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Reach Energy sets sights on brownfields

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KUALA LUMPUR: Reach Energy Bhd, a shell company that aims to raise RM750mil by selling shares to the market, says it intends to use proceeds from its flotation to acquire brownfield assets that will minimise risk to its investors.

The company is the fourth special purpose acquisition company (SPAC) seeking a listing on Bursa Malaysia, and will probably be the largest to date.

"We know the assets but we are not zooming in at any for now," managing director Shahul Hamid Mohd Ismail said. He did not elaborate on the type of assets the company is looking to acquire, or where they are located.

As for the other SPACs, Hibiscus Petroleum Bhd has invested in assets in the Middle East, while Sona Petroleum Bhd is targeting to acquire an asset in Thailand.

Chief financial officer Azmi Arshad told *StarBiz* yesterday that Reach Energy would seek lower risk investment by targeting assets closer to home.

"We want a safe base first, safe platform and then we will do our riskier investments," he said after the underwriting agreement signing between the group and Hong Leong Investment Bhd.

The proposed listing, targeted for August this year, entails a public issue of one billion new shares with an equal number of free detachable warrants.