



**REACH ENERGY BERHAD**

(Company No: 1034400-D)



**2015**

ANNUAL REPORT

*Energy within Reach*

A large offshore oil and gas platform is shown at dusk. The sky is a deep blue with some clouds. The platform's structure is illuminated with yellow lights, and a large crane is visible. In the foreground, a yellow metal walkway with railings leads across the platform. Several workers in orange safety suits and white hard hats are walking on the walkway. A large yellow pipe runs across the platform, and a flare is visible in the distance, emitting a bright orange flame. The ocean is visible in the background.

# ENERGY WITHIN REACH

Globally, substantial oil and gas reserves still remain unreachable or untapped in mature hydrocarbon basins. Our tagline “Energy Within Reach” reflects Reach Energy’s goal of rejuvenating brownfields and mature assets in these basins to economically access the remaining hydrocarbon reserves with new techniques and technologies.



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# VISION, MISSION AND CORPORATE STRATEGIES

## VISION

REACH ENERGY aspires to be a leading independent Malaysian Oil & Gas Company

## MISSION

REACH ENERGY aims to be a Global player in the Oil & Gas Industry to:

- Grow upstream petroleum reserves
- Increase oil and gas production
- Develop strong technical base
- Deliver robust shareholder value

## CORPORATE STRATEGIES

- Build a strong base in the upstream oil & gas value chain globally
- Establish an organisation of multidisciplinary teams with the right talent and capabilities to realise the Vision and Mission
- Access world class expertise and resources
- Establish strategic alliances
- Develop productive relationship with stakeholders
- Create a balanced E&P portfolio
- Manage risk effectively

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Izlan Bin Izhab

Chairman /  
Senior Independent  
Non-Executive Director

### Nik Din Bin Nik Sulaiman

Independent  
Non-Executive Director

### Aonghus Joseph O' Carroll

Independent  
Non-Executive Director

### Ir. Shahul Hamid Bin Mohd Ismail

Managing Director

### Registered Office

Level 8, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Tel: +603-7841 8000  
Fax: +603-7841 8199

### Company Secretaries

Chen Bee Ling  
(MAICSA 7046517)  
Tan Lai Hong  
(MAICSA 7057707)

### Principal Bankers

Hong Leong Islamic Bank Berhad  
HSBC Islamic Bank  
BNP Paribas Capital (Malaysia) Sdn Bhd

### Share Registrar

Symphony Share Registrars  
Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
  
Tel: +603-7841 8000  
Fax: +603-7841 8151

### Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

### Stock Short Name and Code

REACH 5256 & 5256 WA

### Head Office

D3-5-8, Block D3  
Solaris Dutamas  
No.1, Jalan Dutamas 1  
50480 Kuala Lumpur, Malaysia

Tel: +603-6412 3000  
Fax: +603-6412 8005

Email: [info@reachenergy.com.my](mailto:info@reachenergy.com.my)  
Website: [www.reachenergy.com.my](http://www.reachenergy.com.my)

### Auditors

KPMG (Firm No. AF0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

Tel: +603-7721 3388  
Fax: +603-7721 3399

# NOTICE OF THIRD AGM

**NOTICE IS HEREBY GIVEN THAT the Third Annual General Meeting of the Company will be held at Tournament Room, Ground Floor, West Lobby, Kuala Lumpur Golf and Country Club, 10, Jalan 1/70D, Bukit Kiara, 60000 Kuala Lumpur, Malaysia, on Tuesday, 26 April 2016 at 10.00 a.m. for the following purposes:-**

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period ended 31 December 2015 together with the Directors' and Auditors' Reports thereon.
2. To approve the proposed payment of Directors' fees totaling RM 83,340 in respect of the financial period from 1 August 2015 to 31 December 2015.
3. To approve the proposed payment of Directors' fees totaling RM 200,000 in respect of the financial year ending 31 December 2016, to be made payable quarterly.
4. To re-elect Mr Aonghus Joseph O'Carroll, who retires by rotation pursuant to Article 70 of the Company's Articles of Association.
5. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Encik Izlan bin Izhab, who is seventy years of age, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company."

6. To appoint Auditors and to authorise the Directors to fix their remuneration.

Notice of Nomination of Messrs PricewaterhouseCoopers (AF: 1146) as the new Auditors of the Company, and of the intention to propose the following ordinary resolution, a copy of which is annexed hereto, has been received by the Company:-

"**THAT** Messrs PricewaterhouseCoopers (AF: 1146) be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs KPMG, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

### AS SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following Ordinary Resolution:-

**Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965**

"**THAT** subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being."

"**AND THAT** the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Please refer to Explanatory Note to the Agenda

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

**ANY OTHER BUSINESS**

8. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

**CHEN BEE LING (MAICSA 7046517)**

**TAN LAI HONG (MAICSA 7057707)**

Company Secretaries

Selangor Darul Ehsan

Date : 4 April 2016

**Notes:**

1. In regard of deposited securities, only members whose names appears in the Record of Depositors as at 20 April 2016 shall be eligible to attend the Meeting and to speak and vote thereat.
2. A member of the Company who is entitled to attend and vote at the Meeting shall be entitled to appoint any person as his/her proxy to attend and vote in his/her stead. There shall be no restriction as to the qualification of the proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 need not be complied with. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
3. A member of the Company may appoint not more than two (2) proxies to attend the Meeting. Where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing in the common or usual form under the hands of the member or of his/her attorney duly authorised in writing or if the member is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. If the instrument appointing a proxy is executed by an officer or attorney duly authorised in writing, supporting documents are to be produced on the day of the Annual General Meeting for verification by the Company Secretary.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account to attend and vote at the Meeting.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), such Exempt Authorised Nominee may appoint multiple proxies in respect of each omnibus account it holds. The appointment of multiple proxies shall be invalid unless the authorised nominee or exempt authorised nominee specifies the proportion of its shareholdings to be represented by each proxy it has appointed.
7. To be valid, the Form of Proxy must be completed, signed and deposited at the Share Registrar's office at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned meeting.

**Explanatory Notes to the Agenda:****Item 1 of the Agenda**

This item of the Agenda is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item of the Agenda is not put forward for voting.

**Item 7 of the Agenda****Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 6 is to empower the Directors to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the total issued share capital of the Company for such purposes as they consider would be in the interest of the Company, such as investment(s), acquisition of asset(s) or working capital. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

**STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING****Authority for Directors to issue and allot shares in the Company pursuant to Section 132D of the Companies Act, 1965**

This is a new mandate to be obtained from the shareholders of the Company and if passed, will empower the Directors of the Company to issue and allot shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

This authority unless revoked or varied by the Company at a general meeting will expire at the next Annual General Meeting.

This mandate would provide flexibility to the Company for any possible fund raising exercise, including but not limited for further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions. This authority is to avoid any delay and cost involved in convening a general meeting to approve such issuance of shares.



**Reach Energy Holdings Sdn Bhd** (1034624-D)

D3-5-8, Block D3, Solaris Dutamas, No.1, Jalan Dutamas 1, 50480 Kuala Lumpur, Malaysia  
T: +6 03 6412 3000 • F: +6 03 6412 8005 •

Date: 26 February 2016

The Board of Directors  
**REACH ENERGY BERHAD**  
Level 8, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs,

**NOTICE OF NOMINATION OF MESSRS PRICEWATERHOUSECOOPERS AS AUDITORS**

Pursuant to section 172(11) of the Companies Act, 1965, we, as a registered shareholder of Reach Energy Berhad ("the Company"), hereby give notice of our nomination of Messrs PricewaterhouseCoopers as the new Auditors of the Company in place of the retiring Auditors, Messrs KPMG and of our intention to propose the following ordinary resolution to be passed at the Third Annual General Meeting of the Company:-

"**THAT** Messrs PricewaterhouseCoopers (AF: 1146) be and are hereby appointed as the new Auditors of the Company in place of the retiring Auditors, Messrs KPMG, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Thank you.

Yours faithfully

**REACH ENERGY HOLDINGS SDN BHD**



Director

Name: *Ir. SHAHUL HAMID BIN MOHD ISMAIL*

# BOARD OF DIRECTORS



**IZLAN BIN IZHAB**

Chairman /  
Senior Independent  
Non-Executive Director

**AONGHUS  
JOSEPH  
O' CARROLL**

Independent  
Non-Executive  
Director

**Ir. SHAHUL HAMID  
BIN MOHD ISMAIL**

Managing Director

**NIK DIN BIN  
NIK SULAIMAN**

Independent  
Non-Executive Director

# PROFILES OF DIRECTORS



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## IZLAN BIN IZHAB

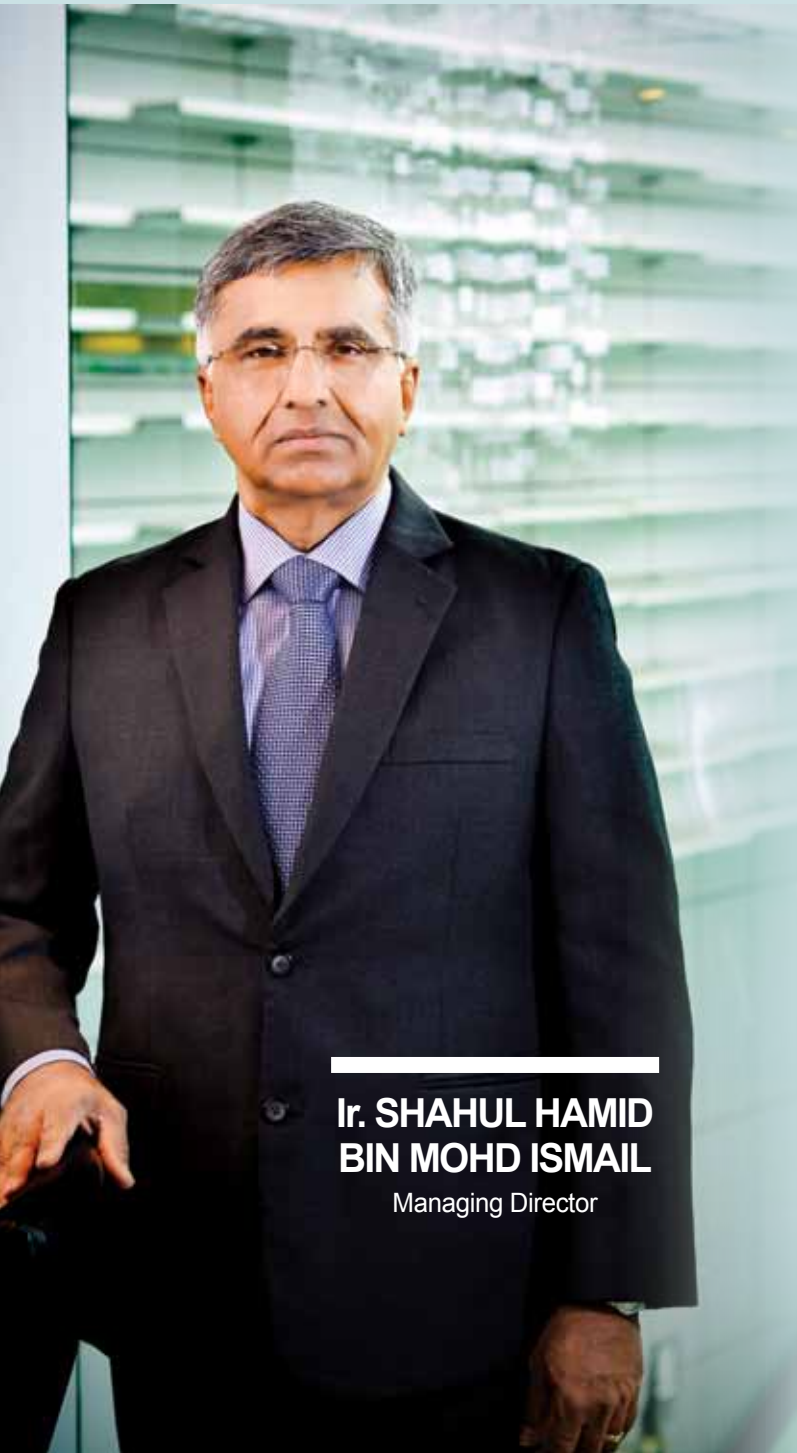
Chairman /  
Senior Independent Non-  
Executive Director

**Izlan Bin Izhah**, a Malaysian aged 70, is our Chairman. He was appointed to the Board as an Independent Non-Executive Director on 1 July 2013. He serves as the Chairman of the Remuneration Committee and Nomination Committee. He is also a member of the Audit Committee. He graduated with a Bachelor of Laws degree from the University of London, UK in 1973, and attended the Advance Management Program at the University of Hawaii, US in 1984.

He started his career as an Assistant Legal Officer with Majlis Amanah Rakyat (MARA). From 1975 to 1978, he was a Company Secretary with Komplek Kewangan Malaysia Berhad. From 1978 to 1984, he was the Company Secretary of Permodalan Nasional Berhad. He spent the next 15 years from 1985 to 2000 with the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) as the Executive Vice President, Corporate and Legal Affairs until his retirement. He was responsible for company secretarial functions, legal advisory on capital market laws and regulations and conducted lectures on capital market laws and regulations.

From 2004 until May 2013, he was a member of Bursa Malaysia Berhad Appeals Committee. He was an independent director of Ramunia Holdings Berhad (now known as TH Heavy Engineering Berhad) from 2004 to 2008. During that period, he was the Chairman of the Remuneration Committee and Nomination Committee of the said company. He is currently an Independent Non-Executive Director of K&N Kenanga Holdings Berhad and Box-Pak (Malaysia) Berhad, which are listed on Bursa Malaysia Securities Berhad. He is also a Non-Executive Director on Non-Listed Public Companies, Sun Life Malaysia Takaful Berhad and UOB Asset Management (Malaysia) Berhad.

Izlan Bin Izhah has attended all Board Meetings held during the financial year. He has no conflict of interest with the Company and does not have any family relationships with any Director and / or major shareholder. He has not been convicted for any offence within the past 10 years, other than traffic offences, if any.



**Ir. SHAHUL HAMID  
BIN MOHD ISMAIL**

Managing Director

**Ir. Shahul Hamid Bin Mohd Ismail**, a Malaysian aged 66, is our Managing Director and Chief Executive Officer. He was the first director since the inception of the Company on 7 February 2013. He serves as a member of the Remuneration Committee and Risk Management Committee. He has been in the Petroleum Industry for the past 36 years, mainly with Exxon and Shell, and has held a rotation of assignments in Malaysia and overseas covering a wide variety of technical and commercial aspects of the business.

Prior to Reach Energy, Ir. Shahul led the Daya Materials group of companies to develop a portfolio of core oilfield technical services.

During 2007-2009, in a Group CEO role, Ir. Shahul set up the Oil & Gas ventures for a Malaysian Group, securing major gas field development opportunities in the Middle East, coupled with LNG business, as well as refinery/petrochemical investments in Malaysia, Indonesia and the Middle East with the value of the opportunities in excess of USD10 billion. He dealt with top level governmental and oil industry personnel in these countries in leading these efforts. Ir. Shahul worked closely with various international consultants on Feasibility Studies, Conceptual Design, Risk Management, FEED/BED and Detail Design.

During 2005-2006, Ir. Shahul was Board Member/Technical Advisor to Ramunia Holdings Berhad. From Aug 2001 to Oct 2004, Ir. Shahul was the Managing Director of Shell Refining Company (FOM) Berhad which is a public-listed company in the Main Market of the Bursa Malaysia Securities Berhad. He was the first Malaysian to be appointed to this position. Prior to that he worked in General Manager, Technical Manager, Engineering Manager, Operations Manager and Project Manager roles in Shell and Exxon with core activities cutting across the entire hydrocarbon life cycle covering exploration, appraisal, development, production and decommissioning in very challenging business environments.

Ir. Shahul was a Colombo Plan scholar and holds Bachelor (Honours) and Masters degrees in Mechanical Engineering from the University of Adelaide in Australia. He has produced many technical reports, papers and reviews. These have been presented in various conferences, workshops, journals and meetings.

Ir. Shahul is member of the Engineering Board of Studies and Industry Advisory Panel at the International Islamic University, Kuala Lumpur. He is a Registered Professional Engineer in Malaysia and Australia. He is also a Member of the Institution of Engineers, Malaysia and the Institution of Engineers, Australia.

Ir. Shahul Hamid Bin Mohd Ismail has attended all Board Meetings held during the financial year. He has no conflict of interest with the Company and does not have any family relationships with any Director and / or major shareholder. He has not been convicted for any offence within the past 10 years other than traffic offences, if any.



**NIK DIN BIN  
NIK SULAIMAN**

Independent Non-Executive Director

**Nik Din Bin Nik Sulaiman**, a Malaysian aged 67, is our Independent Non-Executive Director. He was appointed to the Board on 1 July 2013 and he is the Chairman of the Audit Committee and a member of the Remuneration Committee, Nomination Committee and Risk Management. He obtained the Chartered Institute of Management Accountants (CIMA) Professional Qualification in 1974. He is a Fellow member of the Association of Chartered Certified Accountants, UK (FCCA) and a member of the Malaysian Institute of Accountants.

He has more than 36 years of experience in the fields of accounting, auditing and finance. He started his career as an Accountant with Beecham Products (F.E.) Sdn Bhd in 1974 before leaving to join Pfizer Pte Ltd as Finance Manager. He was subsequently appointed as Group Financial Controller in Kumpulan Perangsang Selangor Berhad, an investment arm of Selangor State Government from 1978 to 1981. He also worked for Promet Berhad from 1982 to 1992 initially as its Financial Controller and later as Finance Director.

He served in Sime Darby Group from 1992 to 2004 initially as Finance Director in the Malaysia Region, followed by Finance Director of Tractors Malaysia Holdings Berhad, a subsidiary of Sime Darby Berhad. He was also a director of Sime Bank Berhad. Subsequently, he was the Group Chief Internal Audit Manager and his last position was as Finance Director in Sime Engineering Berhad. He currently holds directorships in MTD ACPI Engineering Berhad and APFT Berhad, which are listed on Bursa Securities.

Nik Din Bin Nik Sulaiman has attended eight out of nine Board Meetings held during the financial year. He has no conflict of interest with the Company and does not have any family relationships with any Director and / or major shareholder. He has not been convicted for any offence within the past 10 years other than traffic offences, if any.



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**AONGHUS JOSEPH  
O' CARROLL**

Independent Non-Executive Director

**Aonghus Joseph O'Carroll**, Irish aged 54, is our Independent Non-Executive Director. He was appointed to the Board on 1 July 2013 and he serves as the Chairman of the Risk Management Committee and a member of the Nomination Committee and Audit Committee. He won a scholarship from the National Science Foundation to attend and obtain a Master of Science degree and Diploma in Petroleum Geology from Imperial College of Science and Technology, London, UK in 1984. He also graduated with a B.A (Mod) Hons, Natural Science, Geology from Trinity College Dublin in 1983.

He has 30 years of international geoscience experience with oil companies and major service companies in Europe, Middle East and Asia Pacific. He has extensive experience in integrated service delivery across the exploration and production spectrum. He was the Global Account Manager with Roxar Ltd for BP, Shell and Total S.A. accounts focusing on cycle time reduction and technology delivery in modern software infrastructures.

He was the Managing Director of Knowledge Reservoir (UK) Ltd. ("Knowledge Reservoir"), from June 2006 to July 2013, an upstream exploration and production consulting firm which provides support in reservoir management and surface systems for oil and gas industry globally. He was responsible for Knowledge Reservoir group's activities in Europe, Africa, Middle East and Asia Pacific. He has been involved in evaluating E&P assets, Reserves assessment/ auditing, flow assurance reviews, and reservoir management studies for E&P clients.

Currently, he holds the post of Project Director with a major international consultancy in London. Responsible for a diverse range of projects including reserve and resource verification, integrated asset modelling, fractured carbonate FDP reviews and training of national staff.

Aonghus Joseph O'Carroll has attended eight out of nine Board Meetings held during the financial year. He has no conflict of interest with the Company and does not have any family relationships with any Director and / or major shareholder. He has not been convicted for any offence within the past 10 years other than traffic offences, if any.

Dear Shareholders,

It is with great pleasure that I present on behalf of the Board of Directors (“the Board”) the annual report for financial period ended 31 December 2015.

It has been an extremely busy year for us at Reach Energy. The Board and Management dedicated relentless amount of time and effort in search of the Qualifying Acquisition (QA). We truly and earnestly hope that the search will come to fruition in the near term.

A portrait of the Chairman, an older man with white hair, wearing a dark suit, light blue shirt, and a red tie with white polka dots. He is smiling slightly and looking towards the camera. The background is a blurred office setting with windows.

# CHAIRMAN'S STATEMENT

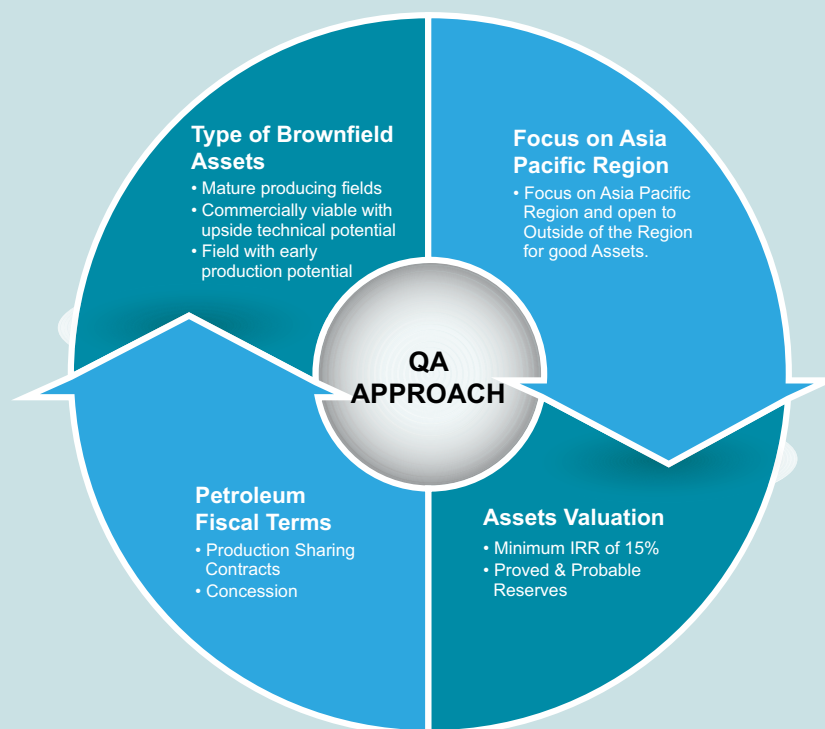
## OUR STRATEGY

Our focus has always been clear and consistent, which is to secure a relatively low risk development or production asset with a primary objective to produce oil and gas and generate early revenue. Producing oil & gas fields or fields near development have a higher certainty to the amount of oil & gas reserves and upside potential as opposed to exploration assets.

Following our IPO in 2014, the year 2015 has indeed been a hive of activities for us at Reach Energy. Both the Board of Directors and Management Team were kept extremely busy evaluating our pipeline of potential acquisition targets and assessing the various technical, financial, legal, and operational aspects of each target candidate .

At the moment, we have shortlisted a few potential candidates based on our evaluation and moving forward, the Board believes that the Management Team has the caliber and capability to identify, evaluate and recommend a potential QA within the stipulated timeframe.

In the longer term, after the QA we will implement further strategies to ensure business growth and profitability including building a balanced portfolio of E&P assets.





## OUR PEOPLE

Human resource capability continues to be the driving force behind Reach Energy's business activities and the Company is building its human capital around the required skills and expertise for the Qualifying Acquisition and beyond. To-date we have filled key positions with experienced and high-performing talents. This human capital platform will be the nucleus that will drive Reach Energy towards its aspiration of becoming a leading Malaysian independent E&P company.

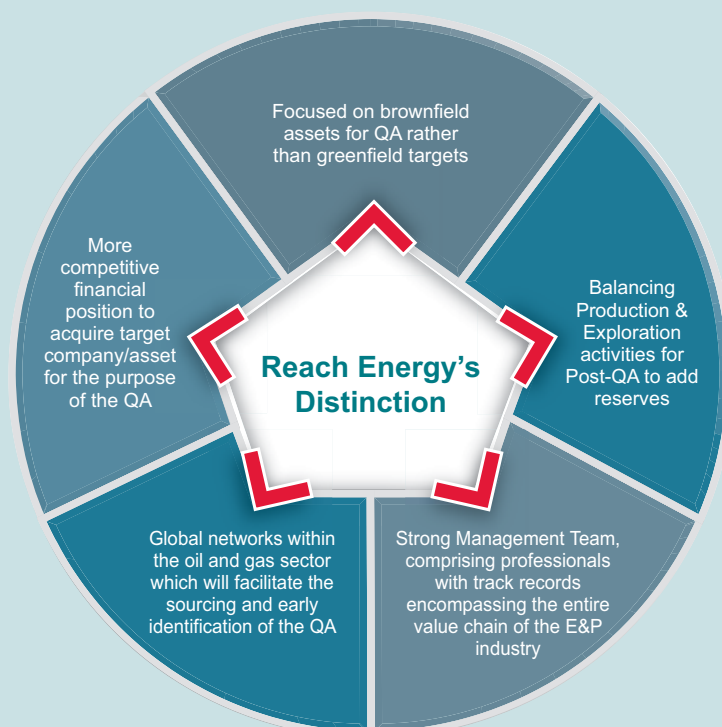
Our human capital development strategy revolves around recruiting the best, supporting them and investing in their training, coaching, mentoring and laying out a robust succession plan for the eventual realization of each potential.

For 2015, we implemented various initiatives to strengthen individual and team contributions to the success of the Company. These include On-the-job training (OJT), targeted skills development programmes, staff empowerment and self-development programmes. We also put in place clear and measurable Key Performance Indicators (KPIs) and Annual Staff Performance Appraisals to ensure set tasks and targets are achieved.



## FINANCIAL PERFORMANCE

For the Financial Year ended 31 December 2015, Reach Energy recorded a net loss of RM32,152,587.00, as the Company has yet to generate any revenue other than finance income from placement of funds in Syariah – compliant money market instruments. The operating and finance cost incurred during the financial year amount to RM13,347,694.00 and RM49,659,568.00 respectively. The Board continues to be vigilant in ensuring prudent spending and putting priority on securing the QA.



## INDUSTRY OUTLOOK

The oil and gas industry experienced significant the volatility during the year 2015 where the price of Brent fell from USD\$70 per barrel to USD\$32 per barrel. The rising concern of oversupply from US oil production and lifting of sanctions on Iran, coupled with weaker demand from the world's second largest oil consumer, China, seem to point to the industry facing a tough year ahead. According to the World Bank, the slowing economy of emerging markets could hamper oil demand recovery.

Nonetheless, it is not all doom and gloom for the industry. Reach Energy is confident that we will weather through this storm and prevail over the challenges. We also see the current state of the industry as presenting a great opportunity for us as we seek our QA. With many existing O&G companies looking to reshape their portfolio, we expect more quality assets being made available for potential acquisition.

## ACKNOWLEDGEMENTS

On behalf of the Board and Management Team, I would like to express my deepest gratitude to all our investors who placed and retained their trust and confidence in our vision and mission. Your continuous support is crucial to our Company in these challenging times.

I would also like to thank our advisers, BNP Paribas, Hong Leong Investment Bank Berhad, Maybank Investment Bank Berhad, KPMG and Skrine who have been with us from the beginning and provided invaluable support throughout our journey.

Last but not least, I would like to thank my fellow Board members, the Management Team and the employees of Reach Energy for their wise counsel, endless dedication and passion towards the Company.

In the near future, we are confident that Reach Energy would be able to “graduate” from being a Special Purpose Acquisition Company (SPAC) to an Independent Malaysia-based E&P company with global and domestic operations. There is a saying that goes, “To get through the hardest journey we need take only one step at a time, but we must keep on stepping”.

Thank you.

**Izlan Bin Izhah**  
Chairman

23 March 2016

# MANAGING DIRECTOR'S STATEMENT ON BUSINESS ACTIVITIES



## OUR VISION AND STRATEGY

We are guided by our vision of establishing a leading Malaysia-based independent Oil and Gas (O&G) company that creates value for shareholders and contributes to the wellbeing of the people in the countries we operate in. The pursuit of this vision is underpinned by our core values of:

- Promoting Passion for Success
- Acting with Honesty and Integrity
- Fostering Care and Share

Living up to these values means the team embraces a culture of performance excellence and continuous improvement, works to the highest standards of ethics and governance and always places a premium on making a positive impact on the community in which we operate.

The foundation on which we are building to realize our company's vision is our people working in-sync determinedly and premised on our Four-Pronged Business Strategy, namely:

1. Human Capital Development
2. Robust Management Systems
3. Operational Excellence
4. Sustained Business Growth

Our immediate business goal is to expeditiously complete the Qualifying Acquisition (QA) and thereon move quickly towards enhancing shareholder value by leveraging the technical expertise, commercial knowhow, network and experience of our staff and the Board of Directors.



## OUR BUSINESS APPROACH

For the QA, we are targeting oil and/or gas brownfields in the production phase, and fields in the proximity of existing producing areas that are either in development phase or in advanced stages of planning (Field Development Plan in progress or approved but where production has not commenced). Such assets would hold proved and probable (2P) reserves for commercial production with relatively lower risk. The asset would also have upside (production and reserves) potential which would allow us to enhance production and add reserves to the fields through further appraisal and re-development activities.

While at the QA stage we focus on pursuing lower risk assets and achieving early revenue, in the longer term we are committed to building a strong base in the upstream O&G value chain globally by:

- continuing to generate revenue streams organically by adding value to our assets,
- increasing our reserves replacement ratio,
- achieving a balanced portfolio of Exploration and Production (E&P) assets

In order to ensure our business model is sustainable, we must embrace a culture of Operational Excellence, not only must we 'do the right things' we must also 'do things right'. Our Board and staff are committed to:

- Building a world-class team to support growth
- Sweating the Asset while ensuring Safe Operations
- Adoption of Industry Best Practices
- Prudent Cost and Procurement Management
- Transparency, Integrity and Accountability

## OUR BUSINESS ACTIVITIES

The last eighteen months have been a period of fast paced activities for the Reach Energy team. While we have dedicated much of the time to the One Team, One Goal pursuit of our QA, we have also spent much efforts in laying the business and operations foundation for our future.

### *Search for our Qualifying Acquisition*

The search for our QA has been at the center of our activities this past year, and will continue to be until completion and our graduation into a full-fledged junior independent E&P company. In 2015 we evaluated over 40 potential QA targets spanning over 5 countries within our region of interest. The targets were prudently screened down to a shortlist of 4 potential candidates that went through further evaluation and detailed technical, financial and legal assessments. We utilized a cost-effective combination of our in-house and outsourced expertise for this purpose.



### *Capacity Building*

Our people are the foundation of our success and in 2015 we continued to fortify our team with professionals from needed disciplines, including engineering, geosciences, project management, finance, legal and corporate affairs. Upon completion of our QA, we foresee being able to rapidly grow from this solid foundation we have established. Consistent with our vision, we are developing a talent pool of skilled professionals highly motivated and imbued with ethical values.

### *Robust Management Systems*

We have acquired and put in place business infrastructure which we believe is the best fit for our needs in the near term while keeping in mind future scalability. We have also adopted industry best practices to ensure our methodology, systems and procedures are practical and keeping in line with our philosophy of excellence in execution, transparency and accountability.

### *Good Governance*

We are committed to building an organization guided by ethical values and adopting best practices in good governance. Working with our auditors, we embarked on several reviews of our systems and practices and completed the recommended improvement programs.



### **Operational Excellence**

Our sustainable future will depend on our being a world-class asset operator. With this in mind, the team we are building and the systems we are putting in place have at their core the objective of achieving operational excellence in managing O&G activities.

### **OIL MARKET OUTLOOK**

The past twelve months have been a period of significant challenges for the O&G industry primarily as a result of falling oil prices. The O&G industry is confronted with considerable headwinds which has resulted in significant shifts in industry dynamics as players adjust to the new operating environment. Such volatility is not uncommon for O&G industry which behaves in a cyclical nature with booms and bursts, and time and again, due to periodical over or under investment in the industry.

The demand for O&G is expected to remain steady on the back of lower oil prices and global economic growth. The US Energy Information Administration (EIA) forecasts that global consumption of petroleum and other liquid fuels is expected to grow by 1.24 million bbl/d in 2016 and 1.46 bbl/d in 2017 to reach 95.02 million bbl/d and 96.48 million bbl/d respectively.

We believe that this daunting period actually augurs well for Reach Energy and we are in an enviable position to benefit from this period of upheaval. The streamlining of portfolios by both larger O&G companies and smaller independent players makes this an opportune time as we continue in the quest for our QA. Leveraging the expertise and network of our Board and Management Team, we are seeking out and carefully considering the most attractive assets as our QA, while remaining disciplined in applying a robust evaluation process. We are optimistic of securing soon a suitable asset which will provide us the right balance of early steady income and growth potential.

The past eighteen months have been both challenging and exciting; the next twelve months will prove to be even more of the same. I am confident that we have assembled the choice team, put in place the right business infrastructure and adopted practical systems and practices; and that we are well on our way to realizing our vision.

Sincerely,

**Ir. Shahul Hamid Bin Mohd Ismail**  
Managing Director



# REACH IN THE NEWS

30 JULY 2015 ▼

## Reach Energy bakal ambil alih aset syarikat berpotensi menjelang akhir tahun ini Senarai pendek 10 syarikat

Oleh NOR SYARIZA MUHD. TAHIR

**KUALA LUMPUR** - Syarikat tujuan khas pengambilalihan (SPAC) minyak dan gas (O&G), Reach Energy Bhd. (Reach Energy) telah menyenarai pendek 10 syarikat luar berpotensi untuk tujuan pengambilalihan aset menjelang hujung tahun ini. SPAC merupakan syarikat tanpa operasi atau perniagaan yang mana pendapatan mereka dijana daripada tawaran permulaan awam (IPO) yang akan digariskan sepenuhnya untuk membiayai operasi, perniagaan atau aset pihak ketiga.

Pengarah Urusan Reach Energy, Shahul Hamid Mohd. Ismail berkata, buat masa ini syari-

katurat mengadakan perbincangan dengan pihak-pihak berkaitan bagi meninjau potensi yang ada untuk tujuan tersebut selain kriteria-kriteria yang dikehendaki.

"Dengan calon-calon senarai pendek yang ada kini, kami menyasarkan untuk mendapatkan pengesahan (bagi mengambil alih aset) sekurang-kurangnya menjelang ulang tahun syarikat pada Ogos ini selain turut mengadakan rundingan dengan Suruhanjaya Syarikat.

"Bagi memastikan Reach Energy benar-benar bersedia

untuk menjadi pengendali aset-aset syarikat yang akan diambil alih nanti, kami kini giat meningkatkan pengetahuan serta kebolehan pasukan untuk menuju ke arah menjadi syarikat carigali dan pengeluaran global yang berpangkalan di Malaysia," katanya.

Ibnu berkata demikian kepada *Kosmo!* dalam satu temubual di sini baru-baru ini.

Sementara itu, menurut Shahul Hamid, sebagai permulaan pilihannya akan memberi fokus untuk mengambil alih aset-aset *brownfields* atau projek yang sudah dibangunkan kerana

risikonya lebih rendah.

"Dengan mengambil alih syarikat yang sedia memiliki pengeluaran, Reach Energy akan mendapat manfaat dengan cara menjana perolehan daripada pengeluaran tersebut.

"Seterusanya, bagi menajamin pertumbuhan aset yang berterusan, kami akan meningkatkan pengeluaran selain aset berasaskan rizab dan meningkatkan keberkesanan kos bagi mendapatkan hasil yang lebih baik pada tahun-tahun akan datang," ujarnya.

Tambahnya, untuk tempoh jangka panjang, Reach Energy tidak menolak kemungkinan untuk mempertimbangkan potensi dalam sektor carigali yang

lebih berisiko.

"Disebabkan sektor tersebut mempunyai risiko yang tinggi, kami memerlukan strategi lebih kukuh dan untuk itu syarikat perlu benar-benar bersedia untuk melaksanakannya," ujarnya.

Buat masa ini, Reach Energy menyasarkan untuk menjana portfolio sebanyak 70 peratus bagi aset pengeluaran serta 80 peratus aset carigali dengan memberi tumpuan kepada sektor pesisir dalam O&G.

Reach Energy merupakan SPAC minyak dan gas koempai yang disenarai dalam Bursa Malaysia selepas penyenarai Hibiscus Petroleum Bhd., Cliq Energy Bhd. dan Sona Petroleum Bhd.



SHAHUL HAMID

30 JANUARY 2015 ▼

## REACH : 8月至今虧損2840萬 上市開銷佔大部分

(吉隆坡29日訊) REACH能源 (REACH, 5256, 主板特別并购) 解釋說, 8月上市以來蒙受高達2千840萬令吉虧損, 主要是因為單單上市開銷就占去超過2千600萬令吉。

REACH能源董事經理兼首席执行官沙胡哈密在股東大會後表示, 該公司自8月上市以來, 在還沒有任何的資產下就已虧損2千840萬令吉, 這筆虧損完全是上市的開銷。

問及為什麼在上市花費比其他3家特別并购公司 (SPAC) 高, 沙胡哈密表示: "我們是全馬最大的特別并购公司, 相對而言, 我們的費用也會比較高。"

他補充, 在2千840萬令吉當中, 其中的2千600萬令吉是上市費用。

對於并购進展, 沙胡哈密指出, 油价走低有利於并购, 有信心在兩年內成功收購到適合的資產。

沙胡哈密表示, 油价下跌導致很多的小型油氣公司面臨財務問題, 這些小型公司目前或許會賣出資產, 而這對他們而言是買入的好機會。

沙胡哈密透露, 目前該公司看中的收購對象中, 有部分的負債率已經達到非常高的水平, 他們目前已把收購對象縮至10個以內, 都是亞太區的油氣公司。

沙胡哈密認為, 目前油价跌勢是短期的, 他估計2至3年內就會回到每桶70至90美元的水平, 至于100美元, 則可能需更長時間。

26 OCTOBER 2015 ▼

## Tapping the potential of SPACs

LISTED SPECIAL PURPOSE ACQUISITION COMPANIES ARE OFFERING AN ALTERNATIVE FINANCING OPTION FOR COMPANIES SEEKING TO RAISE CAPITAL WITH LOW COST, FLEXIBILITY, AND AVOIDANCE OF IPO MARKET VOLATILITY.

**B**reaking through the IPO market's volatility, listed special purpose acquisition companies (SPACs) are offering an alternative financing option for companies seeking to raise capital with low cost, flexibility, and avoidance of IPO market volatility.

REACH Energy Bhd. is a public company listed on the Bursa Malaysia Main Board. It is a special purpose acquisition company (SPAC) that has been set up to acquire a private company listed on the Bursa Malaysia Main Board.

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30 JANUARY 2015 ▼

## 圖定 10 目標 Reach 能源冀年內購油田

(吉隆坡 29 日訊) 特別并购公司 (SPAC) REACH 能源 (REACH, 5256, 主板特別并购) 披露在 2015 年內完成合併收購 (Qualifying Acquisition) 油田, 其目標是收購 10 個油田, 包括在加拿大、美國、泰國、菲律賓等區域。

REACH 能源董事經理兼首席执行官沙胡哈密表示, 該公司目前正積極尋求收購 10 個油田, 包括在加拿大、美國、泰國、菲律賓等區域。

沙胡哈密表示, 該公司目前正積極尋求收購 10 個油田, 包括在加拿大、美國、泰國、菲律賓等區域。

## 司委會對區域以外新收購區域

沙胡哈密表示, 該公司目前正積極尋求收購 10 個油田, 包括在加拿大、美國、泰國、菲律賓等區域。

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## 油价不会永远低迷

沙胡哈密表示, 油价下跌有利於并购, 有信心在兩年內成功收購到適合的資產。

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6 JULY 2015 ▼

# Oil & gas industry still vibrant: Reach Energy

> Future is bright as innovative technologies become available in the market, says managing director/CEO

BY EVA TRONO

**KUALA LUMPUR:** The oil and gas (O&G) industry is still vibrant and its future remains bright despite current subdued market sentiment caused by the low oil price, said Reach Energy Bhd managing director and CEO Shahul Hamid Ismail (pic).

"It is a fascinating industry, very lively. You say now that the oil price is low. There is an oil consensus that happens every year in Houston, Texas. It's called the Oilfield Technology Conference, which normally happens in early May.

"That is a good indicator of how the oil industry vibrates. Year on year, it is getting bigger and bigger with a lot of exhibitors, a lot of technology papers being presented," he told BNM in an interview.

Shahul believes that the future is very good for the O&G industry, as more new and innovative technologies become available in the market.

"The future is very good for the industry. In fact, more exciting in the sense that the industry is getting into a lot of frontier areas, areas we would never have ventured into. They are now drilling in the Arctic, in the jungles of Africa, in the deserts and deeper

waters," he said. In the meantime, O&G companies, especially service firms, will have to be lean and cost effective in order to survive in the current low oil price scenario.

Shahul said service companies are suffering an exploration and production companies cut back on expenditures and delay or cancel jobs. "Having worked for two of the largest oil companies in the world Exxon and Shell, I always think that the industry will continue doing things better if they are more prudent, whether the oil price is high or low.

"That's why I'm into smaller companies like ourselves. We have to be cost effective all the time, whether the oil price is high or low. Then you can do your business, you don't have to scale down anything, it should be the same to be cost-effective," he said.

As a small oil company, Shahul said, Reach Energy is trying smaller waters around the world which the high-cost operators are leaving behind due to economic viability. With newer technology and methodology, it is possible to be a low-cost operator.

"You don't have to spend a huge amount of money

building a big offshore rig. Nowadays people are even running old platforms, bringing them back and working them, making smaller structures, floatable structures and relocatable structures. All these new technologies are abundant now in the market. I think even the big operators are looking at these options now," he added.

Shahul said the oil price should improve and stabilise but it is unlikely to go above US\$60 (RM97) per barrel, at least for another few years.

"It will take time, it may take longer but it's getting around the US\$50 per barrel kind of mark which is alright, which will be okay for many operators because the cost of operations in many areas will be less than US\$50 per barrel. So they can justify economically their projects and activities ... in time, the US\$50 per barrel world is an unrealistic world.

"I think US\$50 per barrel and above is a good range to stay at. That's what I think it will stay at for the next few years."

With that price trend, Shahul Energy has been evaluating its potential qualifying assets within the US\$50-US\$60 a barrel range.

"The cycle will come back but service companies will be looking to be more cost-effective at least in the next one or two years."



27 JULY 2015 ▼

# 'Make use of the opportunities'

Reach Energy Bhd managing director and CEO Shahul Hamid Ismail has been in the oil and gas industry for some 20 years, with previous tenure at Exxon and Shell. Shahul Hamid started Reach Energy, which became the fourth special purpose acquisition company to be listed on Bursa Malaysia.

## SUCCESS: THE INSIGHT STORY

**How has your company's employment opportunities added over the past year?** I've been in the oil industry for a long time. I've been in the oil and gas industry for 20 years. I've been in the oil and gas industry for 20 years. I've been in the oil and gas industry for 20 years.

**What advice can you offer building entrepreneur's success?** I would say to start their own business. I would say to start their own business. I would say to start their own business.

**What are the highlights and challenges in your different year-over-year?** I think I've worked in the oil and gas industry for 20 years. I've been in the oil and gas industry for 20 years. I've been in the oil and gas industry for 20 years.

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23 DECEMBER 2015 ▼

# Reach 能源设目标 冀明年购得合格资产

(吉隆坡 22 日讯) 特殊收购公司 (SPAC) Reach 能源 (REACH, 5256, 主板特殊收购股) 评估了全球 50 个以上的油气资产后, 设下目标在明年初完成收购合格资产 (QA)。

董事经理兼总执行长沙胡哈密指出, 在 Reach 能源潜在收购的目标中, 其中一个位于亚太区域, 其余则处在亚太区域之外。

“油价走低促使油

气业者整合资产组合, 从而让公司有更多收购目标可供选择。”

早前, Reach 能源已从 30 个油气资产的候选名单中, 初步筛选出 4 个潜在的合格资产 (QA) 收购目标, 并与卖方展开了有关洽谈。

公司冀望能在今年与卖方达成协议, 再呈交予监管单位审核, 放眼在年底完成收购。

30 JANUARY 2015 ▼

# Reach Energy optimistic completing QA this year

BY CHARLOTTE CHONG

**KUALA LUMPUR:** Special purpose acquisition company (Spac) Reach Energy Bhd is optimistic it will complete its qualifying acquisition (QA) this year and has shortlisted 10 potential assets to pave its way into the oil and gas (O&G) exploration and production (E&P) sector.

Its chief executive officer and managing director Shahul Hamid Ismail (pic) said Reach Energy is concentrating its QA search within the Asia-Pacific region.

"We are looking at mature oilfields in known regions or basins," he told reporters after the company's annual general meeting yesterday.

However, Shahul Hamid said Reach Energy is still open to other opportunities outside the region if the offer was attractive.

He agreed with the consensus that lower crude oil prices would present more opportunities for Spacs to acquire assets.

"Asset owners with smaller assets may find it difficult to finance their activities or service their loans (at this point of time)," he said, adding that these owners are looking to divest their assets partially, if not completely.

Reach Energy's target QA will be among such smaller assets, he said, adding that oil prices should gradually stabilise at US\$70 (RM255.10) to US\$80 per barrel, which is the benchmark against which Reach Energy's acquisitions will be assessed.

"That is the kind of price scenario we intend to use in our evaluation of the potential acquisitions. It will take a bit of time to go back to US\$100 per barrel, but it won't plummet to US\$50 a barrel," he said. Brent was trading at below US\$49 a barrel while US crude was trading below US\$45 a barrel yesterday.

Shahul Hamid said low oil prices have put pressure on E&P outfits and caused them to lower their operating costs, adding that "it's not unusual for some to shut production because the cost is too high". But he assured that maintenance activities in the O&G sector will continue, although O&G companies will have to negotiate with service companies for better pricing.

Reach Energy is the fourth and largest Spac listed on the local exchange, with RM750 million raised through the issuance of one billion new ordinary shares at 75 sen apiece.

A Spac is a vehicle that has no operations or income-generating business at the point of its initial public offering (IPO). Following that, the Spac has a three-year period to use its IPO proceeds to secure a QA.

Clq Energy Bhd (fundamental:0.6; valuation:0) and Sons Petroleum Bhd (fundamental:0.6; valuation:0) are two other Spacs listed on Bursa Malaysia that are looking for QA. Reach Energy, listed last August, has 31 months left to fish for a QA, while Clq Energy has 14 months and Sons 18 months.



Shahul Hamid Ismail, Managing Director and CEO of Reach Energy.

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"That is the kind of price scenario we intend to use in our evaluation of the potential acquisitions. It will take a bit of time to go back to US\$100 per barrel, but it won't plummet to US\$50 a barrel," he said. Brent was trading at below US\$49 a barrel while US crude was trading below US\$45 a barrel yesterday.

Shahul Hamid said low oil prices have put pressure on E&P outfits and caused them to lower their operating costs, adding that "it's not unusual for some to shut production because the cost is too high". But he assured that maintenance activities in the O&G sector will continue, although O&G companies will have to negotiate with service companies for better pricing.

Reach Energy is the fourth and largest Spac listed on the local exchange, with RM750 million raised through the issuance of one billion new ordinary shares at 75 sen apiece.

A Spac is a vehicle that has no operations or income-generating business at the point of its initial public offering (IPO). Following that, the Spac has a three-year period to use its IPO proceeds to secure a QA.

Clq Energy Bhd (fundamental:0.6; valuation:0) and Sons Petroleum Bhd (fundamental:0.6; valuation:0) are two other Spacs listed on Bursa Malaysia that are looking for QA. Reach Energy, listed last August, has 31 months left to fish for a QA, while Clq Energy has 14 months and Sons 18 months.



20 OCTOBER 2015 ▼

### Cash value gives life to SPACs -

By P. ARUNA  
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**KUALA LUMPUR:** The cash value of oil and gas special purpose acquisition companies (SPACs) have given life to the stock. Share prices of SPACs CLIQ Energy Ltd and Sona Petroleum Ltd have surged by 9.7% and 12.4% each, outperforming the KLCEI index and were above fixed deposit rates since December last year, said Hong Leong Investment Bank (HLIB) Research.

The research firm said this was because the share price and intrinsic cash value per share were encouraging and the maturity date approaching.

A SPAC is a shell company but goes public with the aim of raising cash or acquiring operating assets with its IPO proceeds.

The research house said it had not rated oil and gas SPACs.

It stated that CLIQ had proposed a remuneration table for its right share for every existing share to address the potential cash shortfall for qualifying acquisition (QA) due to the strengthening US dollar against the ringgit, and potential dissenting shareholders voting against the QA.

"The proposed QA and right issue exercise are inter-conditional."

"Sustaining shareholders are eligible to get back RM6.75 per share."

"This reiterates our view that the gross trust value for SPACs should serve as the basis value as investors can choose to vote against QAs and get back the cash value from the trust account plus net interest earned," it said in a note yesterday.

HLIB Research CLIQ and Sona will mature on April 9 and July 29 next year, respectively.

After taking into account interest earnings of 3.7% per annum and 25% tax on interest and other expenses, CLIQ and Sona will provide 4.8% and 6.5% upside to their cash value, it said.

### 固定 10 目标

## Reach 能源冀年内购油田

(马六甲 20 日讯) 特纳收购公司 (SPAC) REACH 能源 (REACH, 8256) 主席特纳表示，集团在年内完成收购油气资产，并已获得油气资产的 10 个潜在收购目标。

"Unrealised returns is about 10.1% and 8.1% respectively which is significantly higher than the average fixed deposit rate of 3.2% per annum," it said.

The research house said Reach Energy Ltd was trading at the highest discount of about 30% to its latest gross trust per share mainly due to the longer maturity date.

Reach Energy has 965 more days, compared to CLIQ, 173 days and Sona, 284 days.

"If Reach Energy manages to secure the QA in near future, we expect the share price to trade at least close to its gross trust per share of RM6.75 per share during the IPO, excluding any interest earned during the period, which should provide immediate return of 10%."

"For investors with low risk appetite and longer investment horizon, Reach Energy provides annualised return of 12.6% per annum," it said.

HLIB Research added that SPACs were cash companies looking for "solid assets and should be able to negotiate for better pricing, especially in the declining oil price environment."

"However, transparent disclosure on the maturity date and cash available could disadvantage SPAC," it said.

### 马来西亚寻求区域以外的收购机会

## Reach 能源冀年内购油田

于去年 8 月上市的 Reach 能源，在上市 3 年内完成收购油气资产，目前距离其原定目标还有 2 年的时间。

他指出，在油气资产收购方面，集团将寻求在马来西亚以外的地区进行收购。

“我们寻求在油气资产收购方面，寻求在马来西亚以外的地区进行收购，以获得更好的收购机会。”

“对于投资者来说，Reach 能源提供的是长期稳定的回报，甚至有些油气资产已经投产。”

### 油价不会永远低迷

石油价格将以目前的水平波动，不会出现大幅下跌，这并不可能使油价跌至 10 美元以下。

他表示，在油价下跌的情况下，可能会出现一些新的投资机会，但油价不会长期低迷。

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“我们相信国内的一些勘探和开发项目，在油价下跌的情况下，可能会出现一些新的投资机会，但油价不会长期低迷。”

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23 DECEMBER 2015 ▼

### Malaysia's Reach Energy Seeks Acquisition as Oil Prices Tumble

Reach Energy Ltd, listed in Malaysia, is seeking to acquire assets in other regions outside of Malaysia in a bid to diversify its portfolio. The company's share price has fallen significantly since its IPO in August 2013, and it is currently trading at a discount to its net asset value. The company's management has indicated that it is looking for acquisition opportunities in the oil and gas sector, particularly in regions where oil prices are high. The company's share price has fallen significantly since its IPO in August 2013, and it is currently trading at a discount to its net asset value. The company's management has indicated that it is looking for acquisition opportunities in the oil and gas sector, particularly in regions where oil prices are high.

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## REACH ENERGY BHD (+ve)

O&G special purpose acquisition company Reach Energy (Fundamental: N/A, Valuation: N/A) triggered our momentum algorithm for the first time yesterday. The stock rose 1.6% to 62.5 sen on heavy volume. Its warrants have also been actively traded. Reach Energy has until 15 August 2017 to acquire a qualifying asset. Failure to do so will see the company liquidated and custodian account monies distributed back to respective shareholders. Last year, it raised RM750 million via initial public offering (IPO), of which 94.75% of the proceeds was placed in a custodian trust account. The company had RM735.3 million in its custodian account as at 31 July 2015. This is equivalent to gross trust per share of 73.5 sen, based on 1 billion shares subscribed via IPO. The stock currently trades at a discount of 16.3% to its cash value, compared with peer Sona Petroleum's 4.7% and CLIQ Energy's 5.4%.



Valuation score*	-
Fundamental score**	-
TTM P/E (x)	-
TTM PEG (x)	-
P/NAV (x)	28.69
TTM Dividend yield (%)	-
Market capitalisation (mil)	785.06
Shares outstanding (ex-treasury) mil	1,277.82
Beta	0.23
12-month price range	0.59-0.65

\*Valuation score - Composite measure of historical return & valuation  
\*\*Fundamental score - Composite measure of balance sheet strength & profitability  
Note: A score of 1 is the best to have and 0 is the worst to have

REACH ENERGY BHD		FY2015Q4	31/7/2015
<b>ALL FIGURES IN MYR MIL</b>			
Revenue	-	-	15.3
EBITDA	-	-	4.01
Interest expense	-	-	14.6
Pre-tax profit	-	-	3.41
Net profit - owners of company	-	-	0.33
Fixed assets - PPE	-	-	0.4
Total assets	-	-	764.2
Shareholders' fund	-	-	27.4
Gross borrowings	-	-	736.8
Net debt/cash	-	-	(30.5)

REACH ENERGY BHD		MYR100	MYR100
DPS (S)	-	-	-
Net asset per share (S)	-	-	0.92
Turnover growth (%)	-	-	-
Net profit growth (%)	-	-	-
Net margin (%)	-	-	-
ROA (%)	-	-	-
Current ratio (x)	-	-	149.79
Gearing (%)	-	-	-
Interest cover (x)	-	-	-

20 OCTOBER 2015 ▼

## SPAC跑赢大市 涨幅高于定存利息

(吉隆坡 19 日讯) 在马来西亚股市之际，分析员指出，在马来西亚上市的特殊用途公司 (SPAC) 的表现却截然不同。它们的股价涨幅，不但超越当时大盘指数，亦高于银行定存存款。

分析员指出，自去年 12 月 18 日推出油气特殊用途公司的 SPAC 以来，CLIQ 能源 (CLIQ, 8234) 及特纳收购公司 (REACH) 的股价分别飙升了 9.7% 和 12.4%，跑赢同期下跌幅 1.8% 的摩根大通银行，同时也高于银行定存存款。

分析员指出，SPAC 还有很大的上升空间，分析员表示，若将年息率 3.2% 的定期存款及其他金融产品与 SPAC 的股价进行比较，CLIQ 能源和特纳收购公司的年化回报率，则分别达到 10.1% 和 8.1%，这高于每年全球

存款平均利率 3.2%。另一方面，分析员指出，CLIQ 能源之前宣布了 1 亿美元的特别股息计划，而特纳收购公司则会向投资者提供 1 亿美元的特别股息计划，以及向合格投资者提供特别股息。

分析员指出，CLIQ 能源的每股账面价值 (book value) 为 73 仙，这表示所有股东在 IPO 时获得的合格资产价值，他们每股可获得 73 仙。

分析员指出，SPAC 的股价涨幅高于定存存款，这并不可能使油价跌至 10 美元以下。他表示，在油价下跌的情况下，可能会出现一些新的投资机会，但油价不会长期低迷。

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