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Reach Energy secures seven cornerstone investors for IPO

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KUALA LUMPUR: Reach Energy Bhd, which hopes to secure its qualifying acquisition within the next one to two years, has attracted seven cornerstone investors, including tycoon Tan Sri Chua Ma Yu's son, for its initial public offering (IPO).

Its managing director Shahrul Hamid said the cornerstone investors have collectively taken over 200 million shares, which is more than 20% of the total share capital.

"Among the cornerstones, the biggest is (taking up) 50 million shares," he told a press conference here yesterday in conjunction

with the company's prospectus launch, without specifying the shareholding breakdown for each cornerstone investor.

According to the company's prospectus, Reach Energy's cornerstone investors are Lembaga Tabung Haji, MTD Capital Bhd, Hong Leong Asset Management Bhd, CIMB-Principal Asset Management Bhd, MKW Jaya Sdn Bhd, Chua's son Chua Sai Men and Poh Yang Hong.

Chua Ma Yu is the co-founder of RHB Group. Poh is a non-independent non-executive director of Guocoland (Malaysia) Bhd. Earlier this month, Daya Materials Bhd acquired 15.56 million shares and 666,667 redeemable convertible preference shares in

Reach Energy for RM10 million, emerging as an initial investor.

Reach Energy, which aims to be an independent oil and gas exploration and production company, is focusing on brownfield assets in the development and production phases within the Asia Pacific.

Shahrul said the company is looking to seal a deal in one to two years' time, stressing its confidence in securing the right qualifying asset. "There is no shortage of acquisition targets. It won't take three years, we will do it as soon as possible."

Shahrul believes that asset rationalisation exercises by oil and gas companies globally will present small companies such as Reach

Energy with more opportunities for acquisitions.

With the largest special purpose acquisition company (SPAC) to date with an IPO size of RM750 million, Reach Energy is expected to fetch a market capitalisation of RM958 million based on an issue price of 75 sen apiece upon listing, which is scheduled for Aug 15.

A SPAC is required to secure its qualifying asset within a three-year period upon listing, according to Securities Commission guidelines.

Reach Energy's IPO entails a public issue of 1 billion shares, of which 980 million shares have been placed out to selected investors, while the remaining 20 million shares are available to the public.