder Loans**"), instead of MIEH.

On 1 January 2020, the remaining 40% of the PBV Shareholder Loans due to MIEH was assigned to MIE Maple Investments Limited ("**MIE Maple**") (a wholly-owned subsidiary of MIEH) ("**40% PBV Shareholder Loans**").

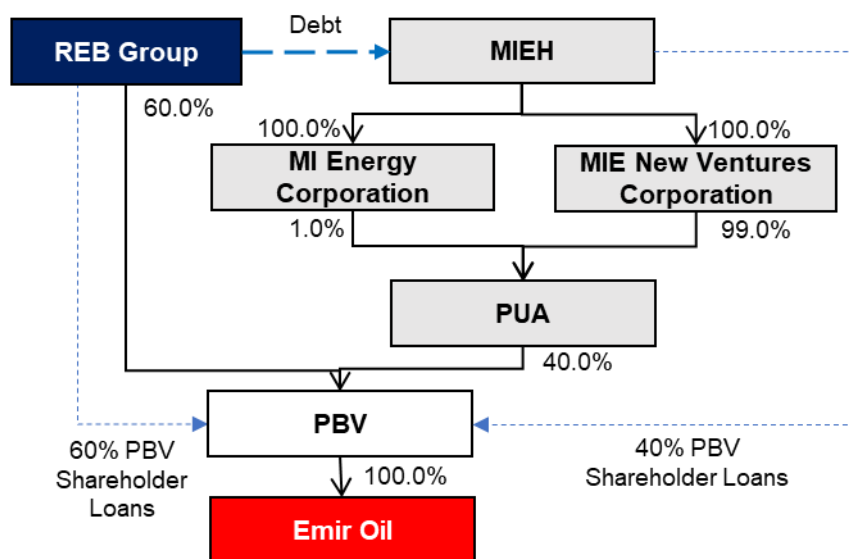
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The corporate structure before and after the Acquisition is as illustrated below:

Prior to the Acquisition



After the Acquisition



In accordance with SPA 1, the Purchase Consideration was to be satisfied entirely in cash in the following manner:

- (i) 85% of the Purchase Consideration to be paid upon completion of the Acquisition (“**Upfront Consideration**”). However, if there are Dissenting Shareholders, REB has the right to defer the payment of part of the Upfront Consideration; and
- (ii) payment of the remaining 15% of the Purchase Consideration was to be deferred subject to the terms of SPA 1 (“**Deferred Consideration**”).

On 4 November 2016, REB sought the approval of its shareholders for the Acquisition, which qualifies as Qualifying Acquisition, at an extraordinary general meeting (“**EGM**”) of REB. Pursuant to Paragraph 6.25 of Part I of the Equity Guidelines, all REB shareholders that had voted against the Acquisition (“**Dissenting Shareholders**”) had the right to require REB to repurchase the REB shares held by them.

A total of 181,409,650 REB Shares were repurchased from the Dissenting Shareholders at RM0.76351 per REB Share, which amounted to approximately RM138.51 million or USD31.05* million. As a result of the obligation to repurchase these REB Shares from the Dissenting Shareholders, REB had exercised its right to defer payment of part of the Upfront Consideration in accordance with the terms and conditions of SPA 1. Following this, the revised payment paid at completion of the Acquisition amounted to USD131.81 million (“**Completion Payment**”), which represents approximately 74.95% of the Purchase Consideration. The difference between the Upfront Consideration and Completion Payment (“**Remaining Completion Amount**”) was deferred.

The Completion Payment had been paid at completion of the Acquisition and calculated as follows:

Completion Payment	=	USD120 million	+	(25% of the amount in the Islamic Trust Account net of taxes ⁽ⁱ⁾ – amount payable to the Dissenting Shareholders ⁽ⁱⁱⁱ⁾)
	=	USD120 million	+	(25% x USD171.44 million – USD31.05* million)
	=	USD131.81 million		

Notes:

(i) As at the date of completion of the Acquisition, being 25 November 2016 (“**Completion Date of the Acquisition**”), there was approximately RM762.93 million or USD171.44[^] million in the Islamic Trust Account net of taxes.

[^] The exchange rate used to convert USD to MYR is RM1.00:USD0.2247 as at 25 November 2016.

(ii) There were 181,409,650 dissenting shares repurchased at RM0.76351 per REB Share. The total value of the dissenting shares that was repurchased by REB was approximately RM138.51 million or USD31.05* million.

* The exchange rate used to convert USD to MYR is RM1.00:USD0.2242 as at 24 November 2016.

As at the Completion Date of the Acquisition, the total amount of the Remaining Completion Amount and Deferred Consideration were as follows:

	USD
Deferred Consideration	26,378,481
Remaining Completion Amount	17,666,678
Total deferred Purchase Consideration	<u>44,045,159</u>

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The Deferred Consideration of USD26,378,481 is subjected to interest to be accrued at the following interest rates:

Tenure	Interest rate (p.a.) charged on the outstanding Deferred Consideration
Deferred Consideration outstanding within 12 months of the Completion Date of the Acquisition.	Nil
Deferred Consideration outstanding between 12 months after the Completion Date of the Acquisition but before 24 months after the Completion Date of the Acquisition.	10% (commencing from 13 th month)
Deferred Consideration outstanding more than 24 months after the Completion Date of the Acquisition.	14% (commencing from 25 th month and in addition to interest accrued from preceding period)

Currently, the interest rate charged on the outstanding Deferred Consideration is at 14% p.a. as the Deferred Consideration has been outstanding for more than 24 months after the Completion Date of the Acquisition.

The Remaining Completion Amount of USD17,666,678 is subjected to interest to be accrued at the following interest rates:

Tenure	Interest rate (p.a.) charged on the outstanding Remaining Completion Amount
Remaining Completion Amount outstanding within 6 months of the Completion Date of the Acquisition.	Nil
Remaining Completion Amount outstanding between 6 months after the Completion Date of the Acquisition but before 18 months after the Completion Date of the Acquisition.	10% (commencing from 6 th month)
Remaining Completion Amount outstanding more than 18 months after the Completion Date of the Acquisition.	14% (commencing from 19 th month and in addition to interest accrued from preceding period)

Currently, the interest rate charged on the outstanding Remaining Completion Amount is at 14% p.a. as the Remaining Completion Amount has been outstanding for more than 18 months after the Completion Date of the Acquisition.

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As at the LPD, the Debt amounted to USD63,197,929 or RM278,159,899, which consisted of the outstanding deferred Purchase Consideration (comprising the outstanding Deferred Consideration and Remaining Completion Amount) and interest accrued thereon of USD38,747,346 and USD24,450,583, respectively, the breakdown which is as follows:

	USD
Deferred Purchase Consideration as at Completion Date of the Acquisition	44,045,159
Less principal repayment on:	
- 12 November 2019	(2,297,813)
- 2 January 2020	(3,000,000)
Outstanding deferred Purchase Consideration as at LPD	38,747,346
Accrued interest up to LPD	24,450,583
Debt as at LPD	63,197,929

2.2. Transfer and assignment of the Debt, 40% interest in PBV and 40% PBV Shareholder Loans to SRL

On 20 January 2022, MIEH announced on the Stock Exchange of Hong Kong Limited that MIEH, PUA and MIE Maple, as vendors, entered into a sale and purchase agreement with Hammer Capital Asia Limited (“HCA”), to sell, assign and transfer the Debt, 40% interest in PBV and 40% PBV Shareholder Loans (“SPA 2 Assets”) at the total consideration of USD55.0 million to HCA (“SPA 2”). HCA is a company incorporated in the British Virgin Islands.

On 27 April 2022, MIEH announced on the Stock Exchange of Hong Kong Limited that MIEH, PUA and MIE Maple entered into a side letter with HCA, pursuant to which it has been agreed that SPA 2 shall be completed in two stages:

- (i) MIEH shall assign and transfer to HCA the Debt, which is the subject matter under the Proposed Debt Settlement (“Stage 1 of the SPA 2”); and
- (ii) MIEH shall sell, assign and transfer to HCA the 40% interest in PBV and 40% PBV Shareholder Loans (“Stage 2 of the SPA 2”).

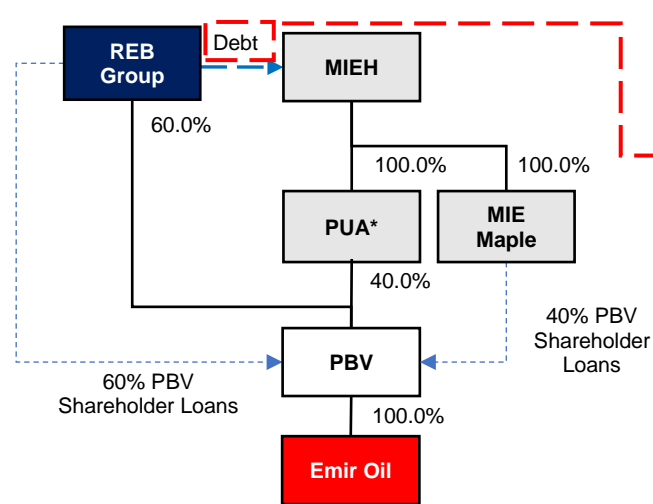
Pursuant to the SPA 2, HCA has the right to designate one or more parties as the holders of the SPA 2 Assets.

On 20 May 2022, a letter of agreement was entered into between HCA and SRL pursuant to which HCA agrees to designate SRL as the designated party, in accordance with the terms of the SPA 2, to acquire the Debt at a consideration of USD 15,116,317, which is the same consideration as per the SPA 2, on or before the completion date of Stage 1 of the SPA 2 (“Designation”). On the same date, HCA issued a letter of designation to MIEH formally designating SRL as the party which the Debt shall be assigned to pursuant to SPA 2. As at the date of this announcement, the assignment and transfer of Debt under SPA 2 from MIEH to SRL is pending completion.

SRL is a company incorporated in Hong Kong. As at the LPD, Mr. Cheung is the sole shareholder and the sole director of SRL. Further details of SRL and Mr. Cheung is set out in **Appendix II**.

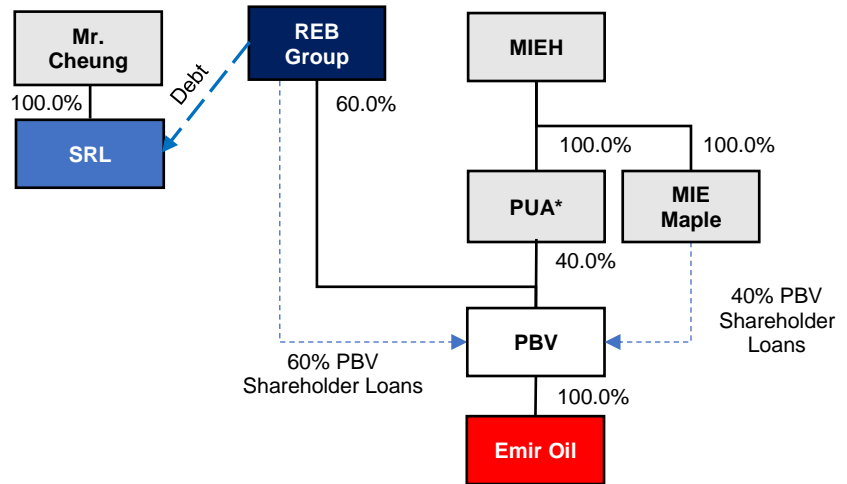
The corporate structure before and after the completion of Stage 1 of the SPA 2, Designation and the Proposed Debt Settlement is as illustrated below:

Prior to the completion of SPA 2



MIEH to assign and transfer to SRL as the designated holder of the Debt, upon the completion of Stage 1 of the SPA 2.

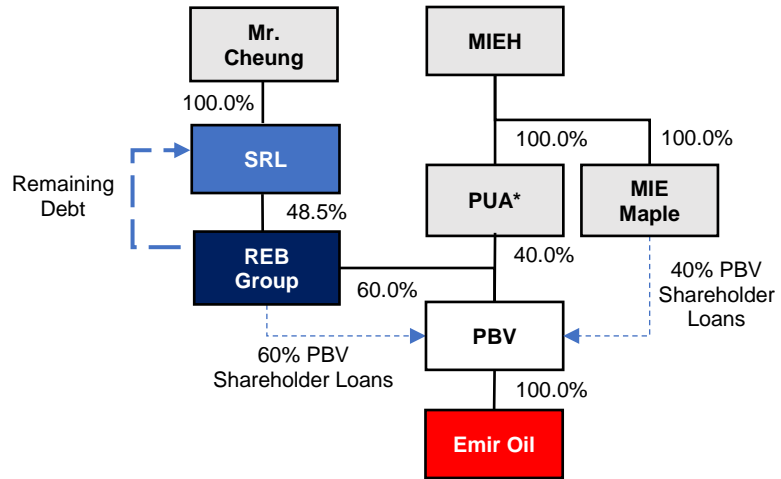
After the completion of Stage 1 of the SPA 2 and Designation



* MI Energy Corporation owns 1.0% direct interest in PUA and MIE New Ventures Corporation owns 99.0% direct interest in PUA, MI Energy Corporation and MIE New Ventures Corporation are wholly-owned subsidiaries of MIEH.

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After the completion of Stage 1 of the SPA 2, Designation and the Proposed Debt Settlement



* MI Energy Corporation owns 1.0% direct interest in PUA and MIE New Ventures Corporation owns 99.0% direct interest in PUA, MI Energy Corporation and MIE New Ventures Corporation are wholly-owned subsidiaries of MIEH.

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2.3. Basis and justification for the issue price for the Settlement Shares

The issue price of RM0.20 for each Settlement Share was arrived at after taking into consideration of the following:

- (i) The volume weighted average market price (“**VWAP**”) of REB Shares for the following periods:

Prior to the date of this announcement (i.e. 29 June 2022)	VWAP	Issue price	Premium	
	RM	RM	RM	%
5-day VWAP	0.0750	0.2000	0.1250	166.67
1-month VWAP	0.0744	0.2000	0.1256	168.82
3-months VWAP	0.0707	0.2000	0.1293	182.89
6-months VWAP	0.0704	0.2000	0.1296	184.09
1-year VWAP	0.0736	0.2000	0.1264	171.74

(Source: Bloomberg LP)

The issue price represents a premium of more than 100% for all the periods covered above. The issue price of RM0.20 was mutually agreed between REB and SRL so as to arrive at a significant premium to the VWAP of REB Shares as a means to assist the Company in fulfilling its obligation to repay the Debt and to rationalise the financial position of REB to reduce the Debt to a more manageable level.

- (ii) The audited net asset (“**NA**”) per REB Share of RM0.28 as at 31 December 2021.

The issue price represents a discount of 28.57% to the audited NA per REB Share of RM0.28 as at 31 December 2021. The NA of REB includes amongst others, the net book value of its oil and gas properties (i.e., Emir Oil’s oil reserves) of approximately RM944 million or RM0.86 per REB share as at 31 December 2021. REB would require significant funding commitment towards the development of the Emir Oil’s oil reserves before the value of the reserves can be realized.

Further, in the event that funding commitment and indulgence are not obtained from SRL in relation to the amount due to related parties, REB may be required to, amongst others, write down assets to their immediate realisable value, reclassify all long term assets as current and to provide for further costs which may arise as it do not have sufficient cash to repay the Debt and other borrowings. In such event, the NA per REB Share may be reduced and as a result, discount of the issue price of the Settlement Shares to the NA per REB Share would reduce.

Taking into consideration of the above, the Board is of the view the issue price of RM0.20 for the Settlement Share is justifiable.

2.4. Ranking of the Settlement Shares

The Settlement Shares, upon allotment and issue, will rank equally in all respects with the then existing issued REB Shares. However, the Settlement Shares will not be entitled to any dividends, rights, allotments and/ or any other distributions which may be declared, made or paid to REB’s shareholders unless such Settlement Shares were allotted and issued on or before the entitlement date of such rights, allotments and/ or other distributions.

2.5. Listing of and quotation for the Settlement Shares

An application will be made to Bursa Securities for the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities.

2.6. Use of proceeds

There will be no proceeds raised from the issuance of the Settlement Shares pursuant to the Proposed Debt Settlement as the issue price will be satisfied by offsetting a portion of the Debt to be owed to SRL.

Upon completion of the Proposed Debt Settlement, SRL will enter into a shareholder loan facility agreement or procure that Mr. Cheung enter into a shareholder loan facility agreement (either by himself or jointly with SRL), to make available a shareholder's loan facility of up to USD5.0 million or RM22.01 million to REB.

The Company intends to utilise the proceeds from the shareholder's loan facility in the following manner:

Description of use of proceeds	Amount	Estimated timeframe for use of proceeds from the date of completion of the Proposals
	RM'000	
Working capital ⁽¹⁾	19,510	Within 24 months
Estimated expenses in relation to the Proposals ⁽²⁾	2,500	Within 1 month
Total	22,010	

Notes:

- (1) *The working capital is to finance daily operations of the Company which include day-to-day administrative, operational and financing expenditure, as well as for general corporate purposes in conducting the businesses of the Company.*
- (2) *Comprise mainly of professional fees, fees payable to the relevant authorities, printing and despatch cost and cost of convening the forthcoming EGM. If the actual expenses in relation to the Proposals are lower/ higher than the estimated amount, the excess will be allocated to/ from working capital.*

Upon drawdown of the shareholder's loan facility and pending utilisation of proceeds for the purposes as set out above, the proceeds will be placed in interest-bearing deposits with financial institution and/or short-term money market instruments as the Board deems fit. The interest derived from the deposits with financial institutions and/or any gains arising from the short-term money market instruments will be used as additional working capital of REB Group.

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3. DETAILS OF THE PROPOSED EXEMPTION

SRL will hold 1,032,544,282 REB Shares, representing approximately 48.5% of the enlarged issued share capital of the Company immediately after the completion of the Proposed Debt Settlement on the assumption that there is no conversion of the Warrants by existing Warrant holders.

As such, pursuant to Section 218(2) of the Capital Markets and Services Act 2007 (“**CMSA**”) and Paragraph 4.01 of the Rules, SRL and its PAC will be obliged to extend a Mandatory Offer to acquire the remaining REB Shares and Warrants not already held by them after the Proposed Debt Settlement.

As SRL have no intention of undertaking the Mandatory Offer, SRL and its PAC will make an application to the SC pursuant to Paragraph 4.08(1)(b) of the Rules from the obligation to undertake the Mandatory Offer for the remaining REB Shares and Warrants not already held by them after the Proposed Debt Settlement. Pursuant to Paragraph 4.08(2)(b) of the Rules, the SC may consider granting the Proposed Exemption if the approval of the non-interested shareholders of REB for the Proposed Exemption is obtained at an EGM of REB to be convened.

4. RATIONALE FOR THE PROPOSALS

4.1 Proposed Debt Settlement

The Proposed Debt Settlement is essential to assist the Company in fulfilling its obligation to repay the deferred Purchase Consideration which has been outstanding since the Completion Date of the Acquisition. The Proposed Debt Settlement will enable REB to partially address its debt obligations by offsetting USD49,562,125.54 or RM206,508,856.40 (RM1.00:USD0.2400) from the Debt to be owed to SRL (subject to the completion of the transfer and assignment of the Debt from MIEH to SRL) without incurring any immediate cash outflows and allow the REB Group to preserve its cash for its immediate operation needs. This will also reduce the financial strain of the debt repayments on REB’s cashflow.

The Remaining Debt amounting to USD13,635,803 or RM60,016,739 to be owed to SRL following completion of the transfer and assignment of the Debt from MIEH to SRL and the Proposed Debt Settlement shall be subject to a revised interest rate of 5% per annum. As at the LPD, the interest charged on the Debt is at a rate of 14% per annum.

In view of the above, REB is expected to benefit from an annual saving in interest payment liability of approximately USD4,742,838 or RM20,875,168 which is illustrated below:

Amount (USD)	Current interest rate (%)	Revised interest rate (%)	Estimated interest savings per annum	
			(USD)	(RM)
Debt - Principal to be offset				
25,111,543	14	-	3,515,616	15,473,662
Debt - Interest to be offset				
24,450,583	-	-	-	-
Remaining Debt				
13,635,803	14	5	1,227,222	5,401,506
		Total	4,742,838	20,875,168

Hence, the Proposed Debt Settlement is expected to substantially reduce REB’s interest servicing obligation and subsequently to alleviate the financial burden of the REB Group.

Further, the Proposed Debt Settlement will also enable the REB Group to reduce its debts to a more manageable level as evidenced by the reduction of REB Group's gearing from 2.52 to 1.08 as a result of the increase in issued share capital and decrease in total borrowings, and thus, improving REB's ability to negotiate and secure funding arrangements for its existing business operations, should the need arise. The Proposed Debt Settlement is also expected to strengthen the capital base and enhance the overall financial position of REB.

In addition, the shareholder's loan facility of up to USD5.0 million to be provided by SRL and/ or Mr. Cheung has been agreed to be subject to an interest rate equivalent to the BNM overnight policy rate (2.00% as at the LPD), which is substantially more favourable than the average effective borrowing cost of REB Group of approximately 6.75% as of 31 December 2021, will further alleviate the financial strain on REB's cashflow without incurring high interest costs.

4.2 Proposed Exemption

The Proposed Exemption will relieve SRL and its PAC from the obligation to undertake a Mandatory Offer under the Rules due to the increase of their interests in REB to more than 33% (i.e. approximately 48.5%), as a result of the Proposed Debt Settlement.

5. EFFECTS OF THE PROPOSALS

The Proposed Exemption will not have any effect on the issued share capital, substantial shareholders' shareholdings, NA, gearing and earnings of the REB Group.

The effects of the Proposed Debt Settlement are as illustrated in the ensuing sections.

5.1 Issued share capital

	No. of REB Shares	RM
Share capital as at the LPD	1,096,412,775	678,968,000
To be issued pursuant to the Proposed Debt Settlement	1,032,544,282	206,971,438 ⁽ⁱ⁾⁽ⁱⁱ⁾
Enlarged share capital	2,128,957,057	885,939,438

Notes:

- (i) Based on the issue price of RM0.20 per Settlement Share.
- (ii) Comprises of:
 - RM206,508,856 from the issuance of shares; and
 - RM462,582 difference arising from the offsetting of Debt translated at the exchange rate as at 31 December 2021 (USD49,562,126 translated at RM1.00:USD0.2395), RM206,971,438, and the shares issued of RM206,508,856.

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5.2 NA per Share and gearing

	(Audited) As at 31 December 2021 (RM'000)	After Proposed Debt Settlement (RM'000)
Share capital	678,968	885,940 ⁽ⁱ⁾⁽ⁱⁱ⁾
Proceeds of shares allocated to warrant reserve	(189,993)	(189,993)
Other reserves	180,431	180,431
Accumulated losses	(366,206)	(364,472) ⁽ⁱⁱⁱ⁾
Equity attributable to owners of the company	303,200	511,906
Non-controlling interest	99,702	99,702
Total Equity	402,902	611,608
No. of REB Shares ('000)	1,096,413	2,128,957 ⁽ⁱ⁾
NA per REB Share (RM)	0.28	0.24
Total borrowings	765,189	553,983
Gearing (times)	2.52	1.08

Notes:

- (i) Includes the 1,032,544,282 Settlement Shares issued at RM0.20 each.
- (ii) Inclusive of:
- RM206,508,856 from the issuance of shares; and
 - RM462,582 from the difference arising from the offsetting of Debt translated using the exchange rate as at 31 December 2021 (USD49,562,126 translated at RM1: USD0.2395), RM206,971,438, and the shares issued of RM206,508,856.
- (iii) After taking into consideration the deduction for estimated expenses of RM2.5 million in relation to the Proposals and offset with RM4.2 million difference arising from modification of the terms of the Remaining Debt.

5.3 Substantial shareholder shareholdings

The pro forma effects of the Proposed Debt Settlement on the shareholdings of the substantial shareholders of REB based on the Record of Depositors as at the LPD are set out below:

	As at the LPD			
	Direct		Indirect	
	No. of Shares (‘000)	%	No. of Shares (‘000)	%
Shareholders				
Reach Energy Holdings Sdn Bhd	127,800	11.66	-	-
MTD Capital Bhd	114,596	10.45	-	-
Ir. Shahul Hamid Bin Mohd Ismail	981	0.09	127,800 ⁽ⁱ⁾	11.66
Tan Sri Dr. Azmil Khalili Bin Dato' Khalid	56,643	5.17	43,150 ⁽ⁱⁱ⁾	3.94
Puan Sri Nik Fuziah Binti Tan Sri Dr. Nik Hussein	40,000	3.65	59,793 ⁽ⁱⁱⁱ⁾	5.45
Super Racer Limited ^(iv)	-	-	-	-
Mr. Cheung ^(v)	-	-	-	-

Shareholders	After Proposed Debt Settlement			
	Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Reach Energy Holdings Sdn Bhd	127,800	6.00	-	-
MTD Capital Bhd	114,596	5.38	-	-
Ir. Shahul Hamid Bin Mohd Ismail	981	0.05	127,800 ⁽ⁱ⁾	6.00
Tan Sri Dr. Azmil Khalili Bin Dato' Khalid	56,643	2.66	43,150 ⁽ⁱⁱ⁾	2.03
Puan Sri Nik Fuziah Binti Tan Sri Dr. Nik Hussein	40,000	1.88	59,793 ⁽ⁱⁱⁱ⁾	2.81
Super Racer Limited ^(iv)	1,032,544	48.50	-	-
Mr. Cheung ^(v)	-	-	1,032,544	48.50

Notes:

- (i) Deemed interested through his direct interests of Reach Energy Holdings Sdn Bhd.
- (ii) Deemed interested through his spouse, Puan Sri Nik Fuziah Binti Tan Sri Dr. Nik Hussein and her direct interests of Azimah Properties Sdn Bhd.
- (iii) Deemed interested through her spouse, Tan Sri Dr. Azmil Khalili Bin Dato' Khalid and her direct interests of Azimah Properties Sdn Bhd.
- (iv) Super Racer Limited will emerge as a substantial shareholder of REB upon completion of the Proposed Debt Settlement.
- (v) Deemed interested through his direct interests of Super Racer Limited.

5.4 Earnings and earnings per Share ("EPS")

The Proposed Debt Settlement is not expected to have an immediate material impact on the earnings of the REB Group for the financial year ending 31 December 2022. However, consequent to the increase in the number of Shares in issue arising from the Proposed Debt Settlement, the EPS of REB will be diluted accordingly.

5.5 Convertible securities

As at the LPD, the Company does not have any other convertible securities except for the Warrants.

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6. APPROVALS REQUIRED AND CONDITIONALITY OF THE PROPOSALS

The Proposals are subject to the following approvals being obtained:

- (i) approval from Bursa Securities for the listing of and quotation of the Settlement Shares on the Main Market of Bursa Securities;
- (ii) approval from the shareholders of REB at the forthcoming EGM to be convened for the Proposals;
- (iii) approval from SC for the Proposed Exemption;
- (iv) waivers, consents or approvals of any relevant regulatory authorities of Republic of Kazakhstan (where applicable); and
- (v) any other relevant authorities, if required.

The Proposed Debt Settlement and Proposed Exemption are inter-conditional upon each other. The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by REB.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND PERSONS CONNECTED

None of the Directors, major shareholders, chief executive of REB and/or persons connected to them have any interest, direct and/or indirect, in the Proposals.

8. ADVISERS

HLIB has been appointed as the Principal Adviser for the Proposals.

TA Securities Holdings Berhad has been appointed on 30 June 2022 as the Independent Adviser pursuant to Paragraph 4.08(3) of the Rules to advise the non-interested shareholders of REB on the Proposed Exemption.

9. DIRECTORS' STATEMENT

The Board after having considered all relevant aspects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposals are expected to be completed by the 2nd half of 2022.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement will be made available for inspection by the shareholders of the Company at the Registered Office of the Company at 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13 46200 Petaling Jaya Selangor Darul Ehsan during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 30 June 2022.

SUBSCRIPTION AGREEMENT

1. Overview

Subject to the completion of the transfer and assignment of the Debt from MIEH to SRL, an outstanding amount of USD63,197,929 or RM278,159,899 representing the Deferred Consideration and the Remaining Completion Amount under SPA 1 will be owed by the Company to SRL.

As partial offsetting of the Debt, the Company and SRL have entered into the Subscription Agreement pursuant to which, the Company agrees to allot and issue, and SRL has agreed to subscribe for the Settlement Shares at a subscription price of RM0.20 per Settlement Share subject always to the completion of the transfer and assignment of the Debt from MIEH to SRL and other conditions set out in the Subscription Agreement.

2. Issue and subscription of the Settlement Shares

- (a) The total subscription consideration for the Settlement Shares amounts to US\$49,562,125.54, which shall be satisfied by first offsetting against the entire Remaining Completion Amount and the remaining balance satisfied by offsetting against a portion of the Deferred Consideration.
- (b) Upon completion of the Proposed Debt Settlement, the remaining Deferred Consideration to be owed by the Company to SRL shall be subject to the same terms and conditions as set out in SPA 1 save that such amounts to be owed shall be to a reduced interest rate of 5% per annum.

3. Conditions precedent

Completion of the Proposed Debt Settlement ("**Completion**") is conditional on each of the following conditions ("**Conditions Precedent**") being satisfied on or before 5.00 pm on the date falling six (6) months from the date of the Subscription Agreement or such other date as the Company and SRL may agree in writing (the "**Long Stop Date**") save for the Condition Precedent set out in Paragraph 3(b)(ii) below which shall be satisfied no later than two (2) business days following the issuance of the Company's circular to shareholders in respect of the Proposed Debt Settlement and Proposed Exemption (or such later date as may be mutually agreed between the Company and SRL):

- (a) The Company:
 - (i) having received the approval at a general meeting from the holders of voting shares of the Company for the allotment and issue of the Settlement Shares to SRL in accordance with the Subscription Agreement;
 - (ii) having procured the approval of the independent holders of voting shares of the Company for the Proposed Exemption at a general meeting of the Company;
 - (iii) having received the approval from Bursa Securities (either unconditionally or subject to conditions) for the listing of and quotation for all of the Settlement Shares on the Main Market of Bursa Securities and such approval not having been subsequently revoked or withdrawn;
 - (iv) having procured either: (i) a confirmation letter from the Kazakhstan Ministry of Energy that its approval for the issuance of the Settlement Shares is required, or (ii) a confirmation letter from the Kazakhstan Ministry of Energy that its approval for the issuance of the Settlement Shares is not required;
 - (v) having delivered to SRL an irrevocable undertaking by one (1) executive director of the Company to resign as Director with effect from the date of completion of the Proposed Debt Settlement ("**Completion Date**");

Appendix I – Salient terms of the Subscription Agreement

- (vi) having delivered to SRL an irrevocable undertaking by each of the six (6) independent directors of the Company to resign as directors of the Company with effect from the Completion Date;
- (vii) having delivered to SRL an irrevocable undertaking by Tan Sri Azmil Khalili Bin Dato' Khalid to resign as a director of PBV with effect from the Completion Date;
- (viii) having delivered to SRL an irrevocable undertaking by each of Tan Siew Chaing, Y.M. Tunku Datuk Nooruddin Bin Tunku Dato' Sri Shahbuddin and Yusoff Bin Hassan to resign as a member of the executive committee of Emir-Oil with effect from the Completion Date; and
- (ix) having obtained all license, permit, consent, authorisation, permission, clearance, warrant, confirmation, exemption, certificate or approval of any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction (including the Bursa Securities, SC or any relevant securities exchange) and whether supranational, national, regional or local or any other person which are required for allotment and issue of the Settlement Shares and all matters contemplated thereunder having been obtained or made and have not been subsequently revoked, if any to the extent that any of the foregoing was introduced after the date of the Subscription Agreement.

SRL may at any time waive, in whole or in part, any or all of the Condition Precedents above (other than those set out in Paragraph 3(a)(i) to (iv) and (ix)).

(b) SRL:

- (i) having delivered to the Company a certified copy of the resolution of the board of directors and members of SRL authorizing its entry into the Subscription Agreement and the Proposed Debt Settlement upon the terms of the Subscription Agreement;
- (ii) having completed and being satisfied with results of the business, legal and financial due diligence review by SRL and its agents and advisers of the business, affairs, operation and financial position of the Group and notified the Company in writing that it is so completed and satisfied;
- (iii) having procured the completion of the transfer and assignment of the Debt from MIEH to SRL;
- (iv) having received the Proposed Exemption from the SC and such approval not having been subsequently revoked or withdrawn; and
- (v) subject to the Kazakhstan Ministry of Energy having confirmed that its approval is required for the issuance of the Settlement Shares, procuring the approval of the Kazakhstan Ministry of Energy for the subscription of the Settlement Shares by SRL.

The Company may at any time waive, in whole or in part, any or all of SRL Conditions set out in Paragraph 3(b).

If any of the Conditions Precedent has not been satisfied by the Long Stop Date or in the case of the Condition Precedent set out in Paragraph 3(b)(ii) the date falling two (2) business days following the issuance of the Company's circular to shareholders in respect of the Proposed Debt Settlement and Proposed Exemption (or such further date as mutually agreed by the Company and SRL in writing), the Subscription Agreement shall automatically terminate with immediate effect, unless otherwise mutually agreed by SRL and the Company in writing prior to such date.

4. Completion

(a) Date and place

Subject to the Conditions Precedent having been satisfied or waived in accordance with the terms of the Subscription Agreement, Completion of the Subscription Agreement shall take place at 12:00 p.m. at the office of the Company located at D3-5-8, Block D3 Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia or such place and time on the Completion Date as SRL and the Company may agree.

5. Termination

(a) Subscriber's right to terminate

If, at any time before Completion:

- (i) any government authority issues, promulgates or enforces any law, regulation, rule, policy, order or notice that prohibits the completion of the transactions contemplated under the Subscription Agreement; or
- (ii) the Company is in material breach of any of the warranties or undertakings given in the Subscription Agreement; or
- (iii) there occurs any material adverse event on the Company or any of its subsidiaries; or
- (iv) the Company fails to meet the minimum prescribed percentage of public float of its shares as required under the Main Market Listing Requirements of Bursa Securities for a continuous period of five (5) market days (being any day between Monday and Friday (inclusive) which is not a public holiday and on which the Main Market of Bursa Securities is open for trading in securities) ("**Market Day**"); or
- (v) the Company's shares are suspended from trading by Bursa Securities or a trading halt has been imposed on the Company's shares for more than five (5) Market Days (other than (i) suspension of trading or trading halt imposed for the implementation of the transactions contemplated under the Subscription Agreement, the SPA 2, or the transfer and assignment of the Debt from MIEH to SRL; or (ii) suspension of trading or trading halt imposed due to act or omission of SRL); or
- (vi) the shares of the Company are ordered to be delisted by Bursa Securities,

SRL may by notice in writing to the Company elect to proceed to Completion or terminate the Subscription Agreement.

(b) Company's right to terminate

If, at any time before Completion:

- (i) any government authority issues, promulgates or enforces any law, regulation, rule, policy, order or notice that prohibits the completion of the transactions contemplated under the Subscription Agreement; or
- (ii) SRL is in material breach of any of warranties or undertakings given in the Subscription Agreement,

the Company may, by notice in writing to SRL elect to proceed to Completion or terminate the Subscription Agreement.

(c) Mutual Termination

Unless otherwise terminated in accordance with the terms of the Subscription Agreement, the Subscription Agreement may be terminated before Completion upon mutual written consent of both the Company and SRL.

(d) Effect of Termination

Termination of the Subscription Agreement does not affect the Company's or SRL's accrued rights and obligations at the date of termination. Immediately after termination of the Subscription Agreement, neither the Company nor SRL shall have any claim against each other, except in respect of claims arising out of any antecedent breach of any of the provisions of the Subscription Agreement.

6. Provision of US\$5 million loan to the Company

Subject to completion of the Proposed Debt Settlement, SRL and/ or Mr. Cheung will grant to the Company a two (2) year loan facility of up to US\$5 million for purposes of general working capital requirements of the Company at an interest rate equivalent to the prevailing BNM overnight policy rate as at the date of each period in which interest is payable. Interest shall be payable on a quarterly basis in arrears and each individual loan granted to the Company pursuant to the facility shall be repayable in a single payment on the maturity date of the loan facility.

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1. History and business

SRL (Registration no. 2429860) is a private limited company incorporated in Hong Kong on 21 September 2016, having its registered and correspondence address at Unit 1002 10/F, Tower Two, Lippo Centre, No.89 Queensway, Hong Kong.

SRL is principally an investment holding company.

2. Issued share capital and number of issued shares

As at the LPD, the share capital of SRL is Hong Kong Dollar (“**HKD**”) 1 comprising 1 ordinary share.

SRL does not have any outstanding convertible securities.

3. Director and Director’s shareholdings

As at the LPD, Mr. Cheung is the sole director of SRL and he holds 100% of the shares in SRL.

4. Substantial shareholder’s shareholdings

SRL is wholly owned by Mr. Cheung.

5. Subsidiary and associate company

As at the LPD, there are no subsidiaries or associates under SRL.

6. Profile of Mr. Cheung

Mr. Cheung, a Hong Kong citizen, aged 52, is a director and shareholder of SRL. He holds a Master Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor Degree in Electronic Engineering from The Hong Kong Polytechnic University.

Mr. Cheung founded Hammer Capital Group which engaged in private investment of securities and real estate. Prior to that, he was the Head of Asia Pacific of the Strategic Equity Solutions of Merrill Lynch (Asia Pacific) Limited (“**Merrill Lynch**”).

Prior to his position at Merrill Lynch, he was the Head of Asia Pacific of the Strategic Equity Solutions and the Managing Director of the Structured Products of Asia of Citigroup Global Markets Asia Limited. He has also held key positions in various major investment banks in Asia Pacific like Calyon Corporate & Investment Bank (presently known as Credit Agricole Corporate & Investment Bank) and JPMorgan Chase & Co..

Mr. Cheung was an executive director of Asia Coal Limited until the shares of which company were delisted from the Hong Kong Stock Exchange on 18 June 2019. Mr. Cheung was also an executive director of CT Environmental Group Limited (stock code: 1363, which were delisted from September 2021) between 3 August 2020 and 10 November 2020 and was appointed as an executive director again and the chief executive officer of CT Environmental Group Limited between 19 April 2021 and 19 January 2022. He is currently the chairman and executive director of Great Wall Terrior Holdings Limited (stock code: 524) since 2 March 2021 and the executive director of Shunten International (Holdings) Limited (stock code:932) since 24 January 2022.

Mr. Cheung is an experienced investor and financier with over 20 years investment banking experience. SRL is one of the investment vehicles of Mr. Cheung, and its intention is to focus on the oil and gas industry. Mr. Cheung has other investments such as real estates and listed securities through his other investment vehicles.