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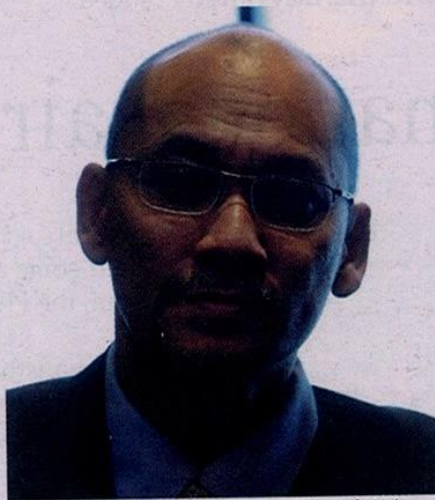
# Reach Energy's 980m allotted shares taken up

*It also managed to attract cornerstone investors which act as a shield against a jittery market*

by **AZLI JAMIL**

REACH Energy Bhd (REB) has received overwhelming support from institutions and high net-worth individuals for its upcoming initial public offering (IPO) of one billion new shares with all 980 million allotted shares taken up, leaving only 20 million shares allotted to the Malaysian public.

"All 980 million shares have been taken up within a week after book building date (June 22, 2014)," CFO Azmi Arshad (picture) told the media



*Pic by Hafzi Mohamed*

at REB's prospectus launch in Kuala Lumpur yesterday.

The special-purpose acquisition company (SPAC) has also managed to attract cornerstone investors which act as a shield against a jittery regional market and enticer

to a company's IPO.

According to its prospectus, the cornerstone investors are Lembaga Tabung Haji, Hong Leong Asset Management Bhd, CIMB-Principal Asset Management Bhd, MTD Capital Bhd, MWK Jaya Sdn Bhd, Poh Yang Hong and Tan Sri Chua Ma Yu's son, Chua Sai Min.

In addition REB had managed to rope in other investors which include Koperasi Permodalan Felda Bhd and Norway's sovereign wealth fund, Norges Bank Investment Management.

According to Reach Energy MD Shahul Hamid Mohd Ismail, cornerstone investors had taken up 200 million shares in total although he wouldn't divulge the size of the stake taken by any

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# Cornerstone investors took up 200m shares

**FROM P1 Reach Energy** party or by Norges.

The fourth and largest SPAC, en route to an August 2014 listing on the Main Market of Bursa Malaysia Bhd hopes to raise RM750 million with its IPO issue of one billion shares (with free detachable warrants) priced at 75 sen per share.

The previous three SPACs, Sona Petroleum Bhd, Cliq Energy Bhd and Hibiscus Petroleum Bhd had raised RM550 million, RM364 million and RM235 million respectively.

Shahul said the RM750 million raised will be used to acquire qualifying assets (QAs) and until that happens the company would place RM710.62 million (94.75%) of the IPO proceeds in an Islamic trust account, as REB is Shari'ah-compliant.

"We are window shopping. We have a handful of assets being evaluated but it will take time to conclude the deals due to regulatory and shareholders approval process," said Shahul of the QA which will be in the Asia-Pacific region.

Shahul assured that the REB will have management and strategic control of the assets to be acquired, while reiterating that REB may buy more than one asset but all the assets will be acquired at "one go" and not separately.

Although REB has up to three years, Shahul plans to make the acquisition within two years although he did not dismiss the possibility of doing it within a year. He also did not dismiss the possibility the QA acquisitions would cost REB more than the amount raised with the IPO.

Sona, which was listed in July 2013, signed a Sale and Purchase Agreement last week for a US\$281.2 million (RM899.84 million) acquisition of Salamander Energy (Bualuang) Ltd (SEBG) which gave Sona 40% effective interest in SEBG's Thai oil and gas blocks of B8/38 and G4/50 funded via a 50:50 mix between IPO proceeds and borrowings.

Shahul and REB's management will end up holding a combined 20% of REB and the new guideline for SPAC listing that is more stringent and include moratorium which bar the management team from selling their shares until the acquired assets had started commercial production and generated one full year of revenue.

Upon listing which is scheduled on Aug 15, 2014, REB with 1.28 billion shares will be capitalised at nearly RM1 billion (based on 75 sen offer price). Applications are opened as of yesterday and will close on Aug 4, 2014.