

## **REACH ENERGY BERHAD (“REACH” OR THE “COMPANY”)**

### **FIRST ANNOUNCEMENT PURSUANT TO THE PRACTICE NOTE 17 (“PN17”) (“FIRST ANNOUNCEMENT”) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LISTING REQUIREMENTS”)**

#### **1. INTRODUCTION**

The Board of Directors of REACH wishes to announce that the Company is an affected listed issuer under Practice Note 17 (“PN17”) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has triggered Paragraph 2.1(e) of PN17 of the Bursa Malaysia Securities Berhad, where REACH's external auditors, PricewaterhouseCoopers PLT had issued an unqualified audit opinion which highlighted a paragraph on material uncertainty related to going concern (“MUGC”) on the REACH Group in respect of REACH's Audited Financial Statements for the financial year ended 31 December 2021 and in respect of the Company’s unaudited financial statements for the financial year ended 31 December 2022 whereby the Company’s shareholders’ equity on a consolidated basis is 50% or less of its share capital as announced on 28 February 2023.

#### **2. OBLIGATIONS OF REACH AS A PN17 ISSUER**

Pursuant to the PN17 of the Listing Requirements, REACH is required to comply with the following:

- a) regularise its condition in the following manner:
  - (i) within 12 months from the date of this announcement (“First Announcement”):
    1. submit a regularisation plan to the Securities Commission Malaysia (“SC”) if the plan will result in a significant change in the business direction or policy of the Company; or
    2. submit a regularisation plan to Bursa Securities if the plan will not result in a significant change in the business direction or policy of the Company, and obtain Bursa Securities’ approval to implement the plan; and
  - (ii) implement the plan within the timeframe stipulated by the SC or Bursa Securities as the case may be;
- b) provide such information as may be prescribed by Bursa Securities from time to time for public release;
- c) do other such acts or things as may be required by Bursa Securities;
- d) announce within 3 months from the First Announcement, on whether the regularisation plan will result in a significant change in the business direction or policy of the Company;
- e) announce the status of its regularisation plan and the number of months to the end of the relevant timeframes referred to in Paragraphs 5.1 and 5.2 of PN17 of the Listing Requirements, as may be applicable, on a monthly basis until further notice from Bursa Securities;
- f) announce its compliance or non-compliance with a particular obligation imposed pursuant to PN17 of the Listing Requirements, on an immediate basis;
- g) announce the details of the regularisation plan and sufficient information to demonstrate that the Company is able to comply with all the requirements set out under PN17 of the Listing Requirements after implementation of the regularisation plan, which the announcement must include a timeline for the complete implementation of the regularisation plan and to be announced by the Company or its Principal Adviser (if any); and

- h) where the Company fails to regularise its condition, to announce the dates of the suspension and de-listing of its listed securities, immediately upon notification of suspension and delisting by Bursa Securities.

### **3. CONSEQUENCES OF NON-COMPLIANCE**

In the event the Company fails to comply with any part of its obligations to regularise its condition within the timeframes permitted by Bursa Securities, Bursa Securities shall:

- a) suspend the trading of the Company's listed securities on the 6th market day after the date of notification of suspension by Bursa Securities; and
- b) de-list the Company subject to the Company's right to appeal against the de-listing which appeal by the Company must be submitted to Bursa Securities within 5 market days from the date of notification of de-listing by Bursa Securities.

### **4. STATUS OF THE COMPANY'S REGULARISATION PLAN**

As at the date of this announcement, the Company is taking the necessary steps to address its PN17 status. The Company is in the midst of formulating a plan to regularise its financial condition and the announcement on the same will be made in due course in accordance to the Listing Requirements.

This announcement is dated 3 April 2023.