

WE ARE A SPECIAL PURPOSE ACQUISITION COMPANY. WE CURRENTLY HAVE NO OPERATIONS OR INCOME-GENERATING BUSINESS. INVESTING IN OUR SECURITIES MAY BE OF HIGH INVESTMENT RISK.

REACH
ENERGY

REACH
ENERGY

REACH ENERGY BERHAD

(Company No: 1034400-D)
(Incorporated in Malaysia under the Companies Act, 1965)

PROSPECTUS

PUBLIC ISSUE OF 1,000,000,000 NEW ORDINARY SHARES OF RM0.01 EACH IN OUR COMPANY ("PUBLIC ISSUE SHARES"), TOGETHER WITH 1,000,000,000 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF 1 WARRANT FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED, AT AN ISSUE PRICE OF RM0.75 PER PUBLIC ISSUE SHARE PAYABLE IN FULL UPON APPLICATION COMPRISING:

- 980,000,000 PUBLIC ISSUE SHARES TOGETHER WITH 980,000,000 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED BY WAY OF PLACEMENT TO SELECTED INVESTORS; AND
- 20,000,000 PUBLIC ISSUE SHARES TOGETHER WITH 20,000,000 WARRANTS ON THE BASIS OF 1 WARRANT FOR EVERY 1 PUBLIC ISSUE SHARE SUBSCRIBED AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC,

IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER TURN TO SECTION 4 FOR "RISK FACTORS".

*Principal Adviser, Placement Agent
and Underwriter*

 **HongLeong Investment Bank**

Hong Leong Investment Bank Berhad (10209-W)

(A Participating Organisation of Bursa Malaysia Securities Berhad)
(A Trading Participant of Bursa Malaysia Derivatives Berhad)

Custodian

**AMANAHRAYA
TRUSTEES**

(766894-T)

AmanahRaya Trustees Berhad

PROSPECTUS

This Prospectus is dated 24 July 2014

RESPONSIBILITY STATEMENTS

OUR DIRECTORS AND PROMOTERS HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. HAVING MADE ALL REASONABLE ENQUIRIES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THEY CONFIRM THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE AND/OR MISLEADING.

HONG LEONG INVESTMENT BANK BERHAD, BEING OUR PRINCIPAL ADVISER, PLACEMENT AGENT AND UNDERWRITER ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE (AS HEREINAFTER DEFINED).

STATEMENTS OF DISCLAIMER

THE SECURITIES COMMISSION MALAYSIA (“SC”) HAS APPROVED THE PUBLIC ISSUE AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE PUBLIC ISSUE, OUR COMPANY OR OUR SECURITIES.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 (“**CMSA**”).

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR BY ANY REGULATORY AUTHORITY OF ANY JURISDICTION OTHER THAN MALAYSIA.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS ON THE LAWS TO WHICH THE PUBLIC ISSUE OR YOU ARE OR MIGHT BE SUBJECT. NEITHER WE NOR THE PRINCIPAL ADVISER NOR ANY OTHER ADVISERS IN RELATION TO THE PUBLIC ISSUE SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, VOIDABLE OR VOID IN ANY COUNTRY OR JURISDICTION.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF OUR PUBLIC ISSUE, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WE WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION TO IT. IT IS YOUR SOLE RESPONSIBILITY TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE PUBLIC ISSUE WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OR JURISDICTIONS OF MALAYSIA.

FURTHER, IT SHALL ALSO BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE PUBLIC ISSUE WOULD BE IN COMPLIANCE WITH THE TERMS OF THE PUBLIC ISSUE AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE PUBLIC ISSUE IN MALAYSIA. HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION, TO TREAT ANY ACCEPTANCE AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

OUR SHARES ARE CLASSIFIED AS SHARIAH-COMPLIANT BY THE SHARIAH ADVISORY COUNCIL OF THE SC ("**SAC**") VIA ITS LETTER DATED 25 APRIL 2014, BASED ON OUR AUDITED FINANCIAL INFORMATION FOR THE FINANCIAL PERIOD ENDED 30 NOVEMBER 2013. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW UNDERTAKEN BY THE SAC. UPDATES ON THE CLASSIFICATION WILL BE RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES ON THE LAST FRIDAY OF MAY AND NOVEMBER OF EACH YEAR.

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ELECTRONIC PROSPECTUS

THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC ARE THE SAME. THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES WEBSITE AT www.bursamalaysia.com.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURE MEDIUM. YOUR INTERNET APPLICATION MAY BE SUBJECT TO RISKS IN DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTION. IF YOU DOUBT THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR PRINCIPAL ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THE PROSPECTUS. IF THERE IS ANY DISCREPANCY BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE PAPER/PRINTED COPY OF THIS PROSPECTUS, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS WHICH ARE IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "**THIRD PARTY INTERNET SITES**"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:

- (I) WE DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY TO THE INTERNET SITES. ACCORDINGLY, WE ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENT OR ANY DATA, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (II) WE ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, PARTICULARLY IN FULFILLING ANY OF THE TERMS OF ANY OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS OR DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, FILE OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (III) ANY DATA, INFORMATION, FILE OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS DONE AT YOUR OWN DISCRETION AND RISK. WE ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION, YOU ARE ADVISED THAT:

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS ONLY LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENT OF THE ELECTRONIC PROSPECTUS ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT RESPONSIBLE FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND SUBSEQUENTLY COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

(II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED BECAUSE THE INTERNET IS NOT A FULLY SECURE MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTION IS NOT LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COSTS, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON YOUR PERSONAL COMPUTER.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for our entire enlarged issued and paid-up ordinary share capital and warrants on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") is set out below:

Event	Indicative date
Opening date of the Application (as defined herein)	24 July 2014
Closing date of the Application	4 August 2014
Tentative date for balloting of the Application	7 August 2014
Tentative date for allotment for the Public Issue Shares and Warrants (as defined herein) to successful applicants	11 August 2014
Tentative listing date	15 August 2014

Save for the opening date of the Application, these dates are tentative and are subject to changes which may be necessary to facilitate implementation procedures.

Applications will be accepted from 10.00 a.m. on 24 July 2014 and will remain open until 5.00 p.m. on 4 August 2014 or such later date or dates our Board of Directors and Hong Leong Investment Bank Berhad ("**HLIB**") may jointly decide at their absolute discretion.

Our Directors together with HLIB may decide, at their absolute discretion to extend the closing date of the Application to a later date. Should the closing date of the Application be extended, the dates for the balloting, allotment and listing of our entire enlarged issued and paid-up ordinary share capital and warrants on the Main Market of Bursa Securities might be extended accordingly. We will notify all parties via an advertisement in a widely circulated English and Bahasa Malaysia newspaper in Malaysia in the event there is an extension of time on the closing date of the Application.

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DEFINITIONS

Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Prospectus:

“Act”	:	Companies Act, 1965
“ADA”	:	Authorised Depository Agent
“AGM”	:	Annual general meeting
“Application”	:	Application for the Public Issue Shares by way of Application Forms, Electronic Share Application or Internet Share Application
“Application Form”	:	The printed Application Form for application for the Public Issue Shares
“Articles of Association”	:	The articles of association of our Company as may be amended from time to time
“ATM”	:	Automated Teller Machine
“Authorised Financial Institution”	:	Authorised financial institution participating in the Internet Share Application in respect of the payments for the Public Issue Shares
“Board” or “our Board”	:	Board of Directors of Reach Energy
“Bursa Depository” or “Depository”	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities” or “Exchange”	:	Bursa Malaysia Securities Berhad (635998-W)
“Cash Trust Account”	:	A trust account maintained with a licenced Islamic bank (as defined in the Islamic Financial Services Act, 2013) or licenced bank or licenced investment bank (as defined in the Financial Services Act, 2013), by the Custodian to hold and deal with the Cash Trust Assets on behalf of our Company, in accordance with the SC Guidelines
“Cash Trust Assets”	:	All cash monies derived from or attributable to the IPO Trust Proceeds and (if applicable) the Subsequent Rights Issue Trust Proceeds
“CCM”	:	Companies Commission of Malaysia
“CDS”	:	Central Depository System
“CEO”	:	Chief Executive Officer
“CFO”	:	Chief Financial Officer
“CMSA”	:	Capital Markets and Services Act, 2007
“Conversion of RCPS”	:	Conversion of 666,667 RCPS by the Initial Investor into 6,666,670 new Shares together with 6,666,670 Warrants upon receipt of the SC’s approval for the IPO
“Cornerstone Investors”	:	Collectively, Chua Sai Men, CIMB-Principal Asset Management Berhad, Hong Leong Asset Management Berhad, Lembaga Tabung Haji, MKW Jaya Sdn Bhd, MTD Capital Berhad and Poh Yang Hong

DEFINITIONS (Cont'd)

“Custodian”	:	AmanahRaya Trustees Berhad (766894-T)
“Custodian Agreement”	:	Custodian agreement dated 26 June 2014 between our Company and the Custodian
“Daya Materials”	:	Daya Materials Berhad (636357-W)
“Derivative Assets”	:	The securities, rights, benefits, advantages, dividends, interests, accretions or other property whether of a capital or income nature accruing, offered, issued or deriving at any time by way of dividend, interest, bonus, redemption, exchange, purchase, substitution, conversion, consolidation, sub-division, preference option or otherwise in connection with, or attributable to, any of the Trust Property (including, but not limited to, any part thereof)
“Director”	:	Director of our Company and shall have the meaning given in Section 4 of the Act
“Dissenting Shareholder”	:	Shareholder who votes against the Qualifying Acquisition at our EGM to be convened to consider the Qualifying Acquisition
“EGM”	:	Extraordinary general meeting
“Electronic Share Application”	:	An application for the Public Issue Shares through a Participating Financial Institution’s ATM
“ETP”	:	Economic Transformation Programme
“ExxonMobil”	:	Exxon Mobil Corporation
“FPE”	:	Financial period ended
“FYE”	:	Financial year ended
“GDP”	:	Gross domestic product
“HLIB” or “Principal Adviser” or “Placement Agent” or “Underwriter”	:	Hong Leong Investment Bank Berhad (10209-W)
“IMR Report”	:	Independent market research report by PFC Energy dated 4 July 2014
“Initial Investor”	:	Investor who invested in our Company prior to the IPO, namely Daya Materials
“Initial Investor’s Shares”	:	The Shares subscribed by the Initial Investor pursuant to the Initial Investor’s Subscription Agreements
“Initial Investor’s Subscription Agreements”	:	The subscription agreements entered into by our Company and Initial Investor in relation to the Subscription by the Initial Investor
“Internet Participating Financial Institution”	:	The participating financial institutions for the Internet Share Application as listed in Section 13.6.2 of this Prospectus
“Internet Share Application”	:	An application for the Public Issue Shares through an Internet Participating Financial Institution
“IPO”	:	Initial public offering of the Public Issue Shares
“IPO Investors”	:	Investors who subscribe for the Public Issue Shares

DEFINITIONS (Cont'd)

"IPO Trust Proceeds"	:	94.75% of the gross proceeds raised by our Company in the IPO
"IRR"	:	Internal rate of return
"Islamic Trust Account"	:	A Shariah-compliant trust account maintained with a licenced Islamic bank (as defined in the Islamic Financial Services Act, 2013) or licenced bank or licenced investment bank (as defined in the Financial Services Act, 2013), by the Custodian to hold and deal with the IPO Trust Proceeds on behalf of our Company, in accordance with the SC Guidelines
"Issue Price"	:	RM0.75 per Public Issue Share
"Issuing House" or "MIH"	:	Malaysian Issuing House Sdn Bhd (258345-X)
"Liquidation Amount"	:	Amount held in the Islamic Trust Account, net of any taxes payable and expenses related to the Liquidation Distribution
"Liquidation Distribution"	:	Liquidation of our Company and the return of the Liquidation Amount to relevant shareholders upon the expiry of the Permitted Timeframe if the Qualifying Acquisition is not completed by then
"Listing"	:	Admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire issued and paid-up ordinary share capital comprising 1,277,822,425 Shares together with 1,277,822,225 Warrants on the Main Market of Bursa Securities
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	4 July 2014, being the latest practicable date prior to printing of this Prospectus
"Management Team"	:	The management team of our Company, presently comprising Ir. Shahul Hamid bin Mohd Ismail, Azmi bin Tan Sri Arshad, Abd Rahim bin Shamsudin, Dr Robert King Park, Ir. Syed Salim bin Syed Abu Bakar and Ronald Lee Schakosky and such other relevant future employees of our Company (if any) as referred to under the SC Guidelines
"Market Day"	:	A day of which the stock market of Bursa Securities is open for trading in securities
"Moratorium"	:	Moratorium on the sale, transfer or assignment of the securities in our Company held by Reach Energy Holdings from the date of Listing until after our Company has commenced Commercial Production and generated one full financial year of audited operating revenue and may thereafter sell, transfer or assign up to a maximum of 50% per annum (on a straight-line basis) of the securities held under moratorium as described in Section 8.2.1 of this Prospectus
"NA"	:	Net assets
"NL"	:	Net liabilities
"Non-Cash Trust Assets"	:	All the properties, rights, capital and income (other than Cash Trust Assets) attributable to, or derived from, the IPO Trust Proceeds and (if applicable), the Subsequent Rights Issue Trust Proceeds

DEFINITIONS (Cont'd)

"Non-Entitlement Obligations"	:	Comprising the non-entitlement to the Qualifying Acquisition Share Repurchase and non-entitlement to the Liquidation Distribution imposed on Reach Energy Holdings (including, where applicable, persons connected (as defined under the Listing Requirements) to our Management Team) and the Initial Investor
"Non-Participation Obligations"	:	Comprising the Non-Voting Obligations and the Non-Entitlement Obligations
"Non-Voting Obligations"	:	The non-voting obligation on a resolution approving the Qualifying Acquisition imposed on Reach Energy Holdings (including, where applicable, persons connected to our Management Team)
"Participating Financial Institution"	:	Participating financial institution for the Electronic Share Applications as listed in Section 13.5.2 of this Prospectus
"PDO"	:	Petroleum Development Oman, LLC
"Permitted Investments"	:	Shariah-compliant securities issued by the Malaysian government, money-market instruments and AAA-rated papers
"Permitted Timeframe"	:	36 months from the date of Listing
"Pertamina"	:	Perusahaan Pertambangan Minyak dan Gas Bumi Negara
"PETRONAS"	:	Petroleum Nasional Berhad
"PETRONAS Carigali"	:	PETRONAS Carigali Sdn Bhd
"PFC Energy" or "IMR"	:	PFC Energy SARL (995313-A), being the Independent Market Researcher
"Pre-IPO Events"	:	Comprising Subdivision of Shares, Subscription by Reach Energy Holdings, Subscription by the Initial Investor and Conversion of RCPS
"Promoters"	:	The promoters of our Company are Reach Energy Holdings and our Management Team, namely, Ir. Shahul Hamid bin Mohd Ismail, Azmi bin Tan Sri Arshad, Abd Rahim bin Shamsudin, Dr Robert King Park, Ir. Syed Salim bin Syed Abu Bakar and Ronald Lee Schakosky who exercise significant influence in making strategic decisions of our Company
"Prospectus"	:	This Prospectus dated 24 July 2014 issued by our Company
"Public Issue"	:	The public issue of 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants on the basis of 1 Warrant for every 1 Public Issue Share subscribed, at the Issue Price
"Public Issue Share"	:	1,000,000,000 new Shares to be issued pursuant to the Public Issue subject to the terms and conditions of this Prospectus
"Qualifying Acquisition"	:	As described in the SC Guidelines, one or more initial acquisition of asset and/or business by our Company which has an aggregate fair market value equal to at least 80% of the aggregate amount then standing in the balance of the Islamic Trust Account, such acquisition(s) being in line with the business strategy of our Company, as described in Section 5.2 of this Prospectus

DEFINITIONS (Cont'd)

“Qualifying Acquisition Share Repurchase”	:	The repurchase by our Company of Shares held by Dissenting Shareholders
“RCPS”	:	Redeemable Convertible Preference Shares in our Company issued to the Initial Investor as described in Section 3.2(iii) of this Prospectus
“Reach Energy” or “our Company”	:	Reach Energy Berhad (1034400-D)
“Reach Energy Holdings”	:	Reach Energy Holdings Sdn Bhd (1034624-D)
“Reach Energy Holdings Share”	:	Ordinary share of RM1.00 each in Reach Energy Holdings
“Reach Energy Holdings Shareholders’ Agreements”	:	The shareholders’ agreements entered into between the members of our Management Team which give effect to their intentions and objectives and regulates their relationship as shareholders of Reach Energy Holdings
“Region of Focus”	:	Asia Pacific region with established hydrocarbon basins that Reach Energy intends to focus on which covers specifically Malaysia, Indonesia, Australia, Myanmar, Thailand, the Philippines and Vietnam
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules of the Depository”	:	The Rules of the Depository, including any amendment that may be made from time to time
“SC”	:	Securities Commission Malaysia
“SC Guidelines”	:	The Equity Guidelines issued by the SC
“SICDA”	:	The Securities Industry (Central Depositories) Act, 1991
“Share”	:	Ordinary share of RM0.01 each in our Company
“Shell”	:	Royal Dutch Shell, Plc
“Shell Malaysia”	:	Shell’s group of companies in Malaysia
“SPAC”	:	Special purpose acquisition company
“SPAC Custodian”	:	A custodian duly qualified and able to act as a custodian for a SPAC in accordance with the SC Guidelines
“SPE”	:	Society of Petroleum Engineers
“Subdivision of Shares”	:	Subdivision of every 1 ordinary share of RM1.00 each in our Company into 100 Shares
“Subscription by Reach Energy Holdings”	:	Subscription of a total of 255,600,000 new Shares together with 255,600,000 Warrants at an effective subscription price of RM0.075 per Share by Reach Energy Holdings

DEFINITIONS (Cont'd)

“Subscription by the Initial Investor”	:	Initial subscription of a total of 666,667 RCPS at a subscription price of RM4.50 per RCPS by the Initial Investor prior to the receipt of the SC’s approval for the IPO and subsequent subscription of a total of 15,555,555 new Shares together with 15,555,555 Warrants at a subscription price of RM0.45 per new Share and Warrant prior to the IPO
“Subsequent Rights Issue Trust Proceeds”	:	90% of the gross proceeds raised by our Company in each rights issue of securities undertaken by our Company prior to the completion of the Qualifying Acquisition, if any
“Trust Account”	:	A trust account maintained with a licenced bank or investment bank, as defined in the Financial Services Act 2013, by the Custodian to hold and deal with the IPO Trust Proceeds on behalf of our Company, in accordance with the SC Guidelines
“Trust Property”	:	Comprising the IPO Trust Proceeds, the Subsequent Rights Issue Trust Proceeds (if any) and the Derivative Assets (including but not limited to the Non-Cash Trust Assets and the Cash Trust Assets)
“UK”	:	United Kingdom
“Underwriting Agreement”	:	Conditional underwriting agreement dated 26 June 2014 between our Company and the Underwriter to underwrite 20,000,000 Public Issue Shares
“US” or “USA”	:	United States of America
“USD”	:	US Dollar
“VAT”	:	Value added tax
“Warrants”	:	Free detachable warrants in our Company issued to Reach Energy Holdings and to be issued to the Initial Investor and IPO Investors, collectively
“Warrants Deed Poll”	:	The deed poll dated 26 June 2013 and supplemental deed poll dated 20 June 2014 constituting the Warrants

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GLOSSARY OF TECHNICAL TERMS

"1C"	:	Denotes low estimate scenario of Contingent Resources
"2C"	:	Denotes best estimate scenario of Contingent Resources
"3C"	:	Denotes high estimate scenario of Contingent Resources
"1P"	:	Proved Reserves; denotes low estimate scenario of Reserves
"2P"	:	Proved plus Probable Reserves; denotes best estimate scenario of Reserves
"3P"	:	Proved plus Probable plus Possible Reserves; denotes high estimate scenario of Reserves
"Brent"	:	Major trading classification of sweet light crude oil
"Brownfield"	:	A mature field on decline or in the final stages of productive life
"CBM"	:	Coal bed methane, is a form of natural gas extracted from coal beds
"Commercial Production"	:	A programme of regular production of oil and/or gas from the contract area and delivery of the same at the relevant delivery point for sale
"Concession"	:	A grant of access for a defined area and time period that transfers certain entitlements to produced hydrocarbons from the host country to an enterprise. The enterprise is generally responsible for exploration, development, production, and sale of hydrocarbons that may be discovered Under a typical Concession fiscal regime arrangement, the oil company (enterprise) bears all exploration and production risks, holds control and ownership of the oil and gas Reserves, and pays taxes and royalties to the host government (host country). In general, end of field life abandonment obligations remain with the oil company
"Contingent Resources"	:	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources. Contingent Resources are classified into three categories in accordance with the level of certainty associated with the estimates, namely, 1C, 2C and 3C with 1C being the most certain
"E&P"	:	Exploration and production (oil and gas exploration, development and production)
"Enhanced Oil Recovery" or "EOR"	:	The enhanced recovery techniques that go beyond water or gas flooding to maximise total reservoir recovery. It may involve steam, fire, chemicals, miscible gases, bacteria or other techniques
"EPCC"	:	Engineering, procurement, construction and commissioning

GLOSSARY OF TECHNICAL TERMS (Cont'd)

"FDP"	:	Field development plan, a document outlining the proposed development of an oil and gas field or the proposed extension to an existing oil and gas development to optimise oil and gas production. It encompasses the conceptual project specification for subsurface (i.e. the type, number and location of wells, geological aspects of the fields) and surface (i.e. oil and gas processing, piping, storage and transportation, etc). An FDP also includes petroleum engineering data, cost estimates, human resources requirements and the project planning schedule. It is usually a regulatory or host government requirement to prepare, review and have approval of the FDP
"HSE"	:	Health, safety and environment
"Improved Oil Recovery" or "IOR"	:	Any of the various methods, chiefly reservoir drive mechanism and enhanced recovery techniques, designed to improve the flow of hydrocarbons from the reservoir to the wellbore or to recover more oil after the primary and secondary methods (water and gas floods) are uneconomical
"IOC"	:	International oil company, publicly owned international oil and gas companies such as ExxonMobil, Shell, BP, Total SA and Chevron Corporation with operations across various aspect of the oil and gas business in the upstream, midstream and downstream segment
"LNG"	:	Liquefied natural gas
"NOC"	:	National oil company, oil and gas company fully, or majority owned by the government. Examples include PETRONAS, PDO, Pertamina and PTT Exploration and Production Public Company Limited
"Possible Reserves"	:	An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Possible Reserves are those additional Reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (" 3P ") Reserves, which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate
"Probable Reserves"	:	An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (" 2P "). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate

GLOSSARY OF TECHNICAL TERMS (Cont'd)

- "Prospective Resources" : Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. This class represents a higher risk than Contingent Resources since the risk of discovery is also added. For Prospective Resources to become classified as Contingent Resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared
- "Proved Reserves" : An incremental category of estimated recoverable volumes associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. Often referred to as "1P", also as "Proven"
- "PSC" : Production sharing contract, a contract signed between a host country and a contractor (oil company). In production sharing contracts, the host government awards the execution of exploration and production activities to a contractor. The contractor typically bears all risk and costs for exploration, development, and production. In return, if exploration is successful, the contractor is given the opportunity to recover the investment from production, subject to pre-agreed terms and conditions. The oil company is first entitled to cost recovery for both capital investment and operating expenses (Cost Oil) from the revenue generated by oil and gas production. The remaining revenue, less applicable taxes, royalties and field abandonment provisions, is shared between the oil company and the host government (Profit Oil). In general, end of field life abandonment obligations remain with the contractor
- "Range of uncertainty" : The range of uncertainty of the recoverable and/or potentially recoverable volumes may be represented by either deterministic scenarios or by a probability distribution. When the range of uncertainty is represented by a probability distribution, a low, best, and high estimate shall be provided such that:
- There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate
 - There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate
 - There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate

GLOSSARY OF TECHNICAL TERMS (Cont'd)

		When using the deterministic scenario method, typically there should also be low, best, and high estimates, where such estimates are based on qualitative assessments of relative uncertainty using consistent interpretation guidelines. Under the deterministic incremental (risk-based) approach, quantities at each level of uncertainty are estimated discretely and separately
"Reserves"	:	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: They must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied. For Reserves, the general cumulative terms low/best/high estimates are denoted as 1P/2P/3P, respectively. The associated incremental quantities are termed Proved, Probable and Possible
"Reserves Replacement Ratio"	:	This ratio measures the amount of proved Reserves added to an E&P company's Reserves base during a year relative to the amount of oil and gas produced in that year. A company's Reserves replacement ratio must be at least 1.0 or 100% for the company to stay in business. Otherwise, it will eventually run out of oil and gas. A ratio of 100% means the current production is sustainable, above 100% means production can grow, and below 100% means production is likely to decline. This ratio is one of the measures used by shareholders to assess the operating performance of an E&P company
"RSC"	:	Risk service contract, a contract signed between a host country and a contractor (oil company). Under a typical RSC, the host government is the owner of the oil and gas field, hence it will own all the Reserves and production, but the oil company's capital investment is recoverable. The oil company will earn a remuneration fee that would cover the costs of service and infrastructure provided to extract the oil and gas and will also be rewarded with certain performance bonuses should the oil company exceed the agreed key performance indicators (KPI). End of field life abandonment obligations remain with the host government
"Unconventional resources"	:	Unconventional resources exist in petroleum accumulations that are pervasive throughout a large area and are not significantly affected by hydrodynamic influences (also called "continuous-type deposits"). Examples include CBM, basin-centered gas, shale gas, gas hydrates, natural bitumen, and oil shale deposits. Typically, such accumulations require specialised extraction technology
"Wildcat"	:	A well in a previously undrilled area or an exploratory well
"Working Interest"	:	A company's equity interest in a project before reduction for royalties or production share owned to others under the applicable fiscal terms
"WTI"	:	West Texas Intermediate, a benchmark price for crude oil

OIL AND GAS UNITS OF MEASUREMENT

OIL AND GAS UNITS OF MEASUREMENT

Crude oil is normally measured by volume in US gallons or barrels, or by weight in tons or tonnes. Crude oil prices are generally quoted in USD per barrel. Quantities of oil produced, moved or processed are expressed in barrels of oil per day.

Natural gas is typically measured by volume and is stated in cubic feet or cubic meters under standard conditions of pressure and temperature. The pricing of gas is based on its energy content. The most common unit is USD per million British thermal unit.

In order to quantify the total oil and gas resources found in a field, country or region, in a single equivalent unit of measurement, the amount of gas can be converted into barrels or tonnes of oil equivalent. A barrel or tonne of oil equivalent is a unit of energy based on the approximate energy released by burning one barrel or tonne of crude oil.

Prefixes represent steps of 1000 and they are:

k (kilo) = 1,000

m (million) = 1,000,000

b (billion) = 1,000,000,000

t (trillion) = 1,000,000,000,000

The abbreviations of units of measurements used in this Prospectus are:

bbbl	:	Barrel of oil
bcf	:	Billion cubic feet
boe	:	Barrels of oil equivalent
bpd	:	Barrels of oil per day
kbd	:	Thousand barrels of oil per day
MMbo	:	Million barrels of oil
MMcfd	:	Million cubic feet per day
MMboe	:	Million barrels of oil equivalent
MMtoe	:	Million tonnes of oil equivalent

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include natural persons, firms, companies, bodies corporate and corporations, unless otherwise specified.

Any reference in this Prospectus to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise stated.

Any references to "our Company", "the Company", "Reach Energy", "we", "us", "our" and "ourselves" in this Prospectus are to our Company. Statements as to our beliefs, expectations, estimates and opinions are those of our Directors and Management Team.

Any references to "asset" in this Prospectus are to target company and/or asset.

This Prospectus includes statistical data provided by our Management Team and various third parties and cites third-party projections regarding growth and performance of the oil and gas industry. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the oil and gas industry. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved and you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management Team for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, our performance or achievements expressed or implied by such forward-looking statements to be different. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Company's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would" and "could", or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies;
- (ii) plans and objectives of our Management Team for future operations; and
- (iii) our financial position.

Our actual performance or achievements may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the economic, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation and regulation;
- (iii) the competitive environment in our industry; and
- (iv) any other factors beyond our control.

Additional factors that could cause our actual performance or achievements to differ materially include, but are not limited to those discussed in Section 4 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

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1. CORPORATE INFORMATION**BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Izlan bin Izhab <i>(Chairman / Senior Independent Non-Executive Director)</i>	9, Jalan SS14/5C 47500 Subang Jaya Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Ir. Shahul Hamid bin Mohd Ismail <i>(Managing Director)</i>	46, Jalan USJ 20/1E 47630 Subang Jaya Selangor Darul Ehsan Malaysia	Managing Director	Malaysian
Nik Din bin Nik Sulaiman <i>(Independent Non-Executive Director)</i>	No. 6, Lorong PJU 7/19A Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Aonghus Joseph O'Carroll <i>(Independent Non-Executive Director)</i>	1 Hascombe Terrace Love Walk, Camberwell London SE5 8SQ United Kingdom	Company Director	Irish

AUDIT COMMITTEE

Name	Designation	Directorship
Nik Din bin Nik Sulaiman	Chairman	Independent Non-Executive Director
Izlan bin Izhab	Member	Chairman/ Senior Independent Non-Executive Director
Aonghus Joseph O'Carroll	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Izlan bin Izhab	Chairman	Chairman/ Senior Independent Non-Executive Director
Aonghus Joseph O'Carroll	Member	Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director

1. CORPORATE INFORMATION (Cont'd)**REMUNERATION COMMITTEE**

Name	Designation	Directorship
Izlan bin Izhab	Chairman	Chairman/ Senior Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director
Ir. Shahul Hamid bin Mohd Ismail	Member	Managing Director

RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Aonghus Joseph O'Carroll	Chairman	Independent Non-Executive Director
Nik Din bin Nik Sulaiman	Member	Independent Non-Executive Director
Ir. Shahul Hamid bin Mohd Ismail	Member	Managing Director
Azmi bin Tan Sri Arshad	Member	-

COMPANY SECRETARIES

: Chin Ngeok Mui (MAICSA 7003178)
No. 3, Jalan Ibu Kota Empat
Taman Ibu Kota
Gombak
53100 Kuala Lumpur

Chen Bee Ling (MAICSA 7046517)
B-3-3A, Pangsapuri Impian
Off Jalan Pipit
Bandar Puchong Jaya
47100 Puchong
Selangor Darul Ehsan

REGISTERED OFFICE

: Level 8, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel no: +603-7841 8000
Fax no: +603-7841 8199

HEAD/MANAGEMENT OFFICE

: Level U6, Block D3, Solaris Dutamas
No.1, Jalan Dutamas 1
50480 Kuala Lumpur
Tel no: +603-6206 4928
Fax no: +603-6206 4929
Email: info@reachenergy.com.my
Website: www.reachenergy.com.my

1. CORPORATE INFORMATION (Cont'd)

AUDITORS/REPORTING ACCOUNTANTS	:	KPMG Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel no: +603-7721 3388 Fax no: +603-7721 3399
SOLICITORS FOR THE LISTING	:	Lee Choon Wan & Co. No. 12, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Tel no: +603-2093 0078 Fax no: +603-2094 1750
PRINCIPAL BANKERS	:	Hong Leong Islamic Bank Berhad G2-70, Level G2 Publika Shopping Gallery Solaris Dutamas 1 Jalan Dutamas 1 50480 Kuala Lumpur Tel no: +603-6205 3078 Fax no: +603-6205 3041 Standard Chartered Saadiq Berhad No. G15, Block 3 Laman Seri Business Park No. 7, Persiaran Sukan Seksyen 13 40100 Shah Alam Selangor Darul Ehsan Tel no: +603-5565 3688 Fax no: +603-5511 7585
INDEPENDENT MARKET RESEARCHER	:	PFC Energy SARL Level 27, UBN Tower 10 Jalan P. Ramlee 50250 Kuala Lumpur Tel no: +603-2172 3400 Fax no: +603-2072 3599
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Tel no: +603-7841 8000 Fax no: +603-7841 8150

1. CORPORATE INFORMATION (Cont'd)

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 no: +603-7841 8000 Fax no: +603-7841 8151/52
CUSTODIAN	:	AmanahRaya Trustees Berhad Tingkat 2, Wisma TAS No. 21, Jalan Melaka 50100 Kuala Lumpur Tel no: +603-2036 5000 Fax no: +603-2072 0320
PRINCIPAL ADVISER, PLACEMENT AGENT AND UNDERWRITER	:	Hong Leong Investment Bank Berhad Level 23, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel no: +603-2168 1168 Fax no: +603-2164 8880
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the Shariah Advisory Council of the SC

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2. SUMMARY INFORMATION

This is a summary of the salient information in the Prospectus. It may not contain all the information that may be important to you. You should read and understand the entire Prospectus carefully before you decide to invest in our Company.

2.1 OVERVIEW OF OUR BUSINESS

2.1.1 Our Objective

We intend to list on the Main Market of Bursa Securities as a SPAC. SPACs are companies which have no operations or income generating business at the point of IPO but undertake an IPO for the purposes of raising funds to acquire operating companies, businesses or assets, otherwise known as Qualifying Acquisition.

Whilst we shall commence business as a SPAC listed on the Main Market of Bursa Securities, our vision is to establish our Company as an independent Malaysia-based E&P company with global and domestic operations.

2.1.2 Our Rationale

We believe that there are favourable environment and market conditions in the oil and gas industry for our Qualifying Acquisition, particularly in the Region of Focus due to the following:

- (i) the liberalisation of the oil and gas industry resulting in the release of development and/or production assets by NOCs and governments for independent development;
- (ii) the improved financial viability of development and/or production assets;
- (iii) the economic viability for development and/or production assets to the incumbent larger IOCs and NOCs;
- (iv) the drive to develop huge unconventional oil and gas resources is attracting the attention of larger IOCs. This is opening up more opportunities for smaller independent oil companies; and
- (v) the application of new techniques to improve oil recovery and enhance oil production for development and/or production assets.

These opportunities will encourage a new breed of small and medium but more agile independent E&P companies like our Company to emerge and participate in the oil and gas development and production activities.

2.1.3 Our Value Proposition

Our value proposition as an oil and gas SPAC is as follows:

- (i) Focus on relatively low-risk development and/or production assets with a primary objective to produce oil and gas and generate early revenue within two years from the date of completion of the Qualifying Acquisition.

We will not enter into exploration activities for the Qualifying Acquisition due to the inherent uncertainties associated with higher risk and longer gestation period from acquisition to generating revenue. Our focus on development and/or production assets is aligned with our main aim of early revenue i.e. within two years from date of completion of the Qualifying Acquisition. Post Qualifying Acquisition, we intend to eventually own a balanced portfolio of exploration and production assets with the objective of growing our Reserves.

2. SUMMARY INFORMATION (Cont'd)

- (ii) Strength of our Management Team
- A balanced Management Team comprising E&P veterans with practical and technical field experiences and track record encompassing the entire value chain of the E&P sector from identification of assets up to decommissioning/abandonment of fields.
 - Familiarity with the Asia Pacific region that we intend to focus on which covers specifically Malaysia, Indonesia, Australia, Myanmar, Thailand, the Philippines and Vietnam.
 - Wide networks and contacts within the oil and gas sector which will facilitate the sourcing and early identification of potential target company and/or asset.
 - Entrusted with clear roles and responsibilities.
- (iii) More competitive financial position to acquire sizeable target company and/or asset for the purpose of the Qualifying Acquisition

Given the quantum of proceeds we intend to raise, i.e. RM750 million, we are well-positioned and have a more competitive financial position to acquire sizeable target company and/or asset for our Qualifying Acquisition.

2.1.3.1 Our Business Strategies

For the Qualifying Acquisition, we will focus on Brownfields in the production phase and fields in the proximity of existing producing areas in the development and production phases within the Asia Pacific region in established hydrocarbon basins, with Reserves calculations of at least in the 2P Reserves category (namely Proved and Probable Reserves), as these are of lower risk and with more certainty of remaining and upside potential Reserves. For clarity, the fields in the proximity of existing producing areas may not be producing but are ready for development and these fields are not in the exploration phase.

In addition, we shall complete a Qualifying Acquisition by acquiring target company and/or asset. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company. In addition, we will be the operator where we will have management control.

We shall achieve the above objective of completing a Qualifying Acquisition by leveraging on the technical expertise, knowledge, network and experience of our Management Team and Board. We intend to acquire fields with production and development enhancement opportunities and accelerate production whenever possible using advanced technologies and/or techniques.

Further, we target to realise commercial production and generate early revenue within two years from the date of completion of the Qualifying Acquisition.

After the initial Qualifying Acquisition, our Management Team will implement various initiatives and strategies to ensure business continuity, growth and profitability of our Company with the following aims:

- (i) to build a strong base in the upstream oil and gas value chain globally and continue to generate revenue streams organically by adding value to our assets;
- (ii) to have a balanced portfolio of E&P assets for sustainable growth;
- (iii) to further develop our position as a regional operator of oil and gas assets; and

2. SUMMARY INFORMATION (Cont'd)

(iv) to proactively participate in the growing E&P opportunities in Malaysia.

Further details of our Company and business are set out in Sections 5.1 to 5.2 of this Prospectus.

2.1.3.2 Our Team

Our team (Directors and Management Team) comprises both local and international expertise with proven track record and global networks in the oil and gas industry. Our Management Team members have an average of over 30 years of experience in the oil and gas industry worldwide especially in Asia Pacific, with IOCs and NOCs holding senior management roles. They are technical specialists with many years of practical experiences, encompassing the entire value chain of upstream segment of the oil and gas industry.

Our Management Team will also be guided by our Board made up of a blend of international industry experts who have led major IOCs and oil and gas consulting practices and legal and finance professionals who have held senior positions with international conglomerates as well as regulatory body. They are also an experienced Board well versed in implementing corporate governance practices to safeguard the best interest of our Company. Further details of our team are set out in Sections 5.2.1.6, 7.1.2 and 7.2.3 of this Prospectus.

2.2 PRINCIPAL STATISTICS OF THE IPO

Issue Size : We have made available 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants representing approximately 78.26% of our enlarged issued and paid-up ordinary share capital (after the Public Issue) at the Issue Price, payable in full upon application, as follows:

(i) Selected investors by way of private placement

980,000,000 Public Issue Shares together with 980,000,000 Warrants are available for application by way of private placement to selected investors (including the Cornerstone Investors).

(ii) Malaysian Public

20,000,000 Public Issue Shares together with 20,000,000 Warrants, to be allocated via balloting, are available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which 50% is to be set aside strictly for Bumiputera investors.

Issue Price : RM0.75 payable in full upon application.

Ranking of shares : Save for the Non-Participation Obligations, the Public Issue Shares will rank *pari passu* in all respects with our other existing issued and fully paid-up Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

Purpose of IPO : The purposes of the IPO are to facilitate our listing on the Main Market of Bursa Securities as a SPAC and to raise funds from the capital market to undertake the Qualifying Acquisition.

2. SUMMARY INFORMATION (Cont'd)

Use of proceeds : We shall use the total proceeds from the IPO amounting to RM750,000,000 for the acquisition of target company and/or asset as Qualifying Acquisition, our working capital requirements and to defray estimated listing expenses. Please refer to Section 3.6 of this Prospectus for further details on the utilisation of proceeds.

2.3 HISTORICAL FINANCIAL INFORMATION

The audited financial statements of our Company from 7 February 2013 (i.e. date of our incorporation) to 31 July 2013 and for the financial period from 1 August 2013 to 31 January 2014 were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

You should read our audited financial statements in conjunction with the management discussion and analysis of our financial conditions and results of operations as set out in Section 10.2 of this Prospectus and the Reporting Accountants' Letter on the Pro Forma Statements of Financial Position as at 31 January 2014 as set out in Section 10.5 of this Prospectus.

2.3.1 Statement of Comprehensive Income

As Reach Energy has not commenced business operations since our incorporation on 7 February 2013, our Company has not generated any revenue, save for the interest income. Our Company's expenses comprise administrative and sundry expenses. The summary of the audited Statement of Comprehensive Income of our Company from 7 February 2013 (i.e. date of our incorporation) to 31 July 2013 and for the financial period from 1 August 2013 to 31 January 2014 is as follows:

	<-----Audited----->	
	7 February 2013 to 31 July 2013	1 August 2013 to 31 January 2014
	RM	RM
Operating expenses	(2,173,245)	(2,545,664)
Interest income	4,284	66,776
Loss before taxation	(2,168,961)	(2,478,888)
Less: Income tax expense	-	-
Loss / total comprehensive expenses for the period	(2,168,961)	(2,478,888)
No. of Shares in issue	113,600,200	113,600,200
Net loss per Share (sen)	(1.91)	(2.18)
Diluted loss per Share ⁽¹⁾	*	*

Notes:

(1) The diluted loss per Share after the Public Issue and upon the full conversion of Warrants is less than RM0.01.

* Negligible.

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2. SUMMARY INFORMATION (Cont'd)

2.3.2 Pro Forma Statements of Financial Position as at 31 January 2014

The following table sets out the Pro Forma Statements of Financial Position of Reach Energy as at 31 January 2014, after adjusting for the IPO and payment of listing expenses, prepared solely for illustrative purposes. The Pro Forma Statements of Financial Position should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter on the Pro Forma Statements of Financial Position as set out in Section 10.5 of this Prospectus.

	Pro Forma I	Pro Forma II	Pro Forma III	Pro Forma IV	Pro Forma V	Pro Forma VI
	Advance payment by Reach Energy Holdings	After Pro Forma I, subsequent subscription of Shares and Warrants by Reach Energy Holdings, subscription of Shares and Warrants by the Initial Investor and Conversion of RCPS	After Pro Forma II and the Proposed Public Issue ⁽¹⁾	After Pro Forma III and payment of listing expenses	After Pro Forma IV and completion of Qualifying Acquisition ⁽²⁾	After Pro Forma V and full exercise of Warrants
Audited as at 31 January 2014	RM	RM	RM	RM	RM	RM
Non-current assets						
Plant and equipment	171,911	171,911	171,911	171,911	171,911	171,911
Total non-current assets	171,911	171,911	171,911	171,911	171,911	171,911
Current assets						
Cash and cash equivalents	5,589,157	26,647,157	776,647,157	750,647,157	750,647,157	1,709,013,826
Deposits and prepayments	37,280	37,280	37,280	37,280	37,280	37,280
Total current assets	5,626,437	26,684,437	776,684,437	750,684,437	750,684,437	1,709,051,106
Total assets	5,798,348	19,856,348	776,856,348	750,856,348	750,856,348	1,709,223,017
Equity						
Share capital	1,136,002	2,778,224	12,778,224	12,778,224	12,778,224	25,556,446
Share premium	1,908,480	17,470,970	35,645,970	12,322,970	520,447,970	1,688,657,226
Warrants reserves	2,067,520	8,920,809	20,120,809	20,120,809	222,620,809	-
Retained earnings	(4,647,849)	(5,383,541)	(5,383,541)	(8,060,541)	(7,239,781)	(7,239,781)
Share-based payment reserve	85,068	522,560	820,760	820,760	-	-
Total equity	549,221	24,607,222	63,982,222	37,982,222	748,607,222	1,706,973,891

2. SUMMARY INFORMATION (Cont'd)

	Pro Forma I	Pro Forma II After Pro Forma I, subscription of Shares and Warrants by Reach Energy Holdings, subscription of Shares and Warrants by the Initial Investor and Conversion of RCPS	Pro Forma III	Pro Forma IV	Pro Forma V	Pro Forma VI
Audited as at 31 January 2014 RM	Advance payment by Reach Energy Holdings RM	RM	After Pro Forma II and the Proposed Public Issue ⁽¹⁾ RM	After Pro Forma III and payment of listing expenses RM	After Pro Forma IV and completion of Qualifying Acquisition ⁽²⁾ RM	After Pro Forma V and full exercise of Warrants RM
Liability						
Non-current liability						
Financial liability component of the Public Issue Share	-	-	710,625,000	710,625,000	-	-
Total non-current liability	-	-	710,625,000	710,625,000	-	-
Current Liabilities						
RCPS	3,000,001	-	-	-	-	-
Trade and other payables	2,249,126	2,249,126	2,249,126	2,249,126	2,249,126	2,249,126
Advance from holding company	-	14,058,000	-	-	-	-
Total current liabilities	5,249,127	19,307,127	2,249,126	2,249,126	2,249,126	2,249,126
Total Liabilities	5,249,127	19,307,127	712,874,126	712,874,126	2,249,126	2,249,126
Total Equity and Liabilities	5,798,348	19,856,348	776,856,348	750,856,348	750,856,348	1,709,223,017
Number of Shares	113,600,200	113,600,200	1,277,822,425	1,277,822,425	1,277,822,425	2,555,644,650
NA (RM)	549,221	549,221	63,982,222	37,982,222	748,607,222	1,706,973,891
NA per Share (RM)	0.005	0.005	0.05	0.03	0.59	0.67

2. SUMMARY INFORMATION (Cont'd)

Notes:

- (1) *The Public Issue Shares is a compound financial instrument with a financial liability and equity component as defined under MFRS 132 Financial Instruments: Presentation. The financial liability component, being the fair value of the 94.75% of the gross proceeds; represents our obligation to refund the IPO Trust Proceeds held in the Islamic Trust Account to the IPO Investors in the event we fail to complete a Qualifying Acquisition within the Permitted Timeframe.*
- (2) *Pro Forma V incorporates the effects of Pro Forma IV and the effects of the completion of Qualifying Acquisition based on the SC Guidelines, being fulfillment of all conditions precedent set out in the sale and purchase agreement governing the Qualifying Acquisition. Consequently, the financial liability component of the Public Issue Share will be reclassified as equity and recognised through the share premium account and Warrant reserve account as the Company has no further obligation to refund the IPO Trust Proceeds held in the Islamic Trust Account. The completion of the Qualifying Acquisition is not illustrated in this Pro Forma.*

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2. SUMMARY INFORMATION (Cont'd)

2.4 RISK FACTORS

As a SPAC, we are exposed to a number of possible risks that may arise from economic, business, market and financial factors and developments, which may have an adverse impact on our future performance. You should carefully consider the risks and investment considerations set out below along with the other matters in this Prospectus before you make your investment decision.

We believe that there are certain risks in relation to the nature of a SPAC and these risk factors that may affect our business and operations include, but are not limited to the following:

- (i) We do not have any operating history and accordingly you do not have a conventional basis on which to evaluate our ability to achieve our business objective.
- (ii) We have yet to select a target company or asset as the subject matter of a Qualifying Acquisition and are currently unable to ascertain the merits or risks of the company or asset which we may ultimately acquire. Additionally, your rights in relation to the Qualifying Acquisition is limited to voting for or against the proposed target company and/or asset tabled to our shareholders for approval.
- (iii) Our ability to successfully effect a Qualifying Acquisition and to successfully operate the acquired company or asset thereafter is dependent upon the expertise and experience of our Board and Management Team.
- (iv) We may only be able to complete one Qualifying Acquisition with the proceeds of this IPO, which will cause us to be solely dependent on a single company or asset.
- (v) If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be required to liquidate and distribute the IPO Trust Proceeds.
- (vi) Our public shareholders may receive less than the Issue Price per Share and our Warrants will expire worthless in the event of liquidation due to non-completion of a Qualifying Acquisition within the Permitted Timeframe.
- (vii) If we acquire a target company or asset which is located outside of Malaysia, we could be subject to a variety of additional risks that may negatively impact our operations.
- (viii) We are exposed to uncertainties in the evaluation of oil and gas assets.

In addition, we are also exposed to risks relating to the oil and gas industry such as the financial and economic risks, strategic risks, compliance risks and operational risks. These risks may include, but are not limited to, the risks of fluctuations in oil and gas prices, financial markets risks, economic and socio-political risks, competition for access to oil and gas resources, integration risks, dependency on third-party infrastructure, host governments' policies and regulations, restrictions on operations, inadequate Reserves replacement and increasing cost structure.

Please refer to Section 4 of this Prospectus for further information on the risks relating to our business and operations, risks relating to the oil and gas industry and risks relating to the IPO.

3. PARTICULARS OF THE IPO

This Prospectus is dated 24 July 2014. The IPO is subject to the terms and conditions of this Prospectus.

A copy of this Prospectus has been registered with the SC and lodged with the Registrar of Companies who takes no responsibility for its contents.

The approval of the SC for the IPO (details of which are set out in Section 8.1 of this Prospectus) was obtained via its letter dated 19 June 2014. The approval of the SC shall not be taken to indicate that the SC recommends the IPO. You should rely on your own evaluation to assess the merits and risks of the IPO.

Bursa Securities has approved our admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up ordinary share capital of RM12,778,224 comprising 1,277,822,425 Shares, 1,277,822,225 Warrants and such new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities, via its letter dated 7 July 2014. Listing of and quotation for our Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of allotment and allocation information for the crediting of the Public Issue Shares and Warrants and receipt of an undertaking that all notices of allotment will be issued and dispatched to all successful applicants prior to the date of listing of and quotation for our Shares and Warrants.

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares and Warrants as prescribed securities. In consequence thereof, our Shares and Warrants offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares and Warrants will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository.

Persons submitting Applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not have a CDS account, you may open one by contacting any of the ADAs listed in Section 13.10 of this Prospectus. In the case of an Application by way of Application Form, an applicant should state his / her CDS account number in the space provided in the Application Form. In the case of an Application by way of Electronic Share Application or Internet Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, we must have at least 25% of our total number of Shares for which listing is sought in the hands of a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. In the event that the above requirements are not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In the event thereof, monies paid in respect of all Applications will be returned if the said permission is not granted. The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of our merit or the merit of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

3. PARTICULARS OF THE IPO (Cont'd)

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

This Prospectus does not comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority of any jurisdiction other than Malaysia.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any countries or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional advisers on the laws to which the Public Issue or you are or might be subject. Neither we nor the principal adviser nor any other advisers in relation to the Public Issue shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or any other professional advisers.

3.1 DETAILS OF THE PUBLIC ISSUE

We have made available 1,000,000,000 Public Issue Shares together with 1,000,000,000 Warrants representing approximately 78.26% of our enlarged issued and paid-up ordinary share capital at the Issue Price, payable in full upon application, as follows:

(i) Selected investors by way of private placement

980,000,000 Public Issue Shares together with 980,000,000 Warrants are available for application by way of private placement to selected investors (including the Cornerstone Investors) ("**Placement Portion**").

The Cornerstone Investors have agreed to acquire an aggregate of 210,000,000 Public Issue Shares together with 210,000,000 Warrants, representing 16.43% of the enlarged issued and paid-up capital of Reach Energy upon Listing. The Placement Portion to the Cornerstone Investors consisting of the said Shares and Warrants is not subject to any lock-up arrangement.

(ii) Malaysian Public

20,000,000 Public Issue Shares together with 20,000,000 Warrants, to be allocated via balloting, are available for application by Malaysian citizens, companies, societies, co-operatives and institutions of which 50% is to be set aside strictly for Bumiputera investors ("**Retail Portion**").

If there is an under-application in the Placement Portion such that the offering of 980,000,000 Public Issue Shares has not been achieved and there is a corresponding over-application in the Retail Portion, the Public Issue Shares may be clawed back from the Placement Portion and allocated to the Retail Portion, subject always to the discretion of HLIB, in consultation with our Company.

If there is an under-application in the Retail Portion and there is a corresponding over-application in the Placement Portion over and above the offering of 980,000,000 Public Issue Shares, the Public Issue Shares may be clawed back from the Retail Portion and allocated to the Placement Portion, subject always to the discretion of HLIB, in consultation with our Company.

3. PARTICULARS OF THE IPO (Cont'd)

All the 20,000,000 Public Issue Shares available for application by the Malaysian Public have been fully underwritten by the Underwriter based on the terms and conditions of the Underwriting Agreement. Please refer to Section 3.9 of this Prospectus for further details on the Underwriting Agreement.

A total of 980,000,000 Public Issue Shares available for application by way of private placement to selected investors shall be placed out by our Placement Agent.

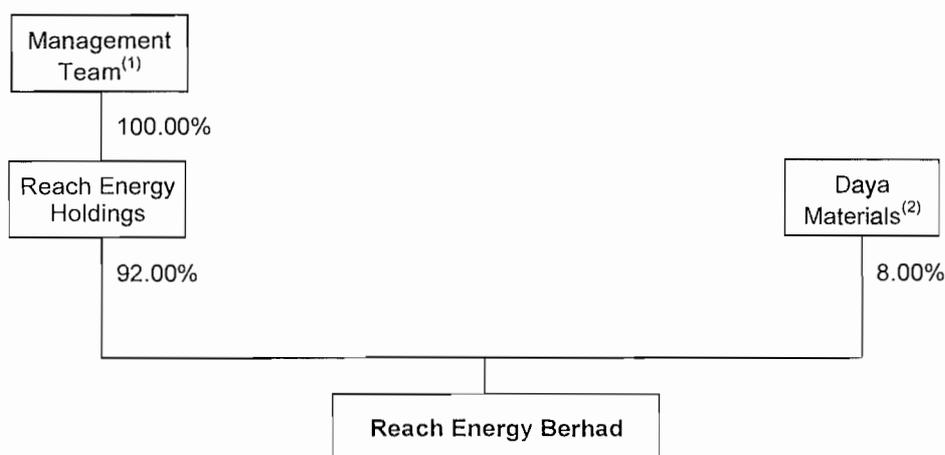
The Retail Portion will be allocated on a fair and equitable manner and the basis of allocation for the Public Issue Shares shall take into account the desirability of distributing the Public Issue Shares to a reasonable number of applicants in view of broadening our shareholding base to meet the public spread requirements and to establish a liquid and adequate market in our Shares. Applicants for the Placement Portion will be selected in such manner as may be determined by our Placement Agent, in consultation with our Company, to be in the best interest of our Company. Our Placement Agent, in consultation with our Company has the absolute discretion to decide whether to accept or reject any placement application.

The amount of Public Issue Shares will not be increased via any over-allotment or "greenshoe" option.

There is no minimum subscription to be raised from the Public Issue.

3.2 LISTING SCHEME

Shareholding structure of Reach Energy before the IPO



Notes:

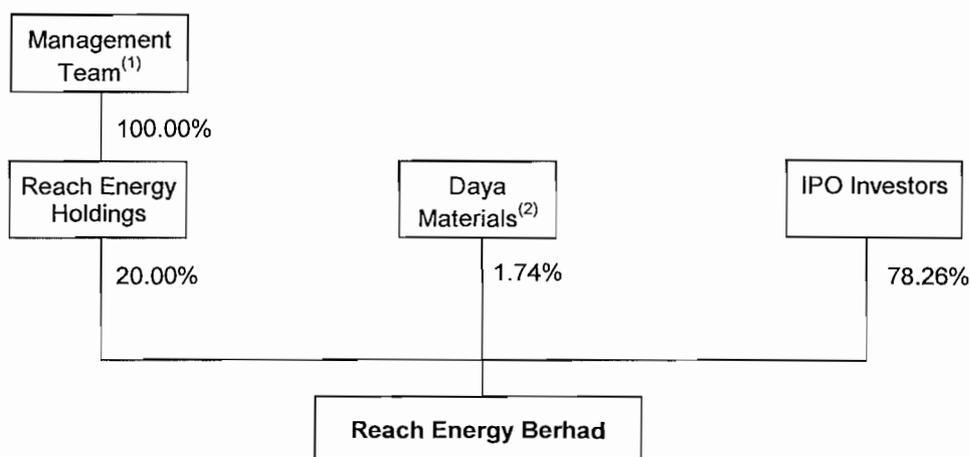
(1) Please refer to Section 7.3.2 of this Prospectus for background information on the shareholders of Reach Energy Holdings.

(2) Please refer to Section 7.3.2 of this Prospectus for background information on Daya Materials.

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3. PARTICULARS OF THE IPO (Cont'd)

Shareholding structure of Reach Energy immediately after the IPO



Notes:

- (1) Please refer to Section 7.3.2 of this Prospectus for background information on the shareholders of Reach Energy Holdings.
- (2) Please refer to Section 7.3.2 of this Prospectus for background information on Daya Materials.

In conjunction with and as an integral part of the Listing, we undertook the following:

(i) Subdivision of Shares

On 22 May 2013, we subdivided every 1 ordinary share of RM1.00 each in our Company into 100 Shares.

(ii) Subscription by Reach Energy Holdings

On 26 June 2013 and 5 February 2014, Reach Energy Holdings entered into the following agreements:

- (a) a subscription agreement with our Company for the subscription of 113,600,000 new Shares together with 113,600,000 Warrants at a subscription price of RM0.045 per Share. The 113,600,000 Shares together with 113,600,000 Warrants were issued on 10 July 2013; and
- (b) a supplemental subscription agreement with our Company for the subscription of 142,000,000 new Shares together with 142,000,000 Warrants at a subscription price of RM0.099 per Share, of which such number of new Shares together with the Warrants will be issued after the receipt of the SC's approval. The 142,000,000 Shares together with the 142,000,000 Warrants were issued on 20 June 2014.

The new Shares above collectively represent 20.00% of the enlarged share capital of Reach Energy pursuant to the Listing.

Overall, the Subscription by Reach Energy Holdings raised total proceeds of RM19,170,000.

3. PARTICULARS OF THE IPO (Cont'd)

The 255,600,000 Warrants will be listed on the Main Market of Bursa Securities simultaneously with the Warrants to be issued to the Initial Investor and IPO Investors upon the IPO (forming the same series under the Warrants Deed Poll).

(iii) Subscription by the Initial Investor

On 26 July 2013 and 2 July 2014, Daya Materials entered into a subscription agreement and supplemental subscription agreement, respectively with our Company. Further on 2 July 2014, Daya Materials, Midvest Asia Sdn Bhd and our Company entered into a novation agreement ("**Novation Agreement**")¹, with a supplemental to the Novation Agreement entered on 2 July 2014 between Daya Materials and our Company. The above agreements were entered into for the following:

- (a) the subscription of a total of 666,667 RCPS at a subscription price of RM4.50 per RCPS. The RCPS were issued on 29 July 2013 and raised proceeds of RM3,000,001.50¹; and
- (b) the subscription of a total of 15,555,555 new Shares together with 15,555,555 Warrants at a subscription price of RM0.45 per Share after the receipt of the SC's approval for the IPO. The total of 15,555,555 Shares were issued on 4 July 2014 and raised proceeds of RM6,999,999.75.

Overall, the Subscription by the Initial Investor raised a total proceeds of RM10,000,001.25 before the IPO.

The subscription amount, the number of RCPS and Shares subscribed together with the Warrants by the Initial Investor is as follows:

	Subscription amount (RM)	Number of RCPS subscribed	Number of Shares to be subscribed	Number of Warrants to be issued ⁽¹⁾
Initial Investor				
Daya Materials	10,000,001.25	666,667	15,555,555	22,222,225

Note:

- (1) Include the Warrants to be issued arising from the Conversion of RCPS as per item (iv) below.

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¹ Our Company has entered into the Novation Agreement with Daya Materials and Midvest Asia Sdn Bhd where Daya Materials assumed Midvest Asia Sdn Bhd's rights, title, interests, duties and obligations under the subscription agreement with our Company. Midvest Asia Sdn Bhd decided not to proceed with the subscription agreement in view of substantial deviations in terms and conditions from those contained in the subscription agreement dated 26 July 2013 between Midvest Asia Sdn Bhd and our Company.

3. PARTICULARS OF THE IPO (Cont'd)

The principal terms of the RCPS are as follows:

- Par Value : Each RCPS shall have a par value of RM0.01.
- Subscription Price : The subscription price for each RCPS shall be RM4.50.
- Premium : Each RCPS shall be issued at a premium of RM4.49.
- Dividends : The RCPS shall not be entitled to any dividend.
- Transferability : The RCPS shall be transferable.
- Conversion : Each RCPS is convertible into 10 Shares together with 10 Warrants through the surrender of the RCPS. The RCPS are to be converted into new Shares within 14 business days from the receipt of the SC's approval for the IPO.

Where applicable, for purposes of effecting the conversion, the share premium account of our Company will be utilised to fully pay up the nominal value of our Shares. In this regard, our Company shall ensure that it maintains and has sufficient balance in the share premium account at all times to fully pay up the nominal value of our Shares (as may be required).

- Redemption : Subject only to compliance with the requirements of Section 61 of the Act, all RCPS (unless earlier converted into Shares) shall be fully redeemable at the option of the holder, at the Redemption Price:
- (a) on the date falling 12 months after the date of issue of the RCPS if the approval from the SC is not received by our Company by then; or
 - (b) on the date falling 14 business days after our Company's receipt of any letter from the SC rejecting or stating its non-approval of our Company's application for the IPO,

whichever occurs first.

Our Company shall use its reasonable endeavours to ensure that it has sufficient funds (whether through profits or a new issue of shares or otherwise), which can be lawfully applied towards redemption of the RCPS at the relevant time.

No RCPS redeemed by our Company shall be capable of reissue.

- Redemption Price : RM4.50 per RCPS.
- Voting Rights : The RCPS shall entitle the holder to the voting rights as referred to in Section 148(2) of the Act and, to the fullest extent permitted by the Act in relation to preference shares, all other statutory voting rights.

3. PARTICULARS OF THE IPO (Cont'd)

- Protective Provisions : The prior consent of the holders of the RCPS shall also be required for any proposal by our Company which relates to, or involves, any of the following:
- (a) the issue by our Company of any other preference shares or any type of convertible debt / equity instruments ranking *pari passu* or in priority to the RCPS;
 - (b) any alteration or change to the rights, preferences and privileges of the RCPS;
 - (c) any increase in the number of RCPS to be issued by our Company; and
 - (d) anything which results or gives rise to a capital reduction by our Company.
- Status : The RCPS shall not be listed or quoted on any stock exchange.
- Non-Entitlement Obligations : The Shares held by the Initial Investor after conversion of RCPS are not entitled to participate in the Liquidation Distribution or the Qualifying Acquisition Share Repurchase.

(iv) Conversion of RCPS

On 8 July 2014, the Initial Investor converted a total of 666,667 RCPS held into 6,666,670 new Shares together with 6,666,670 Warrants. This together with the subscription of 15,555,555 new Shares together with 15,555,555 Warrants at a subscription price of RM0.45 per Share pursuant to the Subscription by the Initial Investor resulted in the Initial Investor holding a total of 22,222,225 Shares together with 22,222,225 Warrants.

The 22,222,225 Warrants will be allotted and issued to the Initial Investor on the date of allotment of the Public Issue Shares and Warrants under the Public Issue. In addition, the 22,222,225 Warrants will also be listed on the Main Market of Bursa Securities simultaneously with the 225,600,000 Warrants issued to Reach Energy Holdings and 1,000,000,000 Warrants to be issued to the IPO Investors upon the IPO (forming the same series under the Warrants Deed Poll).

(v) Public Issue

Our Company is undertaking a Public Issue and the details of the Public Issue have been set out in Section 3.1 of this Prospectus.

Thereafter, our Company shall be admitted to the Official List and our entire enlarged ordinary share capital comprising 1,277,822,425 Shares and 1,277,822,225 Warrants and such new Shares arising from the exercise of the Warrants on the Main Market of Bursa Securities shall also be listed and quoted on the Main Market of Bursa Securities.

3. PARTICULARS OF THE IPO (Cont'd)

3.3 SHARE CAPITAL, CLASSES OF SECURITIES AND RANKING

On Listing, we will have two classes of securities in our Company, namely the Shares and Warrants.

3.3.1 The Shares

Authorised share capital

The authorised share capital of Reach Energy upon Listing will be as follows:

	No. of Shares	RM
Authorised share capital	5,000,000,000	50,000,000

Issued and paid-up

The issued and paid-up ordinary share capital upon Listing will be RM12,778,224.

	No. of Shares	RM
Existing issued and paid-up	277,822,425	2,778,224
New Shares to be issued as fully paid-up pursuant to the Public Issue	1,000,000,000	10,000,000
Enlarged ordinary share capital upon Listing	1,277,822,425	12,778,224
New Shares to be issued as fully paid-up assuming full exercise of Warrants	1,277,822,225	12,778,222
Enlarged ordinary share capital after Listing and assuming full exercise of Warrants	2,555,644,650	25,556,447

Issue Price per Public Issue Share (RM) 0.75

Market capitalisation of our Company upon Listing based on the Issue Price (RM) 958,366,819

Save for the Non-Participation Obligations, the Public Issue Shares will rank *pari passu* in all respects with our existing Shares, including voting rights and rights to all dividends and distributions that may be declared subsequent to the allotment of Public Issue Shares.

Save for the Non-Participation Obligations, subject to the Articles of Association and any special rights attaching to any shares which may be issued by our Company in the future, the holders of Shares in our Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions. In respect of the whole of any surplus in the event of winding up of our Company (save for winding up in the event of non-completion of Qualifying Acquisition), such surplus shall be distributed among our members in proportion to the paid-up capital at the commencement of the winding up, in accordance with the Articles of Association and the provisions of the Act.

3. PARTICULARS OF THE IPO (Cont'd)

Save for the Non-Participation Obligations, at any general meeting of our Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each Share held. A proxy may, but need not be, a member of our Company and the provisions of Section 149(1)(b) of the Act shall not apply.

3.3.2 The Warrants

	<u>No. of Warrants</u>
Issued to Reach Energy Holdings	255,600,000
To be issued to the Initial Investor	
– Conversion of RCPS	6,666,670
– Subscription of new Shares	15,555,555
To be issued pursuant to the Public Issue	1,000,000,000
Warrants in issue after the IPO	<u>1,277,822,225</u>

The Warrants shall be issued in registered form and are constituted by the Warrants Deed Poll. The Warrants shall be exercisable at anytime during the period commencing from and inclusive of the date of completion of the Qualifying Acquisition up to and including the Expiry Date (as defined below).

Any Warrants not exercised during the Exercise Period (as defined below) will lapse and cease to be valid.

Salient terms of the Warrants

The salient terms of the Warrants are as follows:

- Issue size : 1,277,822,225 Warrants.
- Form : The Warrants will be issued in registered form and constituted by the Warrants Deed Poll.
- Expiry Date : The expiry date of the Warrants is as follows:
- (a) 5.00 p.m. on the 8th anniversary of the date of Listing if the completion of Qualifying Acquisition takes place within the Permitted Timeframe; or
- (b) 5.00 p.m. on the 3rd anniversary of the date of Listing if the completion of Qualifying Acquisition does not take place within the Permitted Timeframe;
- provided that if the Expiry Date is not a Market Day, then it shall fall on the preceding Market Day.
- Exercise Period : The period commencing from and inclusive of the date of the completion of the Qualifying Acquisition of our Company and ending on the Expiry Date.

Any Warrants not exercised during the Exercise Period will lapse and cease to be valid.

3. PARTICULARS OF THE IPO (Cont'd)

- Exercise Rights : Each Warrant shall entitle the holder to subscribe for one new Share at the Exercise Price at any time during the Exercise Period and shall be subject to adjustments in accordance with the provisions of the Warrants Deed Poll.
- Exercise Price : RM0.75 per Warrant.
- Listing : Approval from Bursa Securities has been obtained for the admission of the Warrants to the Official List and the listing of and quotation for the Warrants and the new Shares to be issued arising from the exercise of Warrants on the Main Market of Bursa Securities.
- Rights of the Warrant holders : The Warrant holders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in our Company until and unless such Warrant holders exercise their Warrants into new Shares.
- Ranking : The new Shares arising from the exercise of Warrants shall, upon allotment and issue, rank *pari passu* with the then existing Shares, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which precedes the date of allotment of the new Shares.
- Board lot : The Warrants shall be tradable upon listing on Bursa Securities in board lots of 100 Warrants.
- Adjustment to the Exercise Price and/or number of Warrants : Subject to the provisions of the Warrants Deed Poll, the Exercise Price of the Warrants and/or the number of Warrants held by each Warrant holder may from time to time be adjusted, calculated or determined by our Board in consultation with an approved principal adviser or auditor and certified by the auditor appointed by our Company, in the event of alteration to the share capital of our Company in accordance with the provisions as set out in the Warrants Deed Poll.
- Transferability : The Warrants shall be transferable in the manner in accordance with the Warrants Deed Poll subject always to the provisions of the SICDA and the Rules of Bursa Depository and any appendices.
- Winding up : Prior to the completion of Qualifying Acquisition, if a resolution is passed for a members' voluntary winding up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, every Warrant will cease thereafter to be valid for any purpose pursuant to the SC Guidelines.

If our Company is wound up other than by way of a members' voluntary winding-up prior to the completion of Qualifying Acquisition, every Warrant will cease thereafter to be valid for any purpose pursuant to the SC Guidelines.

3. PARTICULARS OF THE IPO (Cont'd)

- Winding up (Cont'd) : If during the Exercise Period and after the completion of Qualifying Acquisition, a resolution is passed for a members' voluntary winding up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of our Company with one or more companies, then:
- (a) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant holders; and
 - (b) in any other case, every Warrant holder shall be entitled upon and subject to the conditions of the Warrants Deed Poll at any time within six weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Exercise Rights to the extent specified in the exercise form and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant Exercise Price.

Our Company shall give notice to the Warrant holders in accordance with the Warrants Deed Poll of the passing of any such resolution within seven days after the passing thereof. Upon the expiration of the above six weeks period, any Exercise Rights which have not then been exercised will lapse and every Warrant will cease thereafter to be valid for any purpose.

If our Company is wound up other than by way of a members' voluntary winding-up within the Exercise Period and after the completion of Qualifying Acquisition, all Exercise Rights which have not been exercised prior to the date of commencement of the winding-up will lapse and every Warrant will cease thereafter to be valid for any purpose.

If our Company is wound up pursuant to Paragraph 6.41 of the SC Guidelines due to completion of Qualifying Acquisition not taking place within the Permitted Timeframe, every Warrant will cease thereafter to be valid for any purpose.

For the avoidance of doubt and notwithstanding any other condition, the Warrants shall not have any entitlement to the funds held in our Company's Islamic Trust Account upon any liquidation of our Company.

- Governing laws : Laws of Malaysia.

3. PARTICULARS OF THE IPO (Cont'd)

3.4 BASIS OF ARRIVING AT THE ISSUE PRICE

The Issue Price was determined and agreed upon by us and HLIB as the Principal Adviser, Placement Agent and Underwriter, after taking into account, *inter-alia* the following factors:

- (i) the minimum proceeds to be raised by a SPAC in accordance with the SC Guidelines;
- (ii) the estimated capital requirements of our Company to meet the selection criteria for the Qualifying Acquisition as set out in Section 5.2.1.1 of this Prospectus;
- (iii) the listing scheme as set out in Section 3.2 of this Prospectus; and
- (iv) the different risk level and timing of entry of our investors.

Further, you should also note that the market price of our Shares and Warrants upon Listing are subject to the uncertainties of market forces and other factors, which may affect the trading price of our Shares and Warrants. You should form your own views on the valuation of the Public Issue Shares and Warrants before deciding to invest in our Shares and Warrants.

3.5 PURPOSES OF THE IPO

The purposes of the IPO are to facilitate our listing on the Main Market of Bursa Securities as a SPAC and to raise funds from the capital market to undertake the Qualifying Acquisition.

3.6 PROCEEDS RAISED AND UTILISATION

3.6.1 Proceeds raised/ to be raised

The Subscription by Reach Energy Holdings and Subscription by the Initial Investor raised gross proceeds of RM29.17 million. The Public Issue is expected to raise gross proceeds amounting to RM750.00 million for our Company. The proceeds raised and to be raised are as follows:

	RM'000
Subscription by Reach Energy Holdings	19,170
Subscription by the Initial Investor	10,000
	<hr/>
	29,170
Proceeds from the Public Issue	750,000
	<hr/>
Total gross proceeds	779,170
	<hr/> <hr/>

3. PARTICULARS OF THE IPO (Cont'd)

3.6.2 Utilisation of proceeds

The total proceeds of RM779.17 million shall be utilised in the following manner after taking into consideration the requirement to have at least 90% of the gross proceeds from the IPO placed in a Trust Account, our selection criteria for the Qualifying Acquisition, the budgeted expenses associated with the Qualifying Acquisition and our day-to-day operational requirements:

Purposes	Expected time frame for utilisation from Listing	Note	Proceeds raised from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor	Proceeds to be raised from the Public Issue	Total
			RM'000	RM'000	
Acquisition of target company and/or asset	Within 36 months from the Listing	(a)	-	710,625	710,625
Working capital	Within 36 months from the Listing	(b)			
- Remuneration of the Management Team			15,459	-	42,545
- Pre-IPO office and corporate expenses			611	-	
- Others			-	26,475	
Estimated listing expenses	Within 1 month from the Listing	(c)	13,100	12,900	26,000
Total gross proceeds			29,170	750,000	779,170

Notes:

- (a) Please refer to Section 5.2 of this Prospectus for further details on the target company and/or asset to be acquired pursuant to the Qualifying Acquisition. If there is a surplus of funds subsequent to the Qualifying Acquisition, such surplus will be utilised or reserved for the development of the target company and/or asset, to acquire additional oil and gas assets and companies in the future and/or working capital.
- (b) A total of approximately RM42.55 million from the proceeds will be utilised as working capital in the following manner:

	RM'000
Remuneration of the Management Team ⁽¹⁾	15,459
Management and staff remunerations ⁽²⁾	988
Administrative expenses ⁽¹⁾⁽³⁾	4,811
Qualifying Acquisition identification and evaluation disbursements ⁽⁴⁾	13,000
Contingencies ⁽⁵⁾	8,287
	42,545

3. PARTICULARS OF THE IPO (Cont'd)

Notes:

- (1) The proceeds of RM29.17 million raised from Reach Energy Holdings and Initial Investor are mainly used for the remuneration of our Management Team (including salaries, contribution to Employees' Provident Fund ("EPF") and employee benefits² such as insurance and allowances) from the commencement of the employment and up to the Permitted Timeframe which is approximately RM15.46 million, the initial operation of our Company prior to the IPO which include office and corporate expenses of approximately RM0.61 million and to defray part of the listing expenses amounting to RM13.00 million as set out in note (c) below.
- (2) An estimated RM0.33 million per annum will be utilised for remuneration of managerial and supporting staff.
- (3) The day-to-day administrative and operating expenses include the office rental expenses, office upkeep and maintenance, printing and stationery, utilities fees, travelling expenses, Board's remuneration, professional fees such as the statutory audit fees and secretarial fees and general meeting expenses.
- (4) Qualifying Acquisition identification and evaluation disbursements to be incurred may comprise identification, structuring and negotiation costs, due diligence costs such as legal, accounting, valuation and other professional fees in respect of the evaluation of the target company and/or asset and earnest deposit. Such provision is based on the best estimates by our Management Team given their past experiences.

The associated costs and/or disbursements for the Qualifying Acquisition are expected to increase accordingly based on the deal size and/or number of deals for the Qualifying Acquisition given that generally the earnest deposit is a percentage of the acquisition cost and that the larger the deals and targets, greater complexity will involve and hence more intense due diligence work is required.

- (5) An amount of approximately RM8.29 million will be allocated as contingencies for the Qualifying Acquisition in the event of any shortfall in the budgeted Qualifying Acquisition identification and evaluation disbursements and other unforeseen miscellaneous costs.
- (c) Our Company will bear the entire listing expenses and fees incidental to our Listing of RM26.00 million as follows:

	RM'000
Estimated professional fees	1,841
Underwriting commissions	450
Placement commissions	22,050
Brokerage fees	150
Fees payable to authorities	673
Printing, advertisement and issuing house fees	385
Miscellaneous	451
Total	26,000

Note:

- * Professional fees include amongst others, the fees for Principal Adviser, Solicitors, Reporting Accountants, IMR and Custodian.

If there are any surplus proceeds subsequent to the settlement of the actual listing expenses, such surplus will be utilised for our working capital. Conversely, if the actual listing expenses are higher than estimated, the deficit will be funded from the portion allocated for the working capital.

² The employee benefits of approximately RM0.29 million per annum will only be paid after the IPO during the Permitted Timeframe.

3. PARTICULARS OF THE IPO (Cont'd)

Pending full utilisation, an amount of approximately RM710.63 million, being 94.75% of the proceeds from the Public Issue will be placed in the Islamic Trust Account. Please refer to Section 5.1.5 of this Prospectus for further details of the Islamic Trust Account. The balance of the proceeds will be placed in profit bearing Islamic account with licenced financial institution pending utilisation.

3.6.3 Proceeds from the exercise of the Warrants

Subject to the Warrants becoming exercisable, our Company may raise proceeds of RM958.37 million assuming full exercise of all the Warrants. Such actual proceeds arising from the exercise of the Warrants will depend on the actual number of Warrants exercised. The proceeds will be utilised for our business expansion and/or working capital, the precise allocation of which has yet to be determined at this juncture. Any investment plans, when they materialise, will be announced to Bursa Securities, and if required, be subject to approval by the relevant authorities and/or shareholders.

Pending future investment/utilisation by our Company, the proceeds from any exercise of the Warrants will be placed in profit bearing Islamic account with licenced financial institution.

3.6.4 Financial impact from the utilisation of proceeds

As stated above, the proceeds from the IPO will be utilised to acquire target company and/or asset pursuant to the Qualifying Acquisition, working capital of our Company and to defray estimated expenses incidental to our Listing. A total of approximately RM710.63 million has been earmarked for the acquisition of target company and/or asset assuming that the Qualifying Acquisition is duly approved by our shareholders in accordance to the SC Guidelines. Please refer to Section 5.1.2 of this Prospectus for further information on the minimum requirements of a Qualifying Acquisition. As the target company and/or asset for the Qualifying Acquisition has yet to be identified at this juncture, the financial impact on our Company from the utilisation of proceeds cannot be ascertained at this point in time.

3.7 DILUTION

The IPO Investors will be diluted immediately after the Public Issue. The dilution is computed as the difference between the Issue Price paid by the IPO Investors and the pro forma NA per Share of our Company immediately after the Public Issue.

Subsequent to the Public Issue and the payment of listing expenses, the pro forma NA per Share of our Company as at 31 January 2014 based on our enlarged issued and paid-up ordinary share capital would be RM0.03. This represents a decrease in our pro forma NA per Share of RM0.72 to the IPO Investors. The dilution is because the IPO proceeds placed under the Islamic Trust Account amounting to RM710,625,000 is deemed as a liability to our Company instead of an equity component prior to completion of the Qualifying Acquisition. As a SPAC, our Company is required to return the IPO Trust Proceeds under the Islamic Trust Account to the IPO Investors if the Qualifying Acquisition is not completed within the Permitted Timeframe.

Subsequent to the Public Issue, the payment of listing expenses and the completion of the Qualifying Acquisition within the Permitted Timeframe, the IPO Trust Proceeds will be reclassified from liability to equity and recognised through the share premium and Warrants reserve account as our Company has no further obligation to refund the IPO Trust Proceeds. Accordingly, our pro forma NA per Share as at 31 January 2014 will increase to RM0.59. This represents a decrease in our pro forma NA per Share of RM0.16 to the IPO Investors.

3. PARTICULARS OF THE IPO (Cont'd)

Subsequent to the Public Issue, the payment of listing expenses, the completion of the Qualifying Acquisition within the Permitted Timeframe and assuming full exercise of the Warrants at the Exercise Price after the Qualifying Acquisition, our pro forma NA per Share as at 31 January 2014 based on our enlarged issued and paid-up ordinary share capital would be RM0.67. This represents a decrease in our pro forma NA per Share of RM0.08 to the IPO Investors.

The following illustrates such dilution on a per Share basis:

	RM
Issue Price	0.75
<u>Decrease in pro forma NA per Share subsequent to the Public Issue and payment of listing expenses</u>	
Pro forma NA per Share as at 31 January 2014 after the Public Issue and payment of listing expenses	0.03
Dilution in pro forma NA per Share to IPO Investors after the Public Issue and payment of listing expenses	0.72
Dilution in pro forma NA per Share to IPO Investors as a percentage of the Issue Price, after the Public Issue and payment of listing expenses	96.0%
<u>Decrease in pro forma NA per Share subsequent to the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition[^]</u>	
Pro forma NA per Share as at 31 January 2014 after the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition	0.59
Dilution in pro forma NA per Share to IPO Investors after the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition	0.16
Dilution in pro forma NA per Share to IPO Investors as a percentage of the Issue Price after the Public Issue, payment of listing expenses and completion of the Qualifying Acquisition	21.3%
<u>Decrease in pro forma NA per Share subsequent to the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition[^] and assuming full exercise of the Warrants</u>	
Pro forma NA per Share as at 31 January 2014 after the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition and assuming full exercise of the Warrants	0.67
Dilution in pro forma NA per Share to IPO Investors after the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition and assuming full exercise of the Warrants	0.08
Dilution in pro forma NA per Share to IPO Investors as a percentage of the Issue Price after the Public Issue, payment of listing expenses, completion of the Qualifying Acquisition and assuming full exercise of the Warrants	10.7%

Note:

[^] Assuming the Qualifying Acquisition is completed within the Permitted Timeframe.

3. PARTICULARS OF THE IPO (Cont'd)

The following table summarises the total number of Shares acquired/to be acquired by Reach Energy Holdings and the Initial Investor since incorporation of our Company and prior to the date of Listing, the total consideration paid to our Company and the effective cash cost per Share to them and to the IPO Investors:

	Shares ⁽¹⁾ acquired / to be acquired		Total consideration		Effective cash cost per Share	Attributable market capitalisation ⁽²⁾
	No. of Shares	%	RM	%	RM	RM
Reach Energy Holdings	255,600,200	20.00	19,170,002	2.46	0.075	191,700,150
Initial Investor	22,222,225	1.74	10,000,001	1.28	0.450	16,666,669
IPO Investors	1,000,000,000	78.26	750,000,000	96.26	0.750	750,000,000
Total	1,277,822,425	100.00	779,170,003	100.00	-	958,366,819

Notes:

- (1) Shares acquired/to be acquired include free Warrants, on a basis of 1 Warrant for every 1 Share acquired, save for the 200 Shares held by Reach Energy Holdings being the initial subscriber shares.
- (2) Based on the Issue Price.

A summary of the different rights and entitlements of Reach Energy Holdings, Initial Investor and IPO Investors is set out below:

	Reach Energy Holdings	Initial Investor	IPO Investors
Investment amount	RM19.17 million	RM10 million	RM750 million
Funding for working capital	100% of investment amount	100% of investment amount	5.25% of investment amount
Protection on investment amount	No	No	94.75% of the investment amount plus profit accrued thereon are held in Islamic Trust Account
			In the event that the shareholders vote against the Qualifying Acquisition, they shall be entitled to the Qualifying Acquisition Share Repurchase

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3. PARTICULARS OF THE IPO (Cont'd)

	Reach Energy Holdings	Initial Investor	IPO Investors
Moratorium	Both Shares and Warrants held by Reach Energy Holdings are subject to a moratorium from the date of Listing until after our Company has commenced Commercial Production and generated one full financial year of audited operating revenue, please refer to Section 8.2.1 of this Prospectus	Both Shares and Warrants held by the Initial Investor are subject to a moratorium from the Listing until the completion of the Qualifying Acquisition, please refer to Section 8.2.3 of this Prospectus	No moratorium
Voting rights at EGM approving the Qualifying Acquisition	No	Yes	Yes
Entitlement to the Liquidation Distribution	No	No	Yes

(i) Difference between the effective cash cost per Share to Reach Energy Holdings and IPO Investors

The issue price of each new Share and Warrant issued to Reach Energy Holdings is 90% lower compared to the Issue Price, which may give rise to a potential unrealised gain of approximately RM172.53 million (based on the Issue Price) to Reach Energy Holdings upon the IPO. The discount accorded to Reach Energy Holdings is due to the following justifications:

- (a) Reach Energy Holdings has invested approximately RM19.17 million in our Company as initial funding, which will be utilised as working capital for our Company. In the event that (i) the IPO was not approved by the SC, (ii) the IPO is aborted due to the reasons as set out in Section 4.3.5 of this Prospectus or (iii) the Qualifying Acquisition is not completed within the Permitted Timeframe, the investment by Reach Energy Holdings will not be fully recoverable. Further, the Management Team's remuneration would be paid from the proceeds raised from Reach Energy Holdings and the Initial Investor until completion of the Qualifying Acquisition and not from the public investors;
- (b) our Management Team's commitment and contribution towards our Company for the Listing and subsequently the identification of a Qualifying Acquisition;

3. PARTICULARS OF THE IPO (Cont'd)

- (c) all our Shares and Warrants held by Reach Energy Holdings will be subject to a moratorium on the sale, transfer or assignment of the said Shares and Warrants. Please refer to Section 8.2 of this Prospectus for further information on the Moratorium and the additional restrictions on Reach Energy Holdings Shares held by our Management Team; and
- (d) Reach Energy Holdings is subject to the Non-Participation Obligations. In this respect, Reach Energy Holdings is subject to higher risk as compared to the IPO Investors as it is not entitled to a refund of a pro-rata portion of the amount held in the Islamic Trust Account in the event of a liquidation of our Company arising from a failure to complete the Qualifying Acquisition within the Permitted Timeframe and it is also not allowed to vote on the resolution approving the Qualifying Acquisition.

Our Management Team has invested in our Company via Reach Energy Holdings, i.e., through the Subscription by Reach Energy Holdings.

(ii) **Difference between the effective cash cost per Share to the Initial Investor and IPO Investors**

The issue/subscription price of RM0.45 of each new Share and Warrant issued to/subscribed by the Initial Investor is 40% lower compared to the Issue Price. This is due to the following justifications:

- (a) The Initial Investor has invested RM10 million in our Company as initial funding which will be utilised as working capital for our Company. In the event that (i) the IPO is aborted due to whatsoever reasons as set out in Section 4.3.5 of this Prospectus or (ii) the Qualifying Acquisition is not completed within the Permitted Timeframe, the investment by the Initial Investor may not be fully recoverable. Further, the Management Team's remuneration would be paid from the proceeds raised from Reach Energy Holdings and the Initial Investor until completion of the Qualifying Acquisition;
- (b) The Initial Investor's Shares and Warrants will be subject to a moratorium on the sale, transfer or assignment of the said Shares from the Listing until the completion of the Qualifying Acquisition. Please refer to Section 8.2.3 of this Prospectus for further information on the moratorium imposed on the Initial Investor; and
- (c) the Initial Investor is subject to the Non-Entitlement Obligations in respect of the Initial Investor's Shares. The Initial Investor is subject to higher risk as compared to the IPO Investors as the Initial Investor is not entitled to a refund of a pro-rata portion of the amount held in the Islamic Trust Account in the event they vote against the Qualifying Acquisition or a liquidation of our Company in the event of a failure to complete the Qualifying Acquisition within the Permitted Timeframe. Thus, the funds invested by the Initial Investor is not accorded the same protection mechanisms as the funds invested by the IPO Investors.

3. PARTICULARS OF THE IPO (Cont'd)

3.8 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEE

The Underwriter has entered into the Underwriting Agreement with our Company for the underwriting of 20,000,000 Public Issue Shares, which are available for application by the Malaysian Public ("**Underwritten Shares**"). We will pay an underwriting commission in respect of the Underwritten Shares at the rate of 3% of the Issue Price.

We will pay brokerage in respect of the 20,000,000 Public Issue Shares described in Section 3.1 of this Prospectus, at the rate of 1% on the Issue Price in respect of successful Applications bearing the stamp of HLIB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

We will pay a placement commission at the rate of 3% of the value of the Public Issue Shares placed out to placees identified by the Placement Agent or any such parties as may be ascertained by our Company.

3.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

The following are extracts of the salient terms contained in the Underwriting Agreement including terms which allow the Underwriter to withdraw from the underwriting obligation after the opening of the Public Issue. The capitalised terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:

3.9.1 The underwriting obligation of our Underwriter are subject to certain conditions precedent being satisfied on or prior to three Market Days after the Closing Date which in any case shall not be later than 31 August 2014 or such later date as consented to in writing by the Underwriter, the Underwriter, subject as mentioned below, thereupon be entitled to terminate the Underwriting Agreement by notice in writing to the Company. The conditions precedent under Clause 4.1 of the Underwriting Agreement includes the following:

- (a) there not being, in the reasonable opinion of the Underwriter, on or prior to the Closing Date, any Material Adverse Effect in the condition (financial, business, operations or otherwise) of the Company from that set out in the Prospectus which is material in the context of the Initial Public Offering; and
- (b) the delivery to the Underwriter on the Closing Date and Settlement Date, respectively a certificate in the agreed form of the Company, signed by a duly authorised officer of the Company, dated the Closing Date and the Settlement Date, to the effect that the person who provides such certificate has carefully examined this Agreement and that:
 - (i) the representations, warranties and undertakings of the Company are true, accurate and correct and not misleading in all respects on and as of the Closing Date and Settlement Date (as the case may be), as though they had been given and made on the Closing Date and the Settlement Date (as the case may be), and the Company has complied with all the terms of this Agreement and satisfied all the conditions on its part under this Agreement to be performed and satisfied on or prior to the Closing Date and the Settlement Date (as the case may be); (ii) since the date of this Agreement, there has been no change or development that may have a Material Adverse Effect; and (iii) the allotment and issuance of the Retail Offering under the Initial Public Offering are not being prohibited by any statutes or regulations promulgated or issued by any legislative or regulatory body in Malaysia.

3. PARTICULARS OF THE IPO (*Cont'd*)

3.9.2 The Underwriter may by notice in writing to the Company given at any time before the Listing Date, terminate, cancel and withdraw its Underwriting Commitment if:

- (a) there is any breach by the Company of any of the representations, warranties or undertakings set out in this Agreement in any respect; or in the case of any warranties or representations or undertakings which are not qualified by any materiality requirements, in any material respect; and in either event, where such misrepresentation or breach is capable of remedy, the same not being remedied within five Market Days, but in any event no later than the Closing Date from the provision of a written notice to the Company, as the case may be, by the Underwriter;
- (b) the Company withholds any material information from the Underwriter, which, in the reasonable opinion of the Underwriter, is likely to have a Material Adverse Effect;
- (c) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Underwriter by reason of Force Majeure which would have or can reasonably be expected to have, a material adverse effect on the business, operations, financial condition or prospects of the Company or the success of the Initial Public Offering or which is reasonably likely to have the effect of making any material obligation under this Agreement incapable of performance in accordance with its terms or the Company shall sustain any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, in each case, that has had or could reasonably be expected to have a Material Adverse Effect. "**Force Majeure**" means causes which are unpredictable and beyond the reasonable control of the Party claiming force majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:
 - (i) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
 - (ii) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power; or
 - (iii) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other Acts of God;
- (d) any government requisition or other occurrence of any nature whatsoever which is reasonably likely to have a material adverse effect on the business, operations, financial condition or prospects of the Company or the success of the Initial Public Offering;
- (e) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), economic conditions or exchange control or currency exchange rates which in the reasonable opinion of the Underwriter is likely to have a Material Adverse Effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (i) on or after the date of this Agreement; and
 - (ii) prior to the Listing Date,

3. PARTICULARS OF THE IPO (Cont'd)

lower than 85%, of the level of index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least five consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;

- (f) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading for three consecutive Market Days or more;
- (g) any new law or regulation or change in law, regulation, directive, policy or ruling in any applicable jurisdiction which is reasonably likely to prejudice the success of the Listing or which is reasonably likely to have the effect of making any obligation under this Agreement incapable of performance in accordance with its terms;
- (h) the Placement or Retail Offering is stopped by the Company or the regulatory authorities for any reason whatsoever;
- (i) the Listing does not take place on or before 30 September 2014 or within three Market Days after the Settlement Date, whichever is earlier, or such other extended date as may be agreed by the Underwriter; or
- (j) the Placement Agreement shall have been terminated or rescinded in accordance with the terms thereof or any of the conditions precedent set forth in the Placement Agreement not having been satisfied in full or to the extent not satisfied as such, waived by the placement agent therein in accordance with its terms.

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4. RISK FACTORS

We are exposed to a number of possible risks that may arise from economic, business, market and financial factors and developments, which may have an adverse impact on our future performance. You should carefully consider the risks and investment considerations set out below along with the other matters in this Prospectus before you make your investment decision.

The risks and investment considerations set out below are not an exhaustive list of the challenges that we currently face or that may develop in the future. Additional risks, whether known or unknown, may have a material adverse effect on the financial performance of our Company and/or the prices of our Shares and Warrants.

4.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS

4.1.1 We do not have any operating history and accordingly you do not have a conventional basis on which to evaluate our ability to achieve our business objective

As we do not have an operating history, you do not have a conventional basis upon which to evaluate our ability to achieve our business objective, which is to acquire an E&P company or asset in the upstream sector of the oil and gas industry for our Qualifying Acquisition. As at the LPD, we have no plans, arrangements or understandings with any prospective acquisition candidates. As a SPAC, we will not generate any significant revenues until, at the earliest, after the completion of a Qualifying Acquisition.

Please refer to Sections 5.2.1.6, 7.1.2 and 7.2.3 of this Prospectus for further details on the experience of our Board and Management Team that may assist you in assessing our ability to complete a Qualifying Acquisition and to manage operations.

4.1.2 We have yet to select a target company or asset as a subject matter of a Qualifying Acquisition and are currently unable to ascertain the merits or risks of the company or asset which we may ultimately acquire. Additionally, your rights in relation to the Qualifying Acquisition is limited to voting for or against the proposed target company and/or asset tabled to our shareholders for approval

We have yet to identify or select a target company or asset with which to complete a Qualifying Acquisition, thus, IPO Investors currently have no basis to evaluate the possible merits or risks of the target company or asset. While our Management Team will evaluate the merits and risks inherent in a particular target company or asset, we are not able to assure you that they can ascertain all risk factors. As such, we cannot assure you that an investment in our Shares and Warrants will ultimately prove to be more favourable to investors than a direct investment, if such opportunity was available, in a target company or asset. As we have not selected a target company or asset, we have not provided any projections of future returns at this stage in view of the uncertainty in the timing and nature of the Qualifying Acquisition. You should rely on your own evaluation and judgment to assess the merits, likely level of returns and risks of your investment in our Company. Your rights in relation to the Qualifying Acquisition is limited to voting for or against the proposed target asset tabled to our shareholders for approval.

Nevertheless, our Management Team will adopt the selection process as set out in Section 5.2.1.4 of this Prospectus for our Qualifying Acquisition. We have also established a Risk Management Committee to enhance our Company's risk management and procedures, including evaluation of a suitable target company or asset for our Qualifying Acquisition.

In addition, the Qualifying Acquisition is subject to our shareholders' approval at an EGM. The Qualifying Acquisition must be approved by a majority in number of our shareholders representing at least 75% of the total value of securities held by the shareholders present and voting either in person or by proxy.

4. RISK FACTORS (Cont'd)

4.1.3 **Our ability to successfully effect a Qualifying Acquisition and to successfully operate the acquired company or asset thereafter is dependent upon the expertise and experience of our Board and Management Team**

Our ability to successfully effect a Qualifying Acquisition is dependent upon the expertise and experience of our Board and Management Team. Thereafter, we will rely on our Management Team to manage and operate the acquired company or asset upon completion of the Qualifying Acquisition with the guidance and direction of our Board. Hence, the retention of our Board and Management Team is critical to ensure that we can successfully identify and operate the target company or asset.

Our Management Team owns Shares and Warrants in our Company through a holding company, Reach Energy Holdings. Pursuant to the IPO, our Management Team will collectively hold 20.00% equity interest in the enlarged issued and paid-up ordinary share capital of our Company. This will ensure that the interests of our Management Team are aligned with that of our Company. Our Management Team will continue to own the same proportion of equity interest in our Company assuming full exercise of all the Warrants.

In addition, as a greater commitment to Reach Energy, our Management Team has entered into the Reach Energy Holdings Shareholders' Agreements to regulate their relationship as shareholders of Reach Energy Holdings and to put in place the Moratorium. Nevertheless, there can be no assurance we can retain our Board and Management Team which may affect our ability to complete a Qualifying Acquisition and/or manage and operate the target company and/or asset pursuant to the Qualifying Acquisition. Please refer to Section 8.2 of this Prospectus for the details of the Moratorium.

Our ability to create value for shareholders depends on our ability to identify, evaluate and acquire a quality asset for our Qualifying Acquisition. Given that some of our Management Team members are at an advanced age, it may raise a concern about our ability to complete a quality Qualifying Acquisition or to continue as a going concern. In this respect, we recognise that in order to maintain our competitiveness and to ensure management continuity, our Management Team, by capitalising on their expertise and experiences, will mentor and develop selected younger and adequately experienced talent as part of a focused management succession planning process.

4.1.4 **We may not be able to complete the acquisition of an ideal target company or asset with the desired terms due to our limited resources**

We may face competition from entities having a business objective similar to ours, including other SPACs, venture capital funds, private equity firms and operating businesses competing for acquisitions. Some of these entities are well established and may have extensive experience in identifying and effecting acquisitions directly or through affiliates. Some of these competitors may also possess greater technical, financial, human capital and other resources than we do. While we believe that there are numerous potential target companies or assets that we could acquire with the net proceeds of this IPO, our ability to compete in acquiring certain sizeable and quality target company or asset would be limited by our available financial resources. Furthermore, the obligation that we have to seek shareholders' approval for a Qualifying Acquisition may delay the completion of a transaction.

4. RISK FACTORS (Cont'd)

In addition, as a SPAC, we are also constrained by the requirement to complete a Qualifying Acquisition within the Permitted Timeframe which may affect our ability to complete a Qualifying Acquisition with the desired terms due to the limited time available for carrying out due diligence and negotiations. Further, our potential vendors may have leverage over us in the negotiation of terms and conditions for the Qualifying Acquisition as they are aware of our requirement to complete a Qualifying Acquisition within the Permitted Timeframe. If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be forced to liquidate.

Nevertheless, there is an abundance of opportunities for development and/or production assets in the Asia Pacific region and globally and hence competition for such ventures may not pose as a major threat to our Company. Our Company riding on the experience and expertise of our Management Team would acquire and work these assets at lower cost base to benefit our shareholders. The critical success factor in this venture is the ability to carefully source, screen, analyse, secure and activate those assets that would deliver the expected returns.

4.1.5 We may not complete a Qualifying Acquisition and realise the benefits arising from the Qualifying Acquisition due to the increase in oil and gas prices or changes in government policies and regulations towards the oil and gas industry

Any significant increases in oil and gas prices may potentially result in an increase in the valuation of target company or asset. If such valuations exceed the funds available to us, our ability to complete a Qualifying Acquisition would be adversely affected or we may be forced to acquire a smaller interest or asset than originally envisaged. Adverse changes to government policies and regulations towards the oil and gas industry may limit the opportunities available.

4.1.6 We may only be able to complete one Qualifying Acquisition with the proceeds of this IPO, which will cause us to be solely dependent on a single company or asset

Our Qualifying Acquisition must have an aggregate fair market value equal to at least 80% of the aggregate amount in the Islamic Trust Account (net of any taxes payable). The fair market value of the target company or asset will be determined by our Board based upon one or more standards generally accepted by the financial community (which may include actual and potential revenues, earnings, cashflow and/or book value).

In view of the above, to achieve a Qualifying Acquisition, it may entail the simultaneous acquisition of several operating businesses at the same time. However, quality target company or asset usually command a higher price tag which may restrict us to only acquiring a single entity. By completing a Qualifying Acquisition with only a single entity, we would not be able to diversify our operations and our risks would be concentrated on such particular asset. Accordingly, the prospects for our success may be solely dependent upon the performance of such single company or asset.

4.1.7 If we simultaneously acquire several companies or assets, we will need the acquisitions to be executed at the same time, thereby making it more difficult for us to complete the acquisitions due to our limited resources

If we simultaneously acquire several companies or assets and such companies or assets are owned by different vendors, we will need each of the vendors to agree that our acquisition of their respective company or asset is contingent upon all approvals being obtained from our shareholders and the relevant regulatory authority as well as the simultaneous completion of the other acquisitions, which may make it more difficult for us and delay our ability to complete such acquisitions.

4. RISK FACTORS (Cont'd)

In addition, we may also face additional risks for multiple acquisitions, which include amongst others, additional burdens and costs with respect to possible multiple negotiations and due diligence investigations and the additional risks associated with the subsequent assimilation and/or integration of the operations and services or products of the acquired companies in a single operating company or asset. If we are unable to adequately address these risks, these could negatively impact our profitability and disrupt our business operations.

4.1.8 We may face difficulty in obtaining additional financing, if required, to complete a Qualifying Acquisition or to fund the operations and growth of the target company or asset, which may cause us to restructure or abandon a particular Qualifying Acquisition

If the net proceeds from this IPO prove to be insufficient for us to complete a particular Qualifying Acquisition either because of the size of the target company or asset, the depletion of the available net proceeds (other than the IPO Trust Proceeds) in search of a target company or asset, or the obligation to convert into cash a significant number of Shares from Dissenting Shareholders pursuant to the Qualifying Acquisition Share Repurchase, we will be required to seek additional financing. However, such additional financing, if any, may not be available on acceptable terms to us and we may need to restructure the transaction or abandon the Qualifying Acquisition and/or seek alternative target company or asset.

In addition, we may require additional financing to fund the operations or growth of the target company or asset after completion of Qualifying Acquisition. The failure to secure additional financing may have a material adverse effect on the development or growth of the target company or asset. Notwithstanding this, our Management Team will take into consideration the financial requirements of the target company or asset and our ability to undertake additional financing, if necessary before entering into a Qualifying Acquisition.

4.1.9 If the net proceeds of this IPO not held in the Islamic Trust Account are insufficient to allow us to operate for at least the next 36 months, we may be unable to complete a Qualifying Acquisition

We will place 94.75% of the IPO Proceeds into an Islamic Trust Account. The remaining monies raised from the Public Issue which are not held under the Islamic Trust Account together with the monies raised from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor will be used to fund our administrative and operating expenses including but not limited to the expenses to be incurred for the identification of target company or asset, remuneration of our Management Team and listing expenses in the next 36 months from the Listing or upon the completion of a Qualifying Acquisition, whichever is earlier. We believe that the funds available to us (excluding the IPO Trust Proceeds) will be sufficient to allow us to operate for the next 36 months from the Listing or upon completion of a Qualifying Acquisition, whichever is earlier. However, there is no assurance that the funds available to us will be sufficient.

We could use a portion of the funds not being placed in the Islamic Trust Account to pay due diligence costs in connection with a potential Qualifying Acquisition or to pay fees to professionals and/or consultants to assist us with our search for a target company or asset. We could also use a portion of the funds not being placed in the Islamic Trust Account as a deposit, downpayment or to fund an "exclusive" provision (an exclusive provision in letters of intent designed to keep the target company or asset from "shopping" around for transactions with others on terms more favourable to such target company or asset) with respect to a particular proposed Qualifying Acquisition. If we enter into such a letter of intent where we have to pay for the right to receive exclusivity from a target company or asset and such funds were subsequently forfeited (whether as a result of our breach or otherwise), we may not have sufficient funds to continue searching for and/or conduct due diligence with respect to any other potential target company or asset thereafter for our Qualifying Acquisition.

4. RISK FACTORS (Cont'd)

4.1.10 If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be required to liquidate and distribute the IPO Trust Proceeds.

We have 36 months from the Listing to complete a Qualifying Acquisition. As such, we are not obliged to return the funds to investors at any time within the Permitted Timeframe. There is no assurance that we will be able to complete a Qualifying Acquisition within the Permitted Timeframe. If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be required to liquidate our Company and our shareholders will be entitled to the Liquidation Distribution subject to the Non-Participation Obligations. During the Permitted Timeframe, the IPO Trust Proceeds will be held in the Islamic Trust Account and may not be returned to you until after 36 months from the Listing if the Qualifying Acquisition is not completed by then.

4.1.11 Our public shareholders may receive less than the Issue Price per Share and our Warrants will expire worthless in the event of liquidation due to non-completion of a Qualifying Acquisition within the Permitted Timeframe

If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe and are forced to liquidate our Company, our shareholders will be entitled to the Liquidation Distribution subject to the Non-Participation Obligations. However, the per-share Liquidation Distribution may be less than the Issue Price due to the expenses incurred arising from this IPO, our general and other expenses and the anticipated costs of identifying a Qualifying Acquisition. Additionally, there will be no distribution with respect to our outstanding Warrants which will expire worthless after the Permitted Timeframe.

Please refer to Section 5.1.3 of this Prospectus for further details on the Liquidation Distribution.

4.1.12 IPO Investors may not be able to realise returns on their investment in the Public Issue Shares within their self-anticipated period

You may not necessarily be able to immediately realise any gain or derive any benefit on your investment in the Public Issue Shares within your presumed period as our Company is a listed SPAC and requires time to complete a Qualifying Acquisition. Accordingly, the Public Issue Shares may not be suitable for short-term investment.

Notwithstanding the abovementioned risks, we have established a selection criterion for the Qualifying Acquisition as disclosed in Section 5.2.1.1 of this Prospectus. In identifying the oil and gas company or asset for the Qualifying Acquisition, we will take into consideration our selection criteria, which include amongst others, a minimum target project IRR of 15%. In evaluating whether the target company or asset will be able to achieve the minimum target project IRR, we are, to a certain extent, dependent on projections and estimations in respect of the target company or asset obtained internally and/or externally such as from third party experts. The projections and estimations include, amongst others, cash flow projections, projected production rate and timeline as well as estimated future costs in respect of the target company or asset. However, the actual performance of the target company or asset may differ from the projections and estimations made in respect of the target company or asset. As such, we cannot assure that the target company or asset acquired pursuant to the Qualifying Acquisition will be able to achieve our minimum target project IRR or if achieved, the quantum and timing of the eventual returns to our shareholders.

There may also be a risk that you may not be able to recover or receive returns on your investment in the event the Qualifying Acquisition is not profitable or require longer period than expected to be profitable.

4. RISK FACTORS (Cont'd)

4.1.13 The determination of the Issue Price is more arbitrary compared with the pricing of securities for an operating company

Prior to this IPO, there has been no public market for any of our securities. Factors considered in determining the prices and terms of the Public Issue Shares and the Warrants include:

- the minimum proceeds to be raised by a SPAC in accordance with the SC Guidelines;
- the estimated capital requirements of our Company to achieve a Qualifying Acquisition;
- different risk levels and timing of entry of our investors; and
- the listing scheme as set out in Section 3.2 of this Prospectus.

Although these factors were considered, the determination of the Issue Price is more arbitrary than the pricing of securities for an operating company since we have no historical operations or financial results as a valuation basis.

4.1.14 If we acquire a target company or asset which is located outside of Malaysia, we could be subject to a variety of additional risks that may negatively impact our operations

If we acquire a target company or asset which is located outside of Malaysia, we could be subject to special considerations or risks associated with companies operating in the target company or asset's home jurisdiction, including but not limited to any one or more of the following:

- policies governing foreign investments, exchange control and repatriation of funds;
- tariffs and trade barriers;
- regulations relating to customs and import/export matters;
- longer payment cycles;
- tax issues specific to the jurisdiction of the target company or asset;
- currency fluctuations;
- challenges in collecting amounts receivable;
- cultural and language differences;
- employment regulations; and
- political and social stability.

These concerns are aspects of political and market risk that need to be considered thoroughly when evaluating entry options to a particular country or legal jurisdiction. If we are unable to adequately address these risks, our operations may be adversely affected.

4.1.15 We are exposed to uncertainties in the evaluation of oil and gas assets

The evaluation of a particular oil and gas asset can be uncertain in terms of estimating the Reserves and production potential and the associated costs to develop and produce them. The estimation may also involve subjective judgements and determinations based on geological, technical, contractual and economic information. It is not an entirely exact calculation. There are numerous uncertainties inherent in the basis and assumptions used in the estimation, hence, the actual outcome may vary from the estimation.

4. RISK FACTORS (Cont'd)

These risks can be mitigated by having the right expertise and experienced personnel in the evaluation team in order to minimise uncertainties in ascertaining the commercial viability of the resources as well as to formulate an effective FDP, using appropriate techniques, project management workflow and technologies as well as adopting global industry practices and standards for such development and production activities.

4.1.16 We are exposed to corporate governance issues in relation to the acquired asset/company

Given that some of the jurisdictions in our Region of Focus may not have adequate corporate governance framework, the target asset/company in these countries may not practise satisfactory corporate governance and best practices and may have fraud and/or mismanagement issues such as excessive risk taking, misappropriation of funds and non-compliance with standard operating procedures, by employees and/or contractors. As a public listed company, we acknowledge the importance of imposing a sound corporate governance structure in our organisation to safeguard the interest of our stakeholders. Hence, we aim to adopt globally accepted corporate governance best practices in relation to our acquired asset/company.

4.1.17 We are exposed to risks in relation to post-completion of the Qualifying Acquisition particularly risks in relation to development and production operations

In view of our business strategy as set out in Section 5.2 of this Prospectus to acquire oil and gas assets or companies in development and/or production stages, we are exposed to, amongst others, risks in drilling, extraction, evacuation and processing activities of oil and gas fields. These risks are directly driven by the strength in design, selection, procurement and installation standards applied to our oil and gas infrastructure as well as operating procedures and emergency response contingency planning during drilling, development and/or production. Weaknesses, such as but not limited to poor design, poor procedures, inadequate physical strength and limited capacity may adversely affect our operations.

Additionally, we are also exposed to risks in relation to poor management and maintenance of equipment or infrastructure vis-à-vis the assets that we acquire. This may range from loss, delays and/or decrease in capacity, to ultimately halting our operations altogether.

To mitigate these risks, we aim to adopt globally accepted industry standards in the area of design, procurement, operations and maintenance of all our assets. We will also focus on developing robust preventive maintenance and inspection practices, operating philosophies including sparring and strategic vendor arrangements to ensure we obtain consistent and good quality equipment and infrastructures.

4.2 RISKS RELATING TO THE OIL AND GAS INDUSTRY

The challenges in the oil and gas industry are categorised as follows:

- (i) Financial and economic risks;
- (ii) Strategic risks;
- (iii) Compliance risks; and
- (iv) Operational risks.

4. RISK FACTORS (Cont'd)

4.2.1 Financial and economic risks

4.2.1.1 We are exposed to risk of fluctuations in oil and gas prices

Our business and profitability depends largely on oil and gas prices. As oil and gas are commodities, the prices are subject to price volatility which is unpredictable and may fluctuate in response to relatively minor changes in the supply and demand conditions for oil and gas, market uncertainty and a variety of additional factors that are beyond our control, such as, but not limited to, weather conditions, political instability, natural disasters, economic conditions and actions by major oil exporting countries.

Any adverse movement in the oil and gas prices will drive our revenues lower, erode into our margins and thus lower profitability. In addition, a prolonged decline in oil and gas prices will adversely affect the amount of our cash flow available for capital expenditures and working capital which may ultimately reduce the amount of oil and gas that we can produce economically and impede our future business growth.

4.2.1.2 We are exposed to financial market risks including interest rate risks and foreign exchange risks

We are principally involved in the oil and gas industry, however we are intrinsically exposed to risks related to the financial markets. Such risks may include exposures to interest rate, particularly if we are undertaking borrowings to part finance our Qualifying Acquisition or finance our future operations after completing the Qualifying Acquisition as well as profits received from deposits in financial institutions.

As an independent E&P company, we may have business and operations in various countries and our revenues may be denominated in foreign currencies as commodities are principally denominated in USD. However, a portion of our expenses may be denominated in RM and other currencies depending on the locations of our Qualifying Acquisition. The RM operates on a managed float basis and an appreciation of the RM against foreign currencies may materially and adversely affect our financial performance as it may reduce our revenue in RM terms. Accordingly, changes in the foreign currencies to the RM rate could have an adverse impact on our results of operations and financial condition, including translation adjustments in converting foreign currencies to RM for financial statement purposes.

4.2.1.3 We are exposed to economic and socio-political risks

Our Company's future operations may be adversely affected by political or economic developments or social instability in the Region of Focus or other regions which we may operate in, which are not within our control, including among others, a change in crude oil or natural gas pricing policy, import and export restrictions, the risks of war, terrorism, abduction, expropriation, nationalisation, renegotiation or nullification of existing concessions and contracts, taxation policies, economic sanctions, the imposition of specific drilling obligations, the development and abandonment of fields, fluctuating exchange rates and currency controls.

It is difficult to predict the timing or severity of these occurrences or their potential effect. If such risks materialise, they could affect the employees, reputation, operational performance and financial position of our Company.

4. RISK FACTORS (Cont'd)

4.2.2 Strategic risks

4.2.2.1 We may face competition for access to oil and gas resources

The oil and gas industry is generally competitive. We may compete with the NOCs, IOCs and other junior independent E&P companies, particularly in seeking access to oil and gas resources. In recent years, government-backed oil companies such as the NOCs control significant oil and gas resources whereas IOCs move towards the development of unconventional Reserves. Following the liberalisation of the oil and gas industry in the Region of Focus and various other factors which give rise to the opportunities for the investment in development and/or production assets, our Company could face stiff competition from other junior independent E&P companies that have substantially greater financial resources, workforce and facilities than those of our Company for oil and gas resources. In addition, an increase in competition for resources will affect the entry costs. Our inability to compete effectively with these larger competitors could have a material adverse impact on our business activities, financial condition and operations.

Hence, our future success will depend on our strength and ability to further exploit and develop the existing assets and to identify and acquire suitable producing assets or prospects in the exploration/appraisal and/or development stage.

4.2.2.2 We are dependent on the infrastructure of third party service providers

It is common in the oil and gas industry that we may not own or maintain the entire oil and gas infrastructure for the development, production, storage and transportation of oil and gas which includes amongst others, rigs, platforms, drilling equipment, pipelines, storage tanks and vessels. Some of these infrastructures are often leased from third party service providers. We may be dependent on such operators for the timing of activities related to such infrastructures and will be largely unable to direct or control the activities of these operators.

We may, from time to time, face a delay in the availability of these infrastructures due to technical and logistical issues. In such an event, our development and production activities may be interrupted resulting in cost overrun and delayed deliveries that may have an adverse impact on our financial performance.

4.2.2.3 We may face integration and other risks associated with our acquisitions of oil and gas assets

Increasing our oil and gas Reserves base through acquisitions is an important part of our business strategy. However, there are risks in acquiring oil and gas assets, including difficulties in integrating acquired assets into our business such as culture, technical and operational differences, additional liabilities and expenses associated with the acquired assets, diversion of management attention and increased costs of operating in new geographical areas and complexity of operations.

4.2.2.4 We may have disputes with our strategic partners

Inherently, oil and gas operations globally are conducted in a joint venture and/or partnership environment. Hence, we may, from time to time, enter into joint venture arrangement and form strategic alliances with our partners as well as acquire a controlling stake and/or operatorship in a company for the development and/or production of oil and gas assets.

4. RISK FACTORS (Cont'd)

Notwithstanding having an operatorship role over the oil and gas assets, we could still be exposed to the risks associated with the affairs of the assets as we have limited influence and control over the behaviour and decision of our joint venture and/or strategic partners. Disputes with our partners and/or stakeholders may arise due to non-alignment on various strategic decisions or business directions. Our partners or members of a joint venture may also not be able to meet their financial or other obligations to the project, threatening the viability of the projects. These disputes may result in operational or production inefficiencies or delay that could adversely affect our business growth, financial performance and operations.

4.2.3 Compliance risks

4.2.3.1 We are subject to host government policies and regulations towards the oil and gas industry which may affect the level of E&P activities

Host governments implement various policies and regulations towards the oil and gas industry to influence the level of E&P activities in their respective countries. To promote the level of E&P activities, host governments may offer favourable fiscal terms and/or tax incentives to the E&P operators.

Any adverse change or development to the existing host government policies and regulations towards the oil and gas industry such as, but not limited to, imposition of new or higher taxes, higher profit sharing ratio to the host governments or a requirement for domestic sale at a significant discount may adversely affect our future business operations and financial performance.

4.2.3.2 We are exposed to risks associated with future energy regulatory changes

All phases of the oil and gas business pose environmental risks and hazards and are subject to environmental regulation pursuant to a variety of laws, regulations and legal systems of the respective jurisdictions. Environmental legislation provides for, amongst others, restrictions and prohibitions on spills and emissions of greenhouse gas and pollutants produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines, penalties and liability for clean-up costs and reputational damages.

Over the years, there has been increasing emphasis on regulation and environmental legislation evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs to the oil and gas operators. In addition, existing or new laws, regulations or treaties (including incentives to conserve energy or use alternative energy sources) could also have a negative impact on our business and financial performance.

4.2.3.3 We could be subject to substantial penalties, fines, restrictions on operations, remedial liabilities and sanctions if we fail to comply with some applicable statutes, rules, regulations and orders

The oil and gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government (federal, state and local). Each country would have differing degrees of laws and regulatory regimes and legal systems. Furthermore, oil and gas operators including the E&P companies require numerous licences, permits and approvals from various governmental agencies in order to commence operations. These laws, regulations and obligations could change with the promulgation of new laws and regulations or a change in the interpretation of existing laws and regulations.

4. RISK FACTORS (Cont'd)

We are required to comply with the laws and regulations of the respective jurisdictions where we operate. In addition, we are required to apply for approvals, licences and permits from various governmental authorities in order to carry out the exploration, development and production activities and there can be no assurance that we will be able to obtain all necessary approvals, licences and permits. Compliance with these laws, regulations and obligations could require substantial expenditures and efforts from our Company.

Should we fail to obtain such approvals on a timely basis, fulfill the material conditions imposed for such approvals or comply with these requirements or any other applicable administered statutes, rules, regulations or orders, we could be subject to delay or disruption in operations, substantial penalties, fines, restrictions on operations, remedial liabilities and sanctions which would materially affect our operations, financial conditions and results of operations.

4.2.4 Operational risks

4.2.4.1 We are exposed to exploration, development and production risks

The exploration of oil and gas is uncertain and may involve unprofitable efforts, not only from dry wells, but from wells that are productive but uneconomical. Such activities may require substantial investments which may not be recoverable. The key factors in determining the commercial viability are the size of the Reserves, extraction costs, recovery rates and commodity price. In addition, physical exploration activities are subject to unforeseen adverse events during the operations such as, but not limited to, well blowouts (uncontrolled release of high pressure gas and liquid), oil spills and inadequate procedures or equipment failures. The geological environment of the area of operation may also complicate and increase the level of risks involved.

The development of oil and gas fields requires significant capital investment from the E&P companies and involves the specific design and construction of the infrastructure, which includes the wells, platforms, process equipment, pipelines and storage facilities. In view of the substantial capital commitments and various forms of approvals and permits required during the development process, there may be risks of cost overruns and delays during the development stage. Any material increase in estimated capital expenditure requirements including development expenditure and operating costs, delay in obtaining the relevant approvals and permits and unavailability or delay of equipment and services may have an adverse effect on our business, financial conditions and operations.

The production of oil and gas is subject to risks typically associated with operations activities, including unexpected formations or pressures, premature decline of reservoir pressures and the invasion of water into producing formations. In addition, the production operations may also face other inherent risks and hazards such as, but not limited to, fire, explosion, blowouts, cratering, sour gas releases and oil spills and other various field operating conditions each of which could result in increased cost of operations, damage to oil and gas wells, production facilities and the environment or personnel injuries. Losses resulting from the occurrence of any of these incidents or risks could have a materially adverse effect on our business and financial performance. While diligent supervision, monitoring and effective maintenance operations can minimise such occurrence, there is no assurance that we can completely eliminate any production risk.

4.2.4.2 We face the risk of inadequate Reserves replacement

The long-term commercial success of an E&P company will depend on the ability to find, acquire, develop and commercially produce oil and gas Reserves and to replace the depleted Reserves. Without the continual addition of new Reserves, our existing Reserves will decline over time with production.

4. RISK FACTORS (Cont'd)

Our future success depends largely on our ability to find, develop or acquire additional oil and gas Reserves that are economically recoverable. However, we may not be able to find, develop or to acquire additional Reserves at an acceptable value due to increasing competition from other E&P companies. In addition, substantial capital is required to replace and grow the Reserves. There is no assurance that further commercial quantities of oil and gas Reserves may be successfully discovered or acquired to replace our Reserves. Inability to replace our existing Reserves may have an adverse impact on our future business growth and financial performance.

4.2.4.3 We face the risk of an increasing cost structure

E&P spending is the cost incurred in the process of exploration, development and production of oil and gas. These costs typically include geological and geophysical costs, drilling of wells, construction and installation of production facilities and infrastructure and operational costs. Corresponding with the higher oil and gas prices, the cost structure of E&P activities has generally increased over time partly due to the cost pressures from shortages and bottlenecks in many sectors (including providers of oil field services, materials and equipment as well as workforce).

The increasing cost structure in the oil and gas industry is likely to cause an increased focus on cost control by the oil and gas operators in order to remain competitive. Although our Company will strive for continuous improvement in planning and procurement and to achieve cost optimisation and reduction, there can be no assurance that our Company will be able to successfully manage our cost. This in turn could erode our competitive position and adversely affect our financial performance.

4.2.4.4 We are exposed to evaluation risks

The process of estimating oil and gas Reserves is complex and involves a significant number of assumptions in evaluating available geological, geophysical, engineering, economic and production data. The process also requires certain economic assumptions such as oil and gas prices, drilling and operating expenses, capital expenditures, taxes and the cost of funds. The accuracy of Reserves estimate is a function of quality and quantity of available data, interpretation of that data and accuracy of various mandated economic assumptions. Any significant variance could materially affect the quantities and present value of the Reserves.

Hence, successful acquisitions depend on the extensive evaluation and accurate assessment. However, factors such as recoverable Reserves, exploration potential, future oil and gas prices, operating costs and potential environmental and other liabilities are inherently uncertain. If a high impact prospect identified by our Company fails to materialise in a given period, our future business prospects may be adversely affected.

These risks can be mitigated by using appropriate techniques, project management workflow and technologies as well as adopting global industry practices and standards for such evaluation activities.

4.2.4.5 We face the risks of shortage of skilled and experienced workers in the oil and gas industry

There is a shortage of skilled and experienced workers in the oil and gas industry due to the boom in E&P activities globally as a result of high oil and gas prices in recent years. The issue of workforce shortages can be attributed to the previous lack of investment in training or developing skilled and experienced young workforce during the low oil price period of the early 1990s. While developing a skilled workforce for the oil and gas industry has expanded recently, there is still a shortage of oil and gas workforce with sufficient years of experience.

4. RISK FACTORS (Cont'd)

The competition for qualified personnel or workers in the oil and gas industry is intense due to the shortage. The workforce shortage could threaten investment, growth and sustainability throughout the entire oil and gas value chain.

There can be no assurance that our Company will be able to attract and retain all personnel necessary for the development and operation of our business. The loss of any personnel to competitors or our inability to recruit sufficient workforce could adversely affect our operational performance and growth strategy.

4.2.4.6 We are subject to changes in technologies in the oil and gas industry

We operate in the oil and gas industry where the most advanced technologies are needed to remain competitive. New technologies and techniques are developed to increase oil and gas production and commercialise complex projects such as deepwater, LNG, shale gas and oil and other imminent frontier technology plays. These new technologies may alter the supply, demand and commodity prices in local and global markets. Hence, the industry is increasingly reliant on better technologies and techniques to deliver more accurate and timely information for strategy planning and to enhance operational efficiency. Our inability to successfully deploy the right technologies and/or anticipate the impact of new technologies may adversely affect our business.

4.2.4.7 We are exposed to the risks in relation to HSE in our operations

The oil and gas industry requires high standards of HSE practices in view of the risks inherent in the oil and gas business given the geographic range, operational diversity and technical complexity of the activities.

These risks include major process safety incidents, failure to comply with approved standards and policies, effects of natural disasters and pandemics, social unrest, civil war and terrorism, exposure to general operational hazards, personal health, safety lapses and crime. Any changes in the HSE requirements could increase our cost of operations in the future. A major HSE incident could result in injury, loss of life, environmental harm and disruption to business activities which may have an adverse effect on our business.

4.2.4.8 We are exposed to limitations on insurance coverage

Our Company's involvement in the E&P activities may subject us to liability for pollution, blowouts, property damage, personnel injury or other hazards. We will obtain insurance coverage in accordance with industry standards to address such risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of our obligations for liabilities arising from material environmental incidents. Hence, the occurrence of a significant event that is not fully insured against could have a material adverse effect on our business.

4.3 RISKS RELATING TO THE IPO

4.3.1 There is no prior market for our Shares and Warrants and an active market for our Shares and Warrants may not develop after Listing

Prior to this IPO, there has been no public market for our Shares and Warrants. There can be no assurance that an active and liquid market for our Shares and Warrants will develop and continue to develop upon or subsequent to our Listing or, if developed, that such a market will be sustained. We believe that a variety of factors could cause our share price to fluctuate and such fluctuations may adversely affect the market price of our Shares and Warrants.

4. RISK FACTORS (Cont'd)

The Issue Price has been determined after taking into consideration a number of factors as stated in Section 3.4 of this Prospectus. There can be no assurance that the Issue Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon or subsequent to our Listing.

4.3.2 Our Management Team's effective cash cost per Share is RM0.075 and accordingly, the IPO Investors would face immediate and substantial dilution in the NA per Share after the Public Issue and may experience future dilution

The Issue Price is higher than our NA per Share after the Public Issue. The lower NA per Share is partly because of the Management Team's effective cash cost per Share of RM0.075 which is 90% lower compared to the Issue Price. The lower cash cost per Share of RM0.075 may give rise to a potential unrealised gain of approximately RM172.53 million (based on the Issue Price) to Reach Energy Holdings upon the IPO. After the Public Issue and payment of listing expenses, the NA per Share is RM0.03 per Share as compared to the Issue Price and the IPO Investors will experience an immediate dilution in NA per Share of RM0.72 per Share. The decrease in our pro forma NA per Share to the IPO Investors is also due to the IPO Trust Proceeds placed under the Islamic Trust Account is deemed as a liability to our Company prior to completion of the Qualifying Acquisition. As a SPAC, our Company is required to return the IPO Trust Proceeds under the Islamic Trust Account to the IPO Investors if the Qualifying Acquisition is not completed within the Permitted Timeframe.

Subsequent to the completion of the Qualifying Acquisition within the Permitted Timeframe, the IPO Trust Proceeds placed under the Islamic Trust Account will be reclassified from liability to equity as our Company has no further obligation to refund the IPO Trust Proceeds. The NA per Share will be RM0.59 per Share as compared to the Issue Price and the dilution in NA per Share will be RM0.16 per Share.

Subsequent to the completion of the Qualifying Acquisition within the Permitted Timeframe and full exercise of the Warrants, the NA per Share will be RM0.67 per Share as compared to the Issue Price and the IPO Investors will experience dilution in NA per Share of RM0.08 per Share.

In the future, after the completion of the Qualifying Acquisition, we may require additional funding and we may consider offering and issuing additional Shares or equity-linked securities. The IPO Investors may experience further dilution in NA per Share if we issue additional Shares or equity-linked securities on a non-pro rate basis in the future.

Please refer to Sections 3.3.1, 3.7, 7.1.1.1, 7.2.1.1 and 7.3.1.1 of this Prospectus for information on the dilutive effects of the full exercise of the Warrants on the issued and paid-up share capital, shareholding structure and pro forma NA per Share of our Company.

In addition, due to the differences in entry cost or effective cash cost of Reach Energy Holdings, the Initial Investor and the IPO Investors, the equity IRR to the IPO Investors will potentially be lower than the project IRR. Solely for illustrative purposes, assuming that we undertake the Qualifying Acquisition of a target company and/or asset with a minimum project IRR of approximately 15% and where the acquisition is fully funded via equity (i.e. the IPO Proceeds), the derived equity IRR to the IPO Investors is approximately 8.4% (based on our financial model which takes into consideration certain assumptions such as production profile, oil price, royalty structure, cost and taxes). Nevertheless, we may finance the Qualifying Acquisition via a combination of debt and equity. Under such circumstances, the equity IRR to the IPO Investors (based on the financial model) will be higher than 8.4% based on prevailing borrowing costs.

4. RISK FACTORS (Cont'd)

4.3.3 Investment in the capital market exposes the investor to capital market risk

The performance of the local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy.

These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price, which may already fluctuate significantly and rapidly as a result, *inter-alia*, of the following factors:

- differences between our Company's actual financial and operating results and those expected by investors and analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic alliances, joint ventures or capital commitments;
- fluctuations in stock market prices and volume;
- changes in our Company's operating results;
- changes in securities analysts' estimates of our Company's financial performance and recommendations;
- change in market valuation of similar companies;
- our involvement in litigation, arbitration or other forms of dispute resolution;
- additions or departures of key personnel; and
- changes in general economic and stock market conditions.

4.3.4 Forward-looking statements may not be reflective of our future prospects

Our Prospectus contains forward-looking statements which are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Whilst the interpretation of this information may be forward-looking, the contingencies and inherent uncertainties underlying this information should be carefully considered by the investors and should not be regarded as a representation by our Company and our advisers that the objectives and the future plans of our Company will be achieved. Any differences in the expectation of our Company from our actual performance may result in our Company's financial and business performances and plans to be either, materially or immaterially, different from those anticipated.

4.3.5 Occurrence of certain events could result in the delay in Listing or the termination of the Listing exercise

The occurrence of any one or more of the following events, which may not be exhaustive, may cause a delay in our Listing or our Listing to be aborted:

- (i) the Underwriter exercising the rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder; or
- (ii) we are unable to meet the public spread requirement as determined by Bursa Securities, i.e. at least 25% of our enlarged issued and paid-up ordinary share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing.

4. RISK FACTORS (Cont'd)

In such an event, our Board will endeavour to take the necessary steps in the best interests of our Company and our shareholders as well as the economic conditions at that point in time, including, subject to restrictions set out in Section 4.3.6 below, return in full without interest, all monies paid in respect of any Applications accepted. Our Directors will endeavour to ensure compliance with the various requirements for our successful Listing.

4.3.6 Delay between admission and trading of the Public Issue Shares may result in prolonged delays or the inability for investors to recover monies paid in respect of the Public Issue Shares

After the Public Issue Shares and Warrants have been allotted and/or allocated to the respective investors' CDS accounts in Bursa Depository, which would occur at least two clear Market Days prior to the anticipated date for Admission, it may not be possible to recover monies paid in respect of the Public Issue Shares from us in the event the Admission and the commencement of trading on the Main Market of Bursa Securities do not occur.

Delays in the Admission and the commencement of trading in shares on Bursa Securities have occurred in the past. In respect of the Public Issue Shares, following their allotment and issue to investors, a return of monies to such investors may be effected by way of a reduction of our share capital. A capital reduction would require the approval by special resolution of our shareholders as well as approval by the Malaysian High Court.

Further, such capital reduction shall not be effected if on the date the reduction is to be effected, there are reasonable grounds for believing that we are, or after the reduction would be, unable to pay our liabilities as they become due.

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5. INFORMATION ON OUR BUSINESS

5.1 BACKGROUND INFORMATION

5.1.1 Background

Our Company was incorporated in Malaysia under the Act as a private limited company on 7 February 2013 under the name of Reach Energy Sdn Bhd. On 2 August 2013, our Company converted into a public company under the name of Reach Energy Berhad. The principal activity of Reach Energy is investment holding. Our Company has yet to commence business operations as at the LPD.

We intend to list on the Main Market of Bursa Securities as a SPAC. SPACs are companies which have no operations or income generating business at the point of IPO but undertake an IPO for the purposes of raising funds to acquire operating companies or businesses, otherwise known as Qualifying Acquisition.

5.1.2 Key criteria of a SPAC

The key criteria of a SPAC, as provided for under the SC Guidelines which our Company has met, are as follows:

Key Criteria	Requirements	Our Company's Proposition
Minimum funds raised	A SPAC must raise at least RM150,000,000 through its IPO.	The amount to be raised under our IPO is RM750,000,000.
Interest of management team	Members of the management team of the SPAC must, in aggregate, own at least 10% of the SPAC upon IPO.	Our Management Team will own 20.00% of the enlarged issued and paid-up ordinary share capital of Reach Energy upon IPO.
Management of IPO proceeds	A SPAC must place at least 90% of the gross proceeds from its IPO in a Trust Account immediately upon receipt of all proceeds. The monies in the Trust Account may only be released by the Custodian upon termination of the Trust Account.	We will be placing 94.75% of the gross proceeds raised by our Company from the IPO in an Islamic Trust Account immediately upon receipt of all the IPO Proceeds. The monies in the Islamic Trust Account may only be released by the Custodian upon termination of the Islamic Trust Account and dealt with in the manner as set out in Section 5.1.5 of this Prospectus.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

Key Criteria	Requirements	Our Company's Proposition
Management of IPO proceeds (<i>cont'd</i>)	<p>The proceeds in the Trust Account may be invested in Permitted Investments. Any interest generated by the funds held in the Trust Account including interest/dividend income derived from the Permitted Investments, must accrue to the Trust Account.</p> <p>The balance of the proceeds from the IPO, being 10% of the proceeds, may be utilised to defray expenses related to the IPO and for working capital purposes including but not limited to operating costs, fund the search for a target company or asset and completing the Qualifying Acquisition.</p>	<p>The proceeds in the Islamic Trust Account may be invested in Permitted Investments all of which are Shariah compliant and any profits generated from the Permitted Investments will be accrued to the Islamic Trust Account.</p> <p>We will use the balance of the IPO proceeds, being 5.25% of the total gross proceeds raised by our Company from the IPO, for working capital purposes and to defray listing expenses as set out in Section 3.6.2 of this Prospectus. The Audit Committee will review reports from the management, on a half-yearly basis, in respect of the utilisation of the 5.25% of the proceeds from the Public Issue. Further, the Audit Committee will also be approving the annual budget for identifying potential target assets for the Qualifying Acquisition.</p> <p>For avoidance of doubt, the proceeds from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor will not be included in the Islamic Trust Account.</p>
Qualifying Acquisition	An initial acquisition of target company or asset which has an aggregate fair market value of at least 80% of the aggregate amount in the Trust Account (net of any taxes payable).	Our Qualifying Acquisition will have an aggregate fair market value of at least 80% of the aggregate amount in the Islamic Trust Account (net of any taxes payable).
Timeframe for completion of a Qualifying Acquisition	Within three years from the date of listing of the SPAC. In the event the SPAC fails to complete the Qualifying Acquisition within the Permitted Timeframe, it will be delisted from the Main Market of Bursa Securities.	Our Company targets to complete a Qualifying Acquisition within the Permitted Timeframe. In the event that we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be delisted from the Main Market of Bursa Securities.

5. INFORMATION ON OUR BUSINESS (Cont'd)

Key Criteria	Requirements	Our Company's Proposition
Shareholders' approval for a Qualifying Acquisition	<p>The resolution on the Qualifying Acquisition must be approved by a majority in number of shareholders representing at least 75% of the total value of shares held by all shareholders present and voting either in person or by proxy at an EGM. Where the Qualifying Acquisition comprises more than one acquisition, each acquisition must be approved by the shareholders of the SPAC in the same manner.</p> <p>The management team and persons connected to the management team must abstain from voting.</p>	<p>The resolution on our Qualifying Acquisition must be approved by a majority in number of shareholders representing at least 75% of the total value of shares held by all shareholders present and voting either in person or by proxy at the EGM. Where our Qualifying Acquisition comprises more than one acquisition, we will subject each acquisition to the approval of our shareholders in the same manner.</p> <p>Reach Energy Holdings, our Management Team and persons connected to them are subject to the Non-Voting Obligations and will abstain from voting at the EGM to be convened for the approval of our Qualifying Acquisition.</p>
Refund to dissenting shareholders	<p>Shareholders (other than the management team and persons connected to them) who vote against a Qualifying Acquisition at the EGM will be entitled to receive, in exchange for their shares, a sum equivalent to a pro rata portion of the amount then held in the Trust Account (net of any taxes payable and expenses related to the facilitation of the exchange), provided that such Qualifying Acquisition is completed within the Permitted Timeframe. The Shares tendered in exchange for cash must be cancelled.</p>	<p>Our Articles of Association (as set out in Section 12.2(vii)(6) of this Prospectus) provide for the Qualifying Acquisition Share Repurchase to be made within seven days after the Qualifying Acquisition has been fully and duly completed. We will cancel the Shares tendered under the Qualifying Acquisition Share Repurchase.</p> <p>Please refer to Section 5.1.3 of this Prospectus for the basis of computation for the Qualifying Acquisition Share Repurchase.</p>
Custodian	<p>The SPAC will secure and maintain custodial arrangements at all times over the monies in the Trust Account until the termination of the Trust Account.</p>	<p>We have appointed AmanahRaya Trustees Berhad to hold in trust, the IPO Trust Proceeds and (if applicable) the Subsequent Rights Issue Trust Proceeds.</p>

5. INFORMATION ON OUR BUSINESS (Cont'd)

Key Criteria	Requirements	Our Company's Proposition
Custodian (cont'd)	<p>The roles and responsibilities of the Custodian are as follows:</p> <ul style="list-style-type: none"> <li data-bbox="571 383 983 595">(i) the Custodian must hold in trust, the proceeds from an issuance of securities by the SPAC, in accordance with the Custodian Agreement, the SC Guidelines and applicable laws; <li data-bbox="571 613 983 1128">(ii) the Custodian must take appropriate measures to ensure the safekeeping of the monies held in the Trust Account. In particular, the Custodian must ensure that: <ul style="list-style-type: none"> <li data-bbox="619 808 983 958">(a) proper accounting records and other records as are necessary are kept in relation to the Trust Account; and <li data-bbox="619 976 983 1128">(b) custody and control of monies held in the Trust Account is in accordance with the provisions of the Custodian Agreement; <li data-bbox="571 1160 983 1339">(iii) the Custodian may be provided a mandate by the management team to invest the amounts held in the Trust Account in Permitted Investments; and <li data-bbox="571 1357 983 1538">(iv) the Custodian may only distribute and/or liquidate the funds held in the Trust Account in accordance with the provisions in the Custodian Agreement. 	Please refer to Section 5.1.5 of this Prospectus for the salient terms of the Custodian Agreement, including the roles and responsibilities of the Custodian.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

Key Criteria	Requirements	Our Company's Proposition
Liquidation	<p>In the event the SPAC fails to complete a Qualifying Acquisition within the Permitted Timeframe, it must be liquidated. The amount then held in the Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution), must be distributed to the respective shareholders on a pro rata basis as soon as practicable, as permissible by the relevant laws and regulations. Any interest earned from the Permitted Investments accruing to the Trust Account will form part of the Liquidation Distribution. The management team and persons connected to them may not participate in the Liquidation Distribution, except for securities purchased by them after the date of listing of the SPAC on the Main Market of Bursa Securities.</p>	<p>If we are unable to complete a Qualifying Acquisition within the Permitted Timeframe, we will be forced to liquidate. In accordance with our Articles of Association, in such event, the amount then held in the Islamic Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution) shall be distributed to the holders of the ordinary shares on a pro-rata basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulations.</p> <p>Reach Energy Holdings, our Management Team, persons connected to our Management Team and the Initial Investor are subject to Non-Entitlement Obligations and shall not be entitled to (and shall not participate in) the Liquidation Distribution, except in relation to Shares purchased by them after the Listing and the Shares purchased by the persons connected to the Management Team and the Initial Investor pursuant to the Public Issue.</p> <p>Please refer to Section 5.1.3 of this Prospectus for the basis of computation for the Liquidation Distribution.</p> <p>In addition, the monies raised from the Public Issue which are not held under the Islamic Trust Account and the monies raised from the Subscription by Reach Energy Holdings and Subscription by the Initial Investor, if any remaining, will also be distributed to the IPO Investors on a pro-rata basis.</p>

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5. INFORMATION ON OUR BUSINESS (Cont'd)

5.1.3 Basis of computation for the Qualifying Acquisition Share Repurchase and the Liquidation Distribution

The basis of computation for the Qualifying Acquisition Share Repurchase (provided that such Qualifying Acquisition is duly approved and completed within the Permitted Timeframe) is as follows:

$$X = \frac{Y}{Z}$$

Where:

X = Amount per Share payable to the Dissenting Shareholder

Y = Amount then held in Islamic Trust Account (net of any taxes payable and expenses related to the Qualifying Acquisition Share Repurchase)

Z = Total number of Shares excluding Shares held by the Management Team, persons connected to the Management Team and the Initial Investor ⁽¹⁾

Note:

(1) *Except in relation to Shares purchased by the Initial Investor after the Listing or pursuant to the Public Issue.*

In order to exercise the right to require our Company to purchase Shares under the Qualifying Acquisition Share Repurchase, a shareholder shall be required to send a notice in writing to our Company (in such format and within such timeframe as may be prescribed by our Company from time to time). All Shares repurchased by our Company pursuant to the Qualifying Acquisition Share Repurchase shall be cancelled by our Company.

The satisfaction of the purchase consideration for the Qualifying Acquisition Share Repurchase shall be effected by our Company in favour of each Dissenting Shareholder within seven Market Days after the Qualifying Acquisition has been fully and duly completed. Such payment to the Dissenting Shareholders shall be effected in the same manner as provided in our Articles of Association in relation to dividends. Please refer to Section 12.2 of this Prospectus for the relevant extracts from our Articles of Association.

In the event that the Qualifying Acquisition cannot be completed, the Dissenting Shareholders shall not be paid and we shall search for another Qualifying Acquisition so long as it is within the Permitted Timeframe.

However, if our Company does not complete a Qualifying Acquisition within the Permitted Timeframe, our Company shall be dissolved, wound up and liquidated under the Act in accordance with all applicable laws and regulations. Upon liquidation, the amount then held in the Islamic Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution) shall be distributed to the shareholders on a pro-rata basis as soon as practicable in accordance with the provisions of the Act and other applicable laws and regulations provided always that the members of the Management Team and persons connected to them and the Initial Investor shall not be entitled to (and shall not participate in) the Liquidation Distribution, except in relation to Shares purchased by them after the Listing and the Shares purchased by the persons connected to the Management Team and the Initial Investor pursuant to the Public Issue.

5. INFORMATION ON OUR BUSINESS (Cont'd)

The basis of computation for the Liquidation Distribution is as follows:

$$A = \frac{B}{C}$$

Where:

- A = Amount per Share payable to the Shareholder
- B = Liquidation Amount
- C = Total number of Shares excluding Shares held by the Management Team, persons connected to the Management Team and the Initial Investor⁽¹⁾

Note:

- (1) Except in relation to Shares purchased by them after the Listing and Shares purchased by the persons connected to the Management Team and the Initial Investor pursuant to the Public Issue.

5.1.4 Share capital and changes in share capital

Our present authorised share capital is RM50,000,000 comprising 5,000,000,000 Shares, of which 277,822,425 Shares have been issued and fully paid-up. The changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are as follows:

Date of allotment/ subdivision	No of Shares allotted/ subdivided	Par value RM	Consideration	Cumulative issued and paid-up ordinary share capital RM
07.02.2013	2	1.00	Cash	2
22.05.2013	200	0.01	Subdivision of Shares	2
10.07.2013	113,600,000	0.01	Cash	1,136,002
20.06.2014	142,000,000	0.01	Cash	2,556,002
04.07.2014	15,555,555	0.01	Cash	2,711,557
08.07.2014	6,666,670	0.01	Conversion of RCPS	2,778,224

There were no discounts, special term or instalment payment plan in relation to the payment for the abovementioned Shares.

In addition to the above, our Company has and will be issuing 1,277,822,225 Warrants comprising the following:

- (i) 113,600,000 Warrants and 142,000,000 Warrants pursuant to the Subscription by Reach Energy Holdings which were allotted and issued on 10 July 2013 and 20 June 2014 respectively;
- (ii) 22,222,225 Warrants to the Initial Investor pursuant to the Subscription by the Initial Investor and Conversion of RCPS that will be allotted and issued on the date of allotment of the Public Issue Shares, simultaneously with the Warrants to be issued under the Public Issue; and
- (iii) 1,000,000,000 Warrants pursuant to the Public Issue.

5. INFORMATION ON OUR BUSINESS *(Cont'd)*

The Warrants will be listed simultaneously on the Official List of Bursa Securities. Details in relation to the terms and conditions of the Warrants have been set out in Section 3.3.2 of this Prospectus.

Save as disclosed above, there are no other outstanding warrants, options, convertible securities and uncalled capital in our Company.

5.1.5 Salient terms of the Custodian Agreement

The following are extracts of the salient terms contained in the Custodian Agreement:

(i) Appointment

- (a) The Company appoints the Custodian and the Custodian agrees to act, as the SPAC Custodian for the Company in accordance with the terms and conditions set forth in the Custodian Agreement, the SC Guidelines and other applicable laws.
- (b) The Custodian hereby confirms, represents and warrants to the Company that it is:
 - (aa) a trust company registered under the Trust Companies Act 1949;
 - (bb) in the list of "Registered Trustees in Relation to Unit Trust Funds" issued by the SC; and
 - (cc) duly qualified to act as a SPAC Custodian under the SC Guidelines and under the Custodian Agreement.
- (c) The Custodian's appointment shall commence on the date of the Custodian Agreement and shall continue until terminated pursuant to the provisions of clause (vi) below.

(ii) Trust and covenants

- (a) The Custodian declares, acknowledges and confirms that it shall hold the Trust Property in trust for the Company subject to the provisions of the Custodian Agreement.
- (b) Other than the right to require the Custodian to comply with the terms of the Custodian Agreement, the Company shall not be otherwise entitled to compel the transfer or distribution or any other dealing or application of the Trust Property or have any other entitlement or interest in relation to the Trust Property or any part thereof, except in accordance with the SC Guidelines.
- (c) The Custodian covenants that it shall duly perform all its obligations and covenants and all terms, conditions and provisions on its part to be performed solely and exclusively in accordance with the Custodian Agreement and warrants that:
 - (aa) it has the power to enter into and perform the obligations on its part to be performed under, the Custodian Agreement; and
 - (bb) its obligations under the Custodian Agreement are valid, binding and enforceable.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (d) Except in accordance with the Custodian Agreement or as directed by a competent court or authority, the Custodian agrees, covenants and undertakes not to assign, transfer, sell, charge, surrender, encumber or otherwise howsoever alienate or deal with the Trust Property or any part thereof or make the same subject to any burden, charge, encumbrance, liability or lien whatsoever, or agree or enter or execute any form of agreement or instrument to assign, transfer, sell, charge, surrender or otherwise howsoever deal with the Trust Property or any part thereof or to make the same subject to any burden, charge, encumbrance, liability or lien whatsoever.

(iii) Responsibilities of Custodian

- (a) The Custodian shall be responsible for the following:
- (aa) Opening and maintaining the Islamic Trust Account;
 - (bb) Depositing the IPO Trust Proceeds, the Subsequent Rights Issue Trust Proceeds and the Cash Trust Assets into the Islamic Trust Account immediately upon the Custodian's receipt of the same;
 - (cc) Undertaking such Permitted Investments as may be instructed in writing by the authorised person of the Company ("**Authorised Person**"), in accordance with the Custodian Agreement, on behalf of the Company;
 - (dd) Ensuring the prompt deposit of all profit, dividend and other income derived from (or attributable to) the Permitted Investments into the Islamic Trust Account, unless otherwise instructed in writing by the Authorised Person, in accordance with the Custodian Agreement, to invest the same in the Permitted Investments;
 - (ee) Other than for purposes of (cc) above, not withdrawing, transferring, distributing, liquidating or releasing any of the funds or monies deposited into (or held in) the Islamic Trust Account, except in accordance with the Custodian Agreement;
 - (ff) Ensuring that proper and complete books, statements and accounting records (including such other records as may be necessary or relevant) are duly kept and maintained in relation to all Trust Property and the Islamic Trust Account (including the transactions and dealings carried out by the Custodian in relation thereto);
 - (gg) Ensuring that custody and control of the monies held in the Islamic Trust Account is in accordance with the provisions of the Custodian Agreement and the SC Guidelines at all times;
 - (hh) Not exercising any voting or other rights in relation to the Permitted Investments constituting the Trust Property, except in accordance with the written instructions of the Authorised Person; and
- (ii) Duly releasing such funds or make such payments out of the Trust Property in accordance with the Custodian Agreement.
- (b) Except in accordance with the Custodian Agreement, the Custodian shall not deal as beneficial owner on the sale or purchase of any Trust Property to or from the Company, or, without the consent of the Board, deal with the Company otherwise than as principal.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (c) The Custodian's books and records pertaining to the services provided under the Custodian Agreement shall be opened for inspection and audit at all reasonable times by the auditors of the Company and/or such other duly authorised representatives of the Company, upon reasonable written notice thereof being given to the Custodian.
- (d) The Custodian shall deliver to the Authorised Person the periodic and other reports listed in Schedule 2 of the Custodian Agreement, such reports to contain the relevant information as agreed by the parties.

(iv) Powers of the Custodian

- (a) The Custodian shall have the following powers:
 - (aa) To do or omit all such acts or things as the Custodian reasonably considers to be necessary or relevant in order to perform its duties under the Custodian Agreement or to comply with any law, order, regulation or direction of any governmental or regulatory authority, without further reference to the Company; and
 - (bb) To invest the IPO Trust Proceeds, the Subsequent Rights Issue Trust Proceeds and Cash Trust Assets and other monies held in the Islamic Trust Account in such Permitted Investments as may be authorised or instructed in writing by the Authorised Person on behalf of the Company from time to time.
- (b) Unless mutually agreed by the parties, the Custodian shall not delegate its duties, responsibilities or powers under the Custodian Agreement to any other party.
- (c) Notwithstanding any provisions (whether expressed or implied) contained in the Trustee Act, 1949, it is expressly declared that the Custodian shall not, to the fullest extent permitted by law, have any other rights or powers over the Trust Property or any interest, title or benefit in relation thereto save as may be expressly provided in the Custodian Agreement.

(v) Fees

In consideration of the Custodian acting in accordance with the Custodian Agreement, the Custodian shall be entitled to charge and be paid its agreed fees and charges and such fees and charges shall be borne or paid by the Company in accordance with Schedule 3 of the Custodian Agreement once the Custodian Agreement is executed, provided that when the Custodian retires or ceases to be the Custodian for any reason whatsoever the remuneration that may have been received prior thereto by the Custodian in excess of what the Custodian is entitled as provided in the Custodian Agreement on a proportionate basis shall be refunded by the Custodian to the Company after such retirement or cessation. The Company shall reimburse the Custodian for all reasonable out-of-pocket expenses incurred by the Custodian in the administration of the Islamic Trust Account.

(vi) Termination and duration

- (a) Subject to earlier termination in accordance with the Custodian Agreement, the Custodian Agreement shall continue in force until the expiry of the Permitted Timeframe and all Trust Property has been duly transferred or released by the Custodian to the relevant parties.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (b) The Custodian Agreement may be terminated by either party with a minimum of three months prior written notice to the other party and the SC, such notice to also set out the reasons for such termination/resignation by the first-mentioned party in accordance with the SC Guidelines. Without limiting the generality of the above, either party may give notice to terminate the Custodian Agreement if any of the following events (other than a Relevant Event or as may be otherwise contemplated in the Custodian Agreement) occur:
- (aa) the other party is in breach of any material term of the Custodian Agreement and such breach shall not have been remedied within 30 days after service of notice by the first-mentioned party requiring the same to be remedied;
 - (bb) the other party shall go into liquidation, a resolution is passed for its winding up, or a receiver or official administrator or similar officer is appointed over any assets of that party (except as contemplated in the Custodian Agreement, including, without limitation, as referred to in the Custodian Agreement, or a voluntary liquidation for the purpose of reconstruction or amalgamation on terms previously approved in writing by the other party);
 - (cc) if the other party ceases or threatens to cease to carry on the whole or a substantial part of its business; or
 - (dd) if the other party becomes insolvent or is unable to pay its debts as they fall due or enters into any composition or arrangement with its creditors.
- (c) The Company shall ensure that:
- (aa) a replacement SPAC Custodian is identified and duly appointed (in accordance with, and for purposes of, the SC Guidelines) within the notice period referred to in the Custodian Agreement; and
 - (bb) the newly appointed SPAC Custodian immediately notifies the SC in writing of its appointment.

The termination referred to in the Custodian Agreement shall only become effective when the appointment of the new SPAC Custodian by the Company becomes effective.

(vii) Release / payment of Trust Property

- (a) Subject to the instructions of the Company in this regard and compliance with the applicable provisions of the Articles of Association and the SC Guidelines, the Custodian shall liquidate all the Permitted Investments and all Non-Cash Trust Assets into cash, and deposit all the monies into the Islamic Trust Account within five business days or such other timeline as may be agreed between the parties after receiving a notice in writing from the Company (together with an appropriate supporting statutory declaration from the Authorised Person) confirming the occurrence of a Relevant Event.
- (b) After the liquidation of Permitted Investments and the deposit of monies into the Islamic Trust Account pursuant to clause (vii)(a) above:
 - (aa) where the Relevant Event relates to the relevant Articles 47C(4) of the Articles of Association, the Custodian shall first apply the relevant amount of monies (as calculated in accordance with Article 47C(6) of the Articles of Association and net of any taxes payable and expenses related to the Qualifying Acquisition Share Repurchase) from the Islamic Trust Account

5. INFORMATION ON OUR BUSINESS (Cont'd)

for purposes of the Qualifying Acquisition Share Repurchase (and shall thereafter release the balance of the monies to the Company (conditional upon the receipt of the relevant supporting documents deemed necessary by the Custodian from the Company for the Custodian's sole purpose of exercising its duties under this clause) for purposes of completion of the Qualifying Acquisition in accordance with the Articles of Association and the SC Guidelines; or

- (bb) where the Relevant Event relates to Article 47C(7) of the Articles of Association, the Custodian shall release all the monies standing from the balance of the Islamic Trust Account (net of any taxes payable and direct expenses related to the Liquidation Distribution) in accordance with the provisions of Article 47C(7);

and thereafter, the trust referred to in clause (ii) above (including the holding of the Islamic Trust Account by the Custodian) and the Custodian Agreement will terminate accordingly.

- (c) Upon its receipt or issue (as may be applicable) of any termination notice pursuant to clause (vi)(b), the Custodian shall liquidate all the Permitted Investments and all Non-Cash Trust Assets into cash, and deposit all the monies into the Islamic Trust Account within five business days thereafter. All the monies standing to the balance of the Islamic Trust Account (net of any taxes payable) shall then be released as soon as possible to the new SPAC Custodian appointed pursuant to clause (vi)(c) above (and in any event within five business days after the appointment of the new SPAC Custodian), after which the Custodian Agreement will terminate accordingly.
- (d) In respect of a provision of the Custodian Agreement, the Company hereby warrants that all supporting documents to be submitted to the Custodian as copy or specimen documents are genuine, complete and conform to their originals.

(viii) Liability and indemnity

- (a) In consideration of the Custodian agreeing to hold the Trust Property on trust under, and acting in accordance with the terms and conditions of the Custodian Agreement but subject always to the provisions of the Custodian Agreement, the Company agrees to indemnify and keep the Custodian fully indemnified on a continuing basis for all monies, claims, actions, demands, costs, charges, losses, expenses and other liabilities of whatsoever nature and howsoever, including without limitation the fees, costs and expenses of legal advisors and other experts (hereinafter collectively referred to as "**Liabilities**") arising that are or may be properly and reasonably sustained or incurred by the Custodian in the performance of its duties and obligations under the Custodian Agreement or the SC Guidelines or in the due exercise, preservation or enforcement, or the attempted exercise, preservation or enforcement, of any of its duties, rights, powers, authorities or discretions vested in it under the Custodian Agreement or the SC Guidelines (save and except where such Liabilities are sustained or incurred as a result of gross negligence, fraud, breach of trust or wilful default on the part of the Custodian). The parties hereto acknowledge that the foregoing indemnities shall survive the resignation or removal of the Custodian or the termination of the Custodian Agreement, to the relevant extent.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (b) Pursuant to provisions of the Custodian Agreement, as the Custodian is authorised to act on instruction(s) received by way of facsimile from the Company, the Company hereby agrees to indemnify the Custodian against any claims, losses and liability actions, proceeding, demand, damages, reasonable costs and reasonable expenses incurred or sustained by the Custodian or on its behalf, out of or in consequence of acting upon such fax directives and/or instructions or other communications, notwithstanding any error or misunderstanding or lack of clarity in the terms of such notice or instruction or other communication(s).
 - (c) For the avoidance of doubt and notwithstanding any other provision in the Custodian Agreement, the Custodian shall not be relieved, exempted or indemnified from any liability for breach of trust or for failure to show the degree of care and diligence required of it as a SPAC Custodian or a custodian / trustee generally and no provision or covenant contained in the Custodian Agreement should be construed as so releasing, exempting or indemnifying the Custodian.
 - (d) Subject to clause (viii)(b) above but notwithstanding any other term or provision of the Custodian Agreement to the contrary, neither party shall be liable under any circumstances for special, punitive, indirect or consequential loss or damage of any kind whatsoever including but not limited to loss of profits, whether or not foreseeable, even if that party is actually aware of or has been advised of the likelihood of such loss or damage and regardless of whether the claim for such loss or damage is made in negligence, for breach of contract, breach of trust or otherwise. The provisions of this clause shall survive the termination or expiry of the Custodian Agreement or the resignation or removal of the Custodian, to the relevant extent.
 - (e) Subject to clause (viii)(b) above but notwithstanding any other provision to the contrary in the Custodian Agreement, each party shall not in any event be liable for any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any existing or future law or regulation, any existing or future act of governmental authority, Act of God, flood, war whether declared or undeclared, terrorism, riot, rebellion, civil commotion, strike, lockout, other industrial action, general failure of electricity or other supply, aircraft collision, technical failure, accidental or mechanical or electrical breakdown, computer failure or failure of any money transmission system or any reason which is beyond its control.
- (ix) Other provisions relating to the Custodian**
- (a) The Custodian shall not be responsible for recitals, statements, warranties or representations of the Company as contained in the Custodian Agreement or other documents entered into in connection herewith and shall assume the accuracy and correctness thereof or shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of the Custodian Agreement or such other documents.
 - (b) For purposes of the proper performance of its duties under the Custodian Agreement, the Custodian shall be entitled to engage and consult, at the expense of the Company, with any qualified legal adviser and professional adviser selected by it and rely upon any advice so obtained and shall be protected and shall not be liable in respect of any action properly taken, or omitted to be done or suffered to be taken, in accordance with such advice.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (c) To the extent provided by law (but subject to the prior written approval of the Company, where applicable), any corporation into which the Custodian may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Custodian shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Custodian shall be the successor to the Custodian hereunder without the execution or filing of any papers or any further act on the part of any of the parties hereto.
- (d) The Custodian shall pay or cause to be paid, from the Cash Trust Account all taxes and levies in the nature of taxes imposed on the Cash Trust Account thereof by any governmental authority or under any applicable law or enactment and shall notify the Company of all such payments made or to be made accordingly.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

5.2 OUR BUSINESS APPROACH

We shall commence business as a SPAC that will be listed on the Main Market of Bursa Securities. Our near term objective is to establish a solid operational base by completing a Qualifying Acquisition. Upon completion of the IPO, we intend to acquire oil and gas Brownfields in the production phase and fields in the proximity of existing producing areas under the development and/or production phases, in our Region of Focus. In the longer term, post Qualifying Acquisition, we intend to establish our Company as an independent Malaysia-based E&P company with domestic and global operations.

For the Qualifying Acquisition, we will focus on Brownfields in the production phase and fields in the proximity of existing producing areas in the development and/or production phases with the aim of generating early revenue. As these are development and/or production assets, there is more certainty to the level of oil and gas Reserves and remaining upside potential which are of relatively lower risk as compared to exploration assets. In addition, we shall complete a Qualifying Acquisition by acquiring target company and/or asset. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company. In addition, we will be the operator, where we will have management control.

We shall achieve the above objectives by leveraging on the technical expertise, knowledge, network and experience of our Management Team and Board. They comprise both local and international experts with proven track record and global networks in the oil and gas industry. Our Management Team members have an average of over 30 years of experience in the oil and gas industry worldwide, especially in the Asia Pacific region, holding senior management roles with IOCs and NOCs. They are technical specialists with many years of practical experiences, encompassing the entire upstream segment of the oil and gas industry.

We are of the view that the opportunity to invest in the assets which we intend to focus on has emerged more markedly in recent years due to:

- (i) the liberalisation of the oil and gas industry over the last decade resulting in the release of development and/or production assets by NOCs and governments for independent development;
- (ii) the improved financial viability of development and/or production assets as a result of sustained high oil and gas prices, rapid technological advancements and the completion of major oil and gas transportation infrastructures such as established gas pipeline/evacuation systems and established offshore platform complexes/pipeline networks with ullage in oil and gas terminals;
- (iii) the economic viability to the incumbent larger IOCs and NOCs to exploit these opportunities because of their high cost base;
- (iv) the drive to develop huge unconventional oil and gas resources, namely shale oil and/or gas, CBM, etc. is attracting the attention of larger IOCs. This is opening up more opportunities for smaller independent oil companies; and
- (v) the availability of new techniques to improve oil recovery, enhance oil production, reactivation of idle wells and field wide facility rejuvenation for production assets.

The opportunity to acquire development and/or production assets is especially attractive in the Asia Pacific region. For instance, Malaysia has in recent years started the liberalisation process by releasing undeveloped small fields and matured fields for independent operatorship. Indonesia and Australia have reached a point where their landscape is dominated by independent operators that are operating many oil and gas fields. The governments of Philippines, Myanmar, Thailand and Vietnam are also encouraging E&P activities after easing regulatory and bureaucratic difficulties.

5. INFORMATION ON OUR BUSINESS (Cont'd)

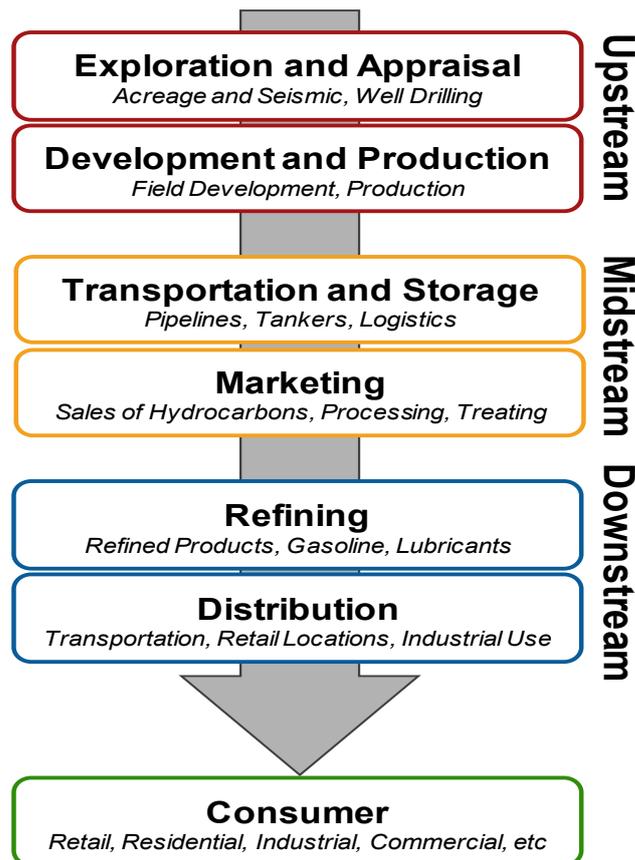
In the longer term, post Qualifying Acquisition, we intend to develop a balanced portfolio of E&P assets starting from the established base of development and production assets from the Qualifying Acquisition. We wish to achieve a balanced portfolio of both production and explorations assets with an indicative ratio of 70:30 respectively. The prime region of focus will still be the Asia Pacific countries as this is the most logical expansion in operational terms. However, opportunities in other geographic areas outside Asia Pacific countries will be pursued if the returns are attractive and the target assets meet our selection criteria. Please refer to Section 5.2.2 of this Prospectus on our post Qualifying Acquisition strategies.

5.2.1 Our Qualifying Acquisition

As a SPAC, we will initially identify and propose an appropriate business target as a Qualifying Acquisition. Based on the total IPO proceeds, we will shortlist specific investment opportunities available that meet our selection criteria as set out in Section 5.2.1.1 of this Prospectus and complete the Qualifying Acquisition within the Permitted Timeframe.

5.2.1.1 Business strategies for our Qualifying Acquisition

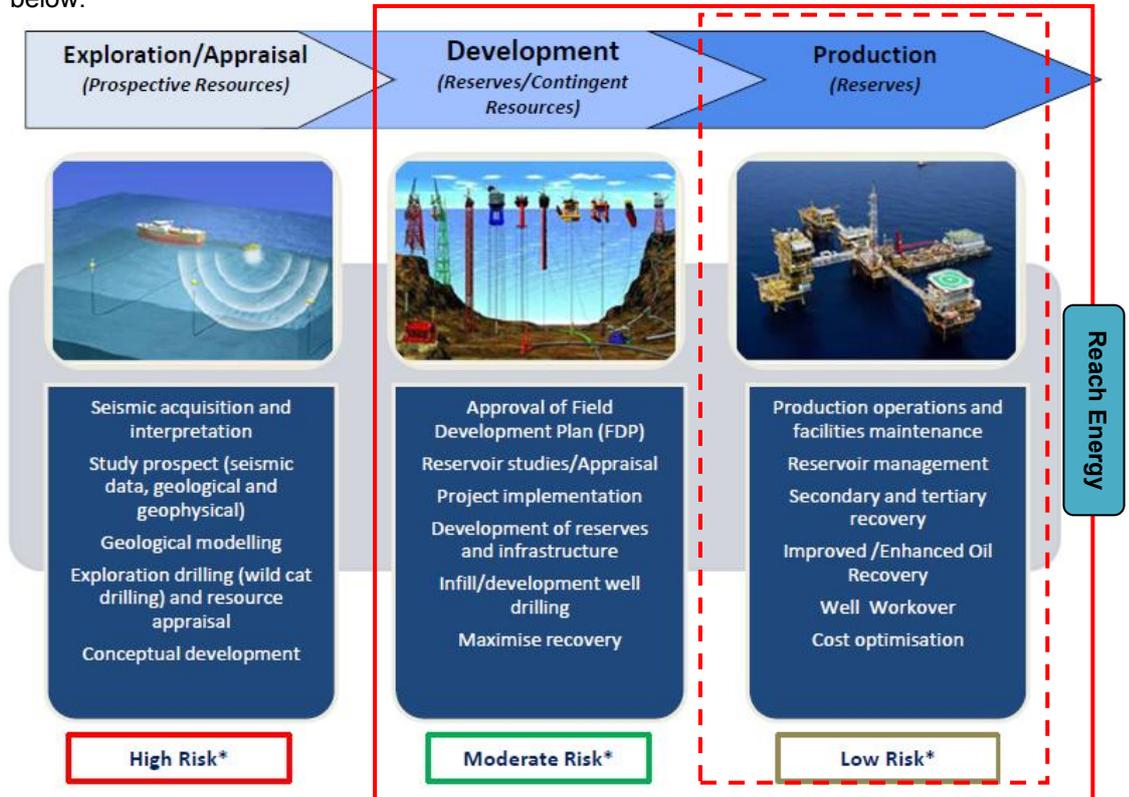
The oil and gas industry can be categorised into three segments, namely upstream, midstream and downstream as illustrated below. Our Company intends to be primarily involved in the upstream segment of the oil and gas value chain.



(Source: PFC Energy)

5. INFORMATION ON OUR BUSINESS (Cont'd)

The E&P activities can be further segmented into three main phases as illustrated below:



Notes:

* based on relative terms in comparison to the three phases of E&P activities, whereby risk in the production phase is lower compared to the development phase, which is lower than that in the exploration phase and where risk refers to the likelihood of not achieving the desired outcome.

— Our focus

- - - Our priority

The photographs depicted above are for the purpose of illustration only and do not purport to indicate that the assets depicted in the photographs belong to Reach Energy.

We will focus on Brownfields in the production phase and fields in the proximity of existing producing areas under the development and/or production phases for our Qualifying Acquisition.

The assets as mentioned above would have had oil and gas development in the area. Additional fields and Reserves may now have been proven in the area and development plans are made to drill or repair required wells and install required facilities for production, taking into account existing field information and infrastructure in the area.

Brownfields are mature fields on decline or in the final stages of productive life. Their associated facilities may require more maintenance and rehabilitation or improvement with additional infrastructure. At some point this may become non-cost-effective to a large operator. To a smaller operator, this can provide an opportunity to exploit the reservoir potential due to the small operator's lower cost base. In addition to the Brownfield assets, our focus also include discovered fields in established oil or gas producing basins that need regulatory approvals and financing but are otherwise ready for development. These fields may not be producing but are ready for development. For clarity, these fields are not in the exploration phase.

5. INFORMATION ON OUR BUSINESS (Cont'd)

On the other hand, a greenfield area is one where you start with completely undeveloped oil and gas accumulations. Oil and/or gas discoveries would have been made through exploration efforts, however, further reservoir, appraisals and development planning may be necessary to decide if exploitation of the area is economically feasible.

Generally, greenfield requires an average of five years to be developed and produced whereas, Brownfields and fields in the proximity of existing producing areas can generate early production within a period of one to two years depending on the economic phase and state of the infrastructure of the oil and gas assets. Early production is done through various techniques and approaches such as producing from appraisal wells, installing quick-connect facilities to tie into existing production infrastructure in the surrounding area or leveraging on facilities and capacities of other operators in the area through tolling arrangements to use their facilities.

Exploration phase

The exploration of oil and gas by companies begins with the acquisition of acreage that is believed to hold hydrocarbon reserves that may be commercially developed. Acreage can be obtained via acquisitions, mergers, bidding on blocks at licence rounds, or grants from resource holders. Exploration of this acreage begins with geophysical surveys and seismic studies which are then examined by geologists and petroleum engineers to determine if drilling exploration wells is likely to result in a hydrocarbon discovery.

The success rates for exploration drilling vary greatly, but the global average over the last twenty years has fluctuated in a range of 10-30%. When an exploration well fails to encounter hydrocarbons or does not discover hydrocarbons sufficient to justify commercial development, the well will be plugged and abandoned. When an exploration well is deemed to have encountered hydrocarbons sufficient to support commercial exploitation, an appropriate plan for development of the field or project will be determined.

Development phase

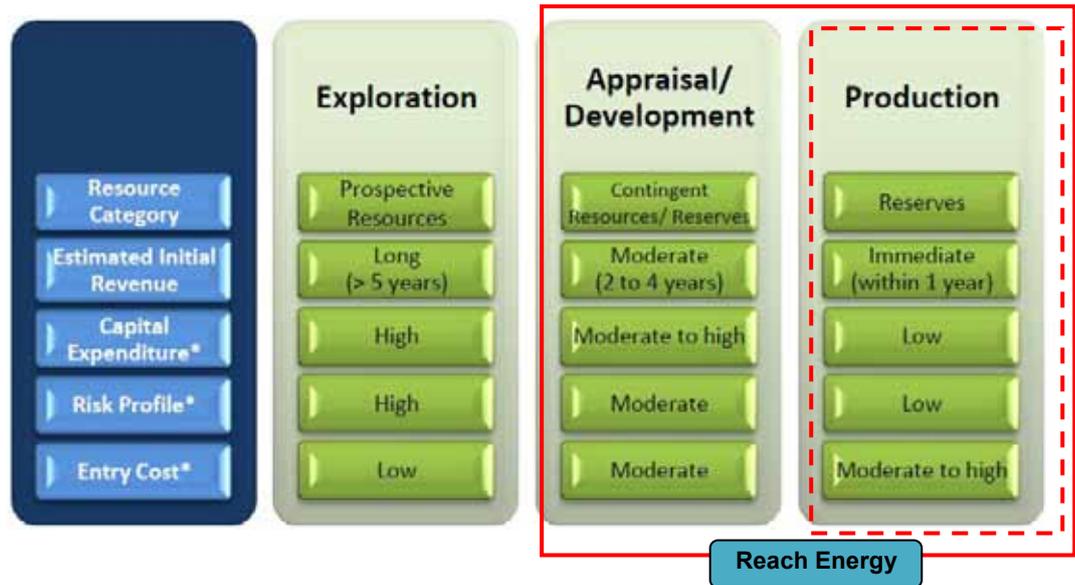
Once a prospect has been shown to be technically and commercially viable, an FDP is submitted to the relevant authorities for approval. This includes planning for technical (subsurface and surface engineering), operational (services and management teams) and commercial (contracts and marketing) aspects, evacuation network and considerations for risks specific to a field. Thereafter, a project enters the stage of procurement (including all the necessary people, equipment and facilities) where company resources and finances are committed.

Production phase

Production of oil and gas is the operational and technical objective of an FDP. Production of a field can go through numerous phases depending on the reservoir, hydrocarbon type and commerciality of remaining Reserves. Once the development is on-line, production is gradually increased until it reaches peak production. This is maintained for a number of years before production starts to decline. The technical, operational and commercial teams will implement or consider investments in enhanced recovery methods that can increase production or slow the rate of natural decline.

5. INFORMATION ON OUR BUSINESS (Cont'd)

The general characteristics of the assets under different stages are summarised below:



Notes:

* based on relative terms, a comparison amongst exploration assets, development assets and production assets.

— Our focus

- - - Our priority

Given our investment objectives, we will focus on commercially viable Brownfields in the production phase and fields in the proximity of existing producing areas in the development and/or production phases with Reserves calculations, based on the production history of the hydrocarbon basins, that are at least in the 2P Reserves category (namely Proved plus Probable Reserves). We intend to generate revenues within two years from the date of completion of the Qualifying Acquisition.

At the initial phase, our Company will primarily adopt an “acquire and exploit” strategy that may require a larger upfront investment but with higher certainty of returns. We will focus on assets with mature producing fields, or in established hydrocarbon basins located onshore or shallow water offshore areas in the Region of Focus. Generally, it is expected that quantified amounts of remaining Reserves, undeveloped oil and gas Reserves and sizable Contingent Resources are present within these fields.

By leveraging on any already existing infrastructure of these fields, the risk profile is lowered and development economics is significantly improved. However, these assets tend to have a higher entry cost given the wealth of existing historical data and proven potential to be further developed and exploited. As such, it is essential for us to have an operatorship role as it will allow us to add further value to the assets through prudent reservoir management and cost control. This requires extensive knowledge and applications of the appropriate technology in achieving operational excellence in order to optimise production and maximise returns. In addition, by focusing on Concession and/or PSC fiscal arrangements we would realise the full benefit of the commercialisation of the assets.

5. INFORMATION ON OUR BUSINESS (Cont'd)

A summary of our key criteria in selecting an asset for our Qualifying Acquisition is set out below:

Type of asset	Type of target resources/ Area of focus	Risk profile	Key selection criteria
Development	<ul style="list-style-type: none"> • Fields containing Resources/ Reserves including: <ul style="list-style-type: none"> ➢ fields requiring further appraisal to confirm the commercial viability of the resources; or ➢ fields in advance stage of appraisal and development planning; or ➢ fields with an FDP in progress or approved but where production has not commenced. 	Moderate	<ul style="list-style-type: none"> • Onshore and offshore (for our purpose, the focus is on shallow water depth not exceeding 120 metres) fields • At least Proved plus Probable Reserves • A preference for oil accumulation assets with opportunities for the introduction of enhanced oil recovery techniques • Good fiscal terms • Politically stable host country/ region • Fields with early production potential that will generate immediate cash flows • Fields requiring further appraisal or development planning to enhance production and add to existing Reserves
Production	<ul style="list-style-type: none"> • Fields with known and commercially recoverable resources (Reserves) including: <ul style="list-style-type: none"> ➢ oil and gas fields already in production phase that may have potential for further development such as increase in production and/or cost efficiency. 	Low	<ul style="list-style-type: none"> • Onshore and offshore (for our purpose, the focus is on shallow water depth not exceeding 120 metres) fields • A preference for oil accumulation assets with opportunities for the introduction of enhanced oil recovery techniques • Good fiscal terms • Politically stable host country/ region • Fields currently in production

5. INFORMATION ON OUR BUSINESS (Cont'd)

Oil and gas assets can also be summarised and classified according to the certainty of Reserves as illustrated and explained below based on the Petroleum Resource Management System by the SPE.

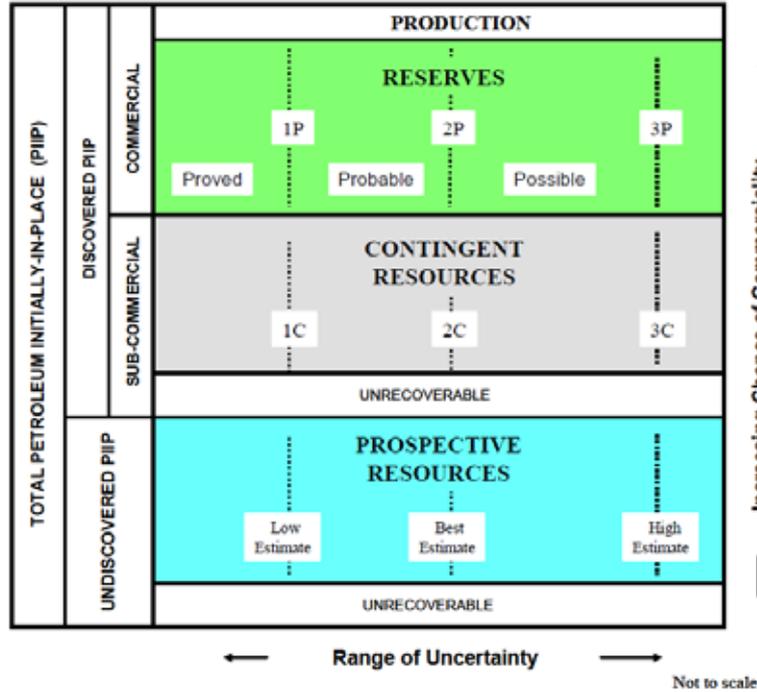
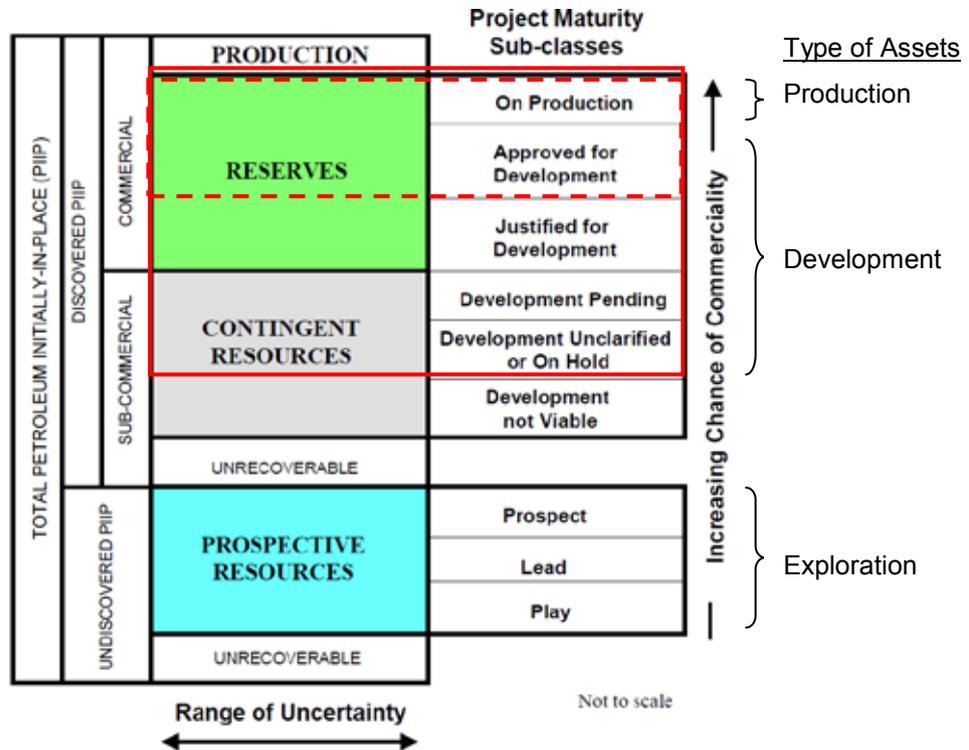


Figure 1-1: Resources Classification Framework.



Notes:
 ——— Our focus
 - - - - Our priority

5. INFORMATION ON OUR BUSINESS (Cont'd)

The estimation of petroleum resource quantities involves the interpretation of volumes and values that have an inherent degree of uncertainty. These quantities are associated with development projects at various stages of design and implementation. Use of a consistent classification system enhances comparisons between projects, groups of projects, and total company portfolios according to forecast production profiles and recoveries. Such a system must consider both technical and commercial factors that impact the project's economic feasibility, its productive life, and its related cash flows.

Petroleum Resources Classification

Petroleum is defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase. The term "resources" encompass all quantities of petroleum naturally occurring on or within the Earth's crust, discovered and undiscovered (recoverable and unrecoverable), plus those quantities already produced. Further, it includes all types of petroleum whether currently considered "conventional" or "unconventional." The major recoverable resources classes are: Production, Reserves, Contingent Resources, and Prospective Resources, as well as Unrecoverable petroleum.

The "**Range of Uncertainty**" reflects a range of estimated quantities potentially recoverable from an accumulation by a project, while the vertical axis represents the "**Chance of Commerciality**", that is, the chance that the project that will be developed and reach commercial producing status. The following definitions apply to the major subdivisions within the resources classification:

TOTAL PETROLEUM INITIALLY-IN-PLACE is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered (equivalent to "**total resources**").

DISCOVERED PETROLEUM INITIALLY-IN-PLACE is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

PRODUCTION is the cumulative quantity of petroleum that has been recovered at a given date. While all recoverable resources are estimated and production is measured in terms of the sales product specifications, raw production (sales plus non-sales) quantities are also measured and required to support engineering analyses based on reservoir voidage. Multiple development projects may be applied to each known accumulation, and each project will recover an estimated portion of the initially-in-place quantities. The projects shall be subdivided into Commercial and Sub-Commercial, with the estimated recoverable quantities being classified as Reserves and Contingent Resources respectively, as defined below.

RESERVES are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by development and production status.

5. INFORMATION ON OUR BUSINESS (Cont'd)

CONTINGENT RESOURCES are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterised by their economic status.

UNDISCOVERED PETROLEUM INITIALLY-IN-PLACE is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.

PROSPECTIVE RESOURCES are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be subclassified based on project maturity.

UNRECOVERABLE is that portion of Discovered or Undiscovered Petroleum Initially in-Place quantities which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

Estimated Ultimate Recovery ("**EUR**") is not a resources category, but a term that may be applied to any accumulation or group of accumulations (discovered or undiscovered) to define those quantities of petroleum estimated, as of a given date, to be potentially recoverable under defined technical and commercial conditions plus those quantities already produced (total of recoverable resources). Total recoverable or EUR may be termed Basin Potential. The sum of Reserves, Contingent Resources, and Prospective Resources may be referred to as "**remaining recoverable resources**". When such terms are used, it is important that each classification component of the summation also be provided. Moreover, these quantities should not be aggregated without due consideration of the varying degrees of technical and commercial risk involved with their classification.

(Source: SPE, November 2011)

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5. INFORMATION ON OUR BUSINESS (Cont'd)

In evaluating the prospects, our Company will leverage on the leadership, experience, technical expertise and strength of our Management Team, guided by the stewardship of our Board to consider amongst others, the following selection criteria for the Qualifying Acquisition:

(i) Type of assets

The type of oil and gas assets which include onshore and offshore (for our purpose, the focus is on shallow water depth not exceeding 120 metres) fields to be acquired will be prioritised by the following characteristics:

- Mature producing fields.
- Commercially viable with upside technical production and Reserves potential which will allow us to enhance production and add Reserves to the field through further appraisal and re-development activities.
- Low to moderate risk with a preference for assets with early production potential that will generate quicker cash flows. These may include oil or gas fields in advanced stages of appraisal or development planning, or with an FDP in progress or approved but where production has not commenced.

(ii) Ownership/Operatorship role

For the purpose of our Qualifying Acquisition, we will acquire company and/or asset. For clarity, company refers to corporate which owns a portfolio of oil and gas blocks and/or fields while asset refers to a specific oil and gas block or field.

As it is our vision to establish our Company as an independent E&P company, we will acquire a company and/or asset where our Management Team can add value by having management control to drive the growth and development of the company and/or asset given that our Management Team members have an average of over 30 years of operating experience in the oil and gas industry within the Region of Focus. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company.

In addition, we will be the operator of the asset. Operator serves as the overall manager of an E&P asset and is responsible for managing the operations and making strategic and financial decisions. Generally, but not always, the operator will have the largest equity stake or Working Interest in the asset. As an operator, we will have management control over the target asset.

(iii) Focus on Asia Pacific region

We will focus on assets in the hydrocarbon basins in the Region of Focus due to the following factors:

- the liberalisation of the oil and gas industry has resulted in good opportunities in the region as set out in Section 5.2.1.3(i) of this Prospectus;

5. INFORMATION ON OUR BUSINESS (Cont'd)

- the acceptable sovereign risk in the region which includes the considerations such as government supports, fiscal policies and political stability; and
- our Management Team's vast experience in the region.

Opportunities in geographic areas outside of our Region of Focus will only be pursued on a selective basis provided the returns are attractive and the target assets meet our selection criteria. Our selection criteria for such areas will be the same as for our Region of Focus save for that we would require a minimum IRR of 20% with established oil and gas infrastructure in the area and acceptable sovereign risk to enable field production within a maximum period of two years from the Qualifying Acquisition. We shall only consider PSC or Concession fiscal regimes in such areas.

(iv) Petroleum fiscal terms and/or regimes

We place priority on E&P assets on the two most common petroleum fiscal regimes, namely the Concession and PSC arrangements. These arrangements enable our Company to attain the best value out of the oil and gas Reserves as we are able to realise the full benefit of the commercialisation of hydrocarbon production. However, we will also consider other petroleum fiscal regimes such as RSC provided the returns and risks are acceptable.

When evaluating the Concession or PSC arrangements, we will evaluate the fiscal terms including, amongst others, the expiry of the PSC terms, the amount of royalty and tax payable to the government of the host country, cost recovery and profit sharing ratio.

(v) Attractive valuation and other financial terms

(a) Valuation of the assets

The valuation of the potential assets relative to comparable assets and required returns, which include among others, the following considerations:

- the minimum project IRR of 15% (which does not take into account the associated costs of the acquisition);
- Proved plus Probable Reserves (2P Reserves) in excess of 10 MMboe and 20 MMboe for target asset and target company respectively;
- the conditions and state of the assets; and
- the production volume of the assets.

For assets located in geographic areas outside of our Region of Focus, we would require a minimum IRR of 20% (which does not take into account the associated costs of the acquisition) given that the potential risks and uncertainties to operate in such regions are generally expected to be higher.

5. INFORMATION ON OUR BUSINESS (Cont'd)

(b) Financial commitments

The level of financial commitments required to acquire and develop the oil and gas fields.

(vi) Technical and operational aspects

We will consider and evaluate the extent of operational, technical and geological risks in respect of the oil and gas assets.

(vii) Environmental and social considerations

We will be conscious of the environmental and social concerns regarding the oil and gas industry and will take into account local regulations regarding emission restrictions, hydrological impacts, local health and safety requirements as well as socio-economic obligations.

For avoidance of doubt, if we acquire a company, the following criteria³ are taken into consideration:

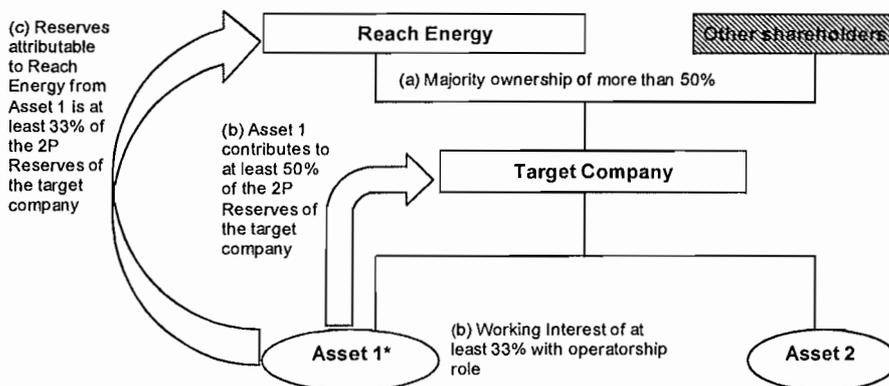
- (a) we will have a majority ownership of more than 50% in the target company which owns a portfolio of assets (with 2P Reserves in excess of 20 MMboe);
- (b) the asset(s) held by the target company, which contribute to at least 50% of the 2P Reserves of the target company must fulfill the following criteria:
 - operatorship; and
 - Working Interest of at least 33%;

(referred to as "Operated Asset(s)").

For avoidance of doubt, we may not be an operator in all the assets held by the target company;

- (c) the 2P Reserves attributable to our Company⁴ from the Operated Asset(s) must comprise at least 33% of the total 2P Reserves of the target company;
- (d) a minimum project IRR of 15%;

³ The diagrammatical structure is as shown below:



Note:
* asset with operatorship role

⁴ The Reserves attributable to our Company is computed based on the percentage of our ownership in the target company.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (e) the portfolio of assets under the target company must fall within the type of assets as set out in (i) above on page 74 of this Prospectus.

The selection criteria above are not meant to be exhaustive. Any evaluation relating to the merits of a particular acquisition of target company and/or asset will be based on the above factors as well as other factors deemed important by our Management Team. Furthermore, while we will strive to adhere to the above standards, we recognise that as we may be acquiring a portfolio of assets, some of the assets may not meet all our specific criteria.

5.2.1.2 Critical success factors for our Qualifying Acquisition

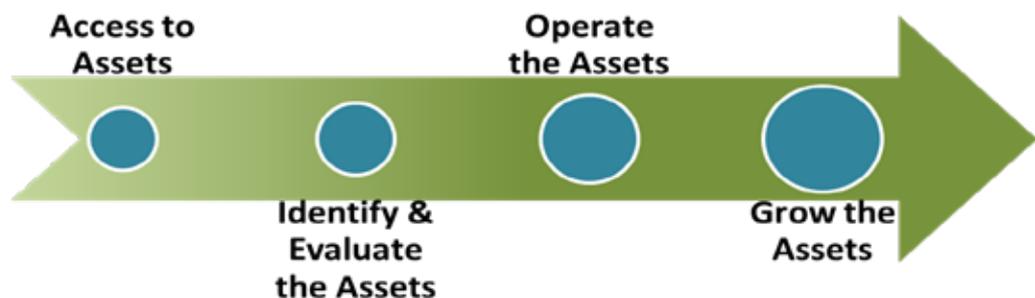
As stated above, we intend to establish ourselves as an independent Malaysia-based E&P company with global operations upon completion of a Qualifying Acquisition within the Permitted Timeframe. Our Company will focus on acquiring development and/or production assets within the Region of Focus with high potential of generating revenue within two years from the date of completion of Qualifying Acquisition depending on the state of the asset and the timing of the relevant approvals and licences being obtained as well as other relevant factors beyond the control of our Management Team. Although the entry cost for exploration assets are typically low, our Company will not target such assets for our Qualifying Acquisition as these are associated with high risk and long gestation periods.

Our Management Team regards the Asia Pacific region as a major growth area for exploration and development activities to meet the rising demand for energy and hence a natural focus for our Company. The breadth of experience and the network of our Management Team position us well to identify, evaluate and capitalise on opportunities that arise and meet the terms for Qualifying Acquisition.

According to the IMR Report, a total of 656 transactions in the upstream oil and gas sector have been recorded in the Asia Pacific region over the past six years from 2008 to 2013. These merger and acquisition transactions include both corporate (entire company) and asset (an equity stake in a specific block or field) acquisitions. Out of this, 575 transactions had acquisition costs below USD250 million i.e. in the range of amount which we intend to raise.

We believe we will be able to identify suitable assets for our Qualifying Acquisition by leveraging on our Board and Management Team's strength, experience and networks in the oil and gas industry.

In addition, we believe that we will create value for our shareholders by acquiring the right assets and subsequently operating and managing the assets. To achieve this, we will adopt the following approach:



5. INFORMATION ON OUR BUSINESS (Cont'd)

(i) Access to assets

Our Management Team's experience in senior positions in the oil and gas industry worldwide and especially in Asia Pacific with IOCs and NOCs have equipped them with a wide network of contacts. This not only provides them with access to assets that are open for sale but also allows them to proactively seek acquisition opportunities, farm-ins and partnerships.

(ii) Identify and evaluate the assets

The oil and gas industry requires technical professionals and industry professionals in identifying good value assets. Our Board and Management Team have the required knowledge and experience in identifying target assets. We will identify, evaluate and select target company and/or asset that meet our selection criteria as set out in Section 5.2.1.1 of this Prospectus, having low to moderate risk and meet other considerations deemed appropriate by our Board and Management Team.

Upon identification or selection of the potential target assets, we will leverage on our Board and Management Team's skills, experience and networks to enter into negotiations with vendor and successfully complete the acquisition of oil and gas resources.

Our Board and Management Team will also identify technologies and additional skilled personnel with the expertise to assist in identifying the target company and/or asset.

(iii) Operate the assets

The production operations phase is where most of the value is created by maximising Reserves extraction in the most efficient manner with best operating practices and prudent reservoir management. This involves the following:

- uninterrupted production to maximise recovery during the contract period;
- low operating unit cost per barrel;
- best practices in maintenance of oil and gas facilities;
- HSE excellence;
- recruiting, nurturing and retaining a highly skilled workforce; and
- continued surveillance of the reservoirs to ensure proper reservoir management.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

(iv) Grow the assets

We expect to create value by:

- growing our Reserves organically by exploiting any upside potential such as deeper reservoirs, Reserves behind casing, infill drilling, stranded gas, etc; and
- conducting studies to devise efficient methods to increase production of oil and gas at commercially viable levels.

5.2.1.3 Rationale for our Qualifying Acquisition strategy

We believe that there are favourable environment and market conditions in the oil and gas industry for our Qualifying Acquisition, particularly in the Region of Focus for the following reasons:

(i) Liberalisation of the oil and gas industry

Over the last decade, there has been a trend of liberalisation of the oil and gas industry in the Asia Pacific region. This is largely spurred by declining oil production in the region which has resulted in an increasing reliance on development and/or production assets to mitigate the decline. NOCs and governments in the region have been releasing oil and gas assets to independent operators for their ability to maximise production and recovery in a cost effective manner. Some examples are as follows:

➤ Malaysia

Oil production has been declining over the last decade while gas production rose significantly in the early 2000s, but has shown signs of declining more recently. Due to the importance of the oil and gas industry to the country, the Malaysian government and PETRONAS have taken steps to increase investment and activity. New fields, new fiscal terms and enhanced recovery techniques are encouraging greater investment in the country. PETRONAS' specific objectives include rejuvenating existing fields through EOR, developing small fields and intensifying exploration activities. This will include:

- reviewing PSC terms and introducing new petroleum contract agreements;
- attracting companies with specialised skills and abilities; and
- using its role as industry regulator to ensure the most economic and efficient technologies are deployed as well as see to infrastructure being cooperatively utilised.

Improved fiscal terms, ease of entry and ease of doing business should open new areas for investment as well as make previously marginal or non-commercial fields now economically attractive.

(Source: PFC Energy)

5. INFORMATION ON OUR BUSINESS (Cont'd)

Since 2010, PETRONAS has made sustainable oil production its priority amid declining hydrocarbon Reserves locally and abroad. Generally, the blueprint is a three-pronged strategy:

- (a) maximise oil recovery factor through EOR in existing mature oilfields;
- (b) development of marginal/small oil and gas fields; and
- (c) rationalisation of international operations.

The area that is most relevant to our Company is the development of marginal and small fields. Malaysia has numerous small oil and gas fields (defined as fields having Reserves of less than 30 MMboe). PETRONAS has formulated a plan to develop around a quarter of these fields by entering into various commercial arrangements with independent oil companies.

Developing these fields in an economically attractive manner is often challenging, as they need the same expensive infrastructure as large fields, while the expected revenue streams are smaller due to the smaller Reserves sizes. As part of PETRONAS' strategy to accelerate production and add new Reserves, several full field reviews and production enhancement effort activities are being conducted.

PETRONAS intends to work with the industry on three fronts to make the most of these fields:

- Review the PSC terms and introduce new petroleum agreements to ensure that operators of these small fields receive enough economic incentives so that they find sanctioning investments in small field developments attractive versus their cost of capital and versus other opportunities available to them in Malaysia and abroad.
- Attract E&P operators that specialise in small fields. These operators typically have a development and operating approach that is specifically adapted to the challenges of these types of field. This provides an opportunity that aligns with the business objectives of our Company.
- Facilitate collaboration between players to allow sharing of facilities and other synergistic measures to improve the economics of small field development.

Thus far, PETRONAS has awarded a number of contracts for such small field development and has identified several other small fields for development in the near term. In addition, as basins mature there is also a growing number of development and/or production assets that are being left by the IOCs and similarly, PETRONAS has made available such assets to independent operators through various commercial arrangements.

5. INFORMATION ON OUR BUSINESS (Cont'd)

➤ Indonesia

Oil production has been rapidly declining over the last decade while gas production has increased slightly. Much of that increase is going to higher domestic gas consumption which is less lucrative for the Indonesian government and NOC (Pertamina) than LNG exports. Pertamina's focus is on growing production from its domestic E&P portfolio, through EOR and infill projects at mature domestic fields and developing its major projects such as Cepu. The Indonesian government is also developing a CBM strategy for Indonesia as the country possesses a significant potential resource (~450 trillion cubic feet) of CBM. There is also potential for shale production towards the end of the decade. The Indonesian government has also indicated a willingness to adjust fiscal terms to attract more investment, particularly in new or underexplored/underinvested areas.

These adjustments can include general improvements of the equity split of production to reductions in VAT and import duties on equipment and facilities. A reorganisation of the relationship between the regulator, NOC and government is ongoing in Indonesia which may cause delays in the short-term.

(Source: PFC Energy)

With the production declines there has been a shift with small Brownfields accounting for the majority of Indonesia's production. The Indonesian government recognises that significant investments are required to reverse this trend.

Indonesia has introduced permanent tax breaks on the import of equipment for oil and gas exploration as part of its efforts to stem declining production and minimise crude import requirements. The tax breaks will also apply to equipment associated with geothermal drilling activities. It also unveiled a new development strategy in 2011 (Master Plan for Economic Expansion and Acceleration 2011-2025) that emphasised more private sector involvement in infrastructure expansion, such as wider use of public-private partnerships in the oil and gas sector.

The Indonesian government further steps up its efforts to encourage investments by introducing various measures to attract independent E&P players. For example, the Indonesian government has plans for a petroleum fund, aimed at promoting research and investment into the country and is also looking to 'provide a better portion' gained from output for companies in its production sharing contracts. It will take time before these reforms are implemented given the country's cumbersome bureaucratic tradition and for investment to show results. Nevertheless, there has been some success in recent development.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

➤ Australia

Oil production has been declining over the last decade while gas production, with a significant boost via LNG exports, has been steadily rising over the same time period. Australia has one of the most open oil and gas business environments in the world, similar to the US, Canada and Norway. This attracted a large number of major IOCs pursuing oil production first and later pursuing large offshore gas deposits via LNG exports. There continues to be a variety of business opportunities ranging from enhanced recovery in mature/brownfield areas, underexplored frontier areas, CBM and emerging shale plays. Australia's government has shown sensitivity to the financial needs of the oil and gas industry to continue high levels of investment in the country, but it also continues to implement strict environmental and regulatory controls.

(Source: PFC Energy)

Australia's situation is similar to Indonesia. Maturing basins have resulted in a decline in production. However, unlike Indonesia, the absence of a NOC has accelerated the shift towards greater involvement of independents. The Concession fiscal regime is also more favorable for the independents.

Given the vast landscape of the Australian continent, there are still many underexplored sedimentary basins that may have substantial oil and gas resources. For the majority of these areas, the potential extraction levels are ambiguous. Over time, the location of industry production has changed, reflecting the discovery of new Reserves across Australia. For instance, earlier oil and gas discoveries in the Cooper, Eromanga and Gippsland Basins have reduced in their production profile while the contribution of newer discoveries in the Bonaparte, Browse and Carnarvon Basins has grown industry revenues substantially. Importantly, these newer basins are yet to be fully exploited and represent a key source of future capacity for the sector.

The oil and gas exploration and extraction industry is subject to a substantial amount of legislation and regulation from both state and federal bodies in Australia. These regulations surround amongst others, occupational health and safety, structural integrity, resource management and land access, taxation and environmental issues. There has been significant regulatory reform in the upstream petroleum market in the last decade, aimed at increasing transparency and decreasing regulatory burdens and associated costs.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

➤ Myanmar

Myanmar's oil and gas industry was under restrictive investment sanctions until recently. Due to this lack of investment and activity, there is a significant amount of underexplored or untapped resource potentially available. Myanmar's gas production has been slowly increasing, but the industry and infrastructure is in need of investment, technology and modernisation. Many large IOCs have expressed interest in entering Myanmar, but as with any frontier (geologic or economic) there is uncertainty surrounding the eventual results. Myanmar recently concluded its onshore and offshore bid rounds in October 2013 and March 2014, respectively. The bid rounds attracted a range of bidders including NOCs (Oil & Natural Gas Corp Ltd (ONGC), Brunei National Petroleum Co (PetroleumBRUNEI), PETRONAS, PTT Exploration and Production Plc ("PTTEP")), IOCs (Eni SpA, Statoil ASA, Shell, TOTAL SA, ConocoPhillips Company, BG Group Plc) and smaller independents (Pacific Hunt Energy Corp, MPRL E&P Pte Ltd) with the IOCs dominating in the deepwater offshore blocks.

(Source: PFC Energy)

The recent easing of Western sanctions on Myanmar since its efforts at reform and the opening up in 2012 has brightened the prospects for greater involvement in the country's oil and gas industry. While the large offshore blocks are likely to be dominated by the IOCs and NOCs, there are opportunities for independents to participate in some of the smaller onshore and shallow water fields.

➤ Thailand

Both oil and gas production have increased steadily over the last decade, but proved Reserves are rapidly dwindling. The country's production has long been dominated by a handful of companies, but smaller companies have been pursuing resources and brownfield opportunities left behind in shallow waters or onshore. The Thai government is hoping to attract increased investment to maintain production as well as add proved Reserves.

The Department of Mineral Fuels (DMF) has announced plans to launch the 21st licensing round which will comprise of onshore and shallow waters blocks that will include opportunities for EOR and brownfield activity.

(Source: PFC Energy)

Thailand holds large proven Reserves of natural gas and production has increased substantially over the last few years. However, the country still remains dependent on imports to meet growing domestic demand since it is the second largest consumer of natural gas in Southeast Asia. Several projects are ongoing in an attempt to increase Thailand's natural gas supplies over the next few years. The largest of these is PTTEP's Arthit project, off the coast of Songkhla.

5. INFORMATION ON OUR BUSINESS (Cont'd)

Petroleum exploration and production grants to private investors are in the form of concessionary contracts where the concessionaire pays the government royalties, special remuneration benefits and tax in consideration for the concession granted. Petroleum concession agreements are modeled on a draft contained in a ministerial regulation and contain two periods, an exploration period and a production period. There are no foreign ownership restrictions imposed on the petroleum industry. Nevertheless, most foreign companies often work in joint ventures with PTTEP, PTT Public Company Limited's upstream subsidiary. PTTEP and various foreign companies continue to aggressively explore for oil Reserves throughout Thailand.

➤ **Vietnam**

Oil production over the last ten years has been relatively steady but is expected to decline over the coming decade. Gas production has steadily risen over the last ten years and there are significant volumes remaining to exploit. Some of these volumes are in areas lacking infrastructure or are not currently supported by market prices in Vietnam. The Vietnamese government and NOC are looking at options for improving fiscal terms to attract new and renewed investment. These could include tax incentives, reduced bureaucracy and higher domestic gas and product prices.

(Source: PFC Energy)

Vietnam remains an important oil and gas producer in Asia Pacific. With the growing energy demand and fast declining domestic oil production, there is a big push for greater E&P activities especially in Vietnam's vast continental shelf and also in the territorial disputed area with China. The state-owned Vietnam Oil and Gas Corporation (PetroVietnam) is actively involved through partnership and/or joint ventures with many IOCs, NOCs and other smaller independent energy companies in undertaking exploration, development and production activities.

To increase the Reserves base, Vietnam has intensified exploration and development efforts, mainly offshore, as most of this area remains relatively unexplored. Generally, with high proven Reserves and the push by the Vietnamese government to increase oil output, this can become an attractive opportunity for new players to participate in upstream ventures.

➤ **Philippines**

Unlike most countries in Asia, oil and gas production in the Philippines has historically not seen a significant amount of exploitation and development. Country production has thus far peaked at 33 kbd of oil (2010) and 305 MMcfd of natural gas (2009). In terms of Reserves, both oil and gas have been relatively steady over the last ten years at 139 MMboe and 3,480 bcf of gas. There has been renewed interest in the Philippines due to its relatively unexplored acreage, steady GDP growth and steady population growth; all being drivers of a potentially robust energy market.

(Source: PFC Energy)

5. INFORMATION ON OUR BUSINESS (Cont'd)

Global energy firms have initiated numerous proposals for projects for the exploration and development of oil and gas in the Philippines. Existing energy players have also revived once stalled projects to support the government of Philippines' objective to diversify the country's energy sources and to ensure long-term energy security. Among the more notable projects was the Malampaya gas field project off Palawan, where latent hydrocarbon basins have been showing good leads in seismic data. There is also a more aggressive push to develop oil and gas projects in potential hydrocarbon prolific areas which spread over 10.3 million hectares within the basins of Northwest Palawan, East Palawan, Sulu Sea, Mindoro-Cuyo, Cagayan, Central Luzon and Cotabato.

Opportunities in other geographic areas will only be pursued on a selective basis provided the return on investment is deemed attractive and fall within our selection criteria as set out in Section 5.2.1.1 of this Prospectus.

(ii) Improved financial and project viability

The financial and project viability of development and/or production assets, particularly small fields, has improved in recent years. This is driven by sustainable high oil and gas prices and cost effective technologies for Reserves replacement and reviving problematic producing wells and hence, mitigating production decline in matured fields. Improvements in gas transportation infrastructure and the wide spread of existing oil and gas facilities, have also made more oil and gas field developments viable by providing cost effective means of processing, evacuation and transportation.

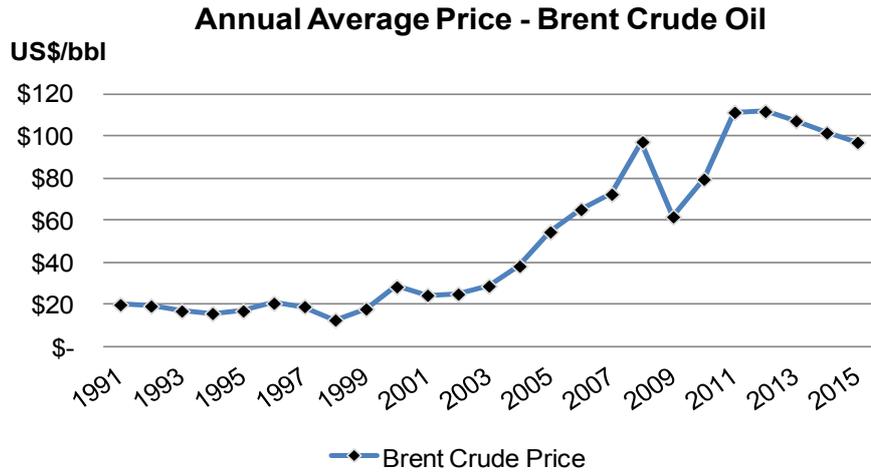
➤ Sustainable high oil and gas prices and demand

Based on the IMR Report, oil prices began to surge in 2006 due to a rise in world demand and lack of surplus spare capacity. During the global economic downturn from 2007 to 2009, although the demand for oil decreased and supply pressures on oil prices began to abate, oil prices were still on an upward trend. Oil prices have risen from an average of USD35.30 per barrel during the 2000 to 2005 period to an average of USD72.69 per barrel for WTI from 2005 to 2010.

In early 2011, unrest in the Middle East and North Africa raised the fear that physical oil supplies would be affected which kept oil prices high at above USD100 per barrel and prices have remained at those levels. The cost of producing oil has risen significantly over the years and this rise in costs has also provided a "cost push" factor to oil prices. Nevertheless, the emergence of significant production from shale oil and gas resources in North America has affected global supply and demand.

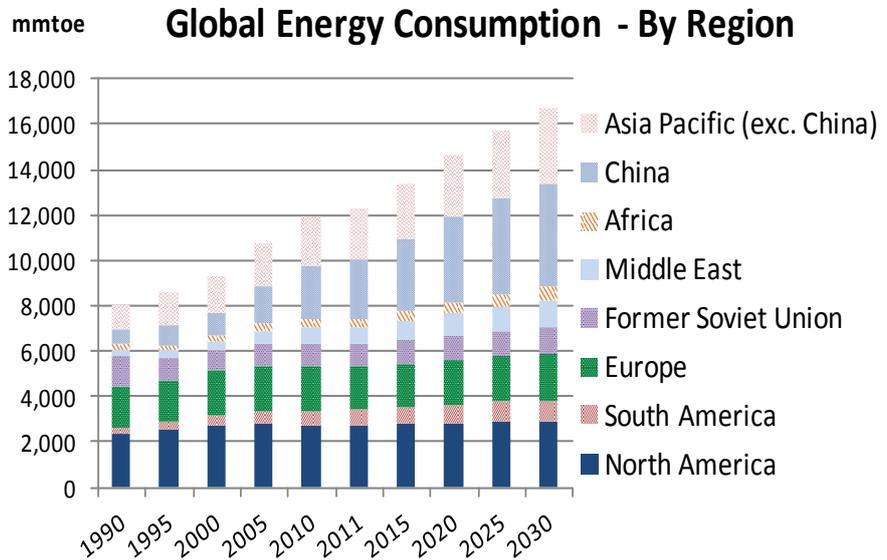
Notwithstanding, given the demand for oil and natural gas and the market conditions, it is expected that the oil price environment will be volatile but sustained at levels which are significantly higher than prices experienced a decade ago. Brent prices going forward are expected to continue a slow rise through the end of 2013 and taper off during 2014.

5. INFORMATION ON OUR BUSINESS (Cont'd)



(Source: PFC Energy)

Based on the IMR Report, global energy consumption is expected to grow at an average rate of 1.7% per annum from 2010 to 2030, which is equivalent to a 40% overall increase. (1990-2010: average rate of 2.0% per annum over the prior 20-year period). Energy demand correlates highly with population growth and regional GDP growth. As the emerging economies tend to experience faster population growth and higher GDP growth, it is expected that these countries especially those from the Asia Pacific region (including China) will have greater energy consumption in the future.



(Source: PFC Energy)

As such, the level of E&P activities are expected to remain high, supported by sustained high oil prices and steadily increasing demand arising from the future global economic growth for both the emerging markets and developed countries.

5. INFORMATION ON OUR BUSINESS (Cont'd)

➤ Reserves evaluation and maximising oil recovery

The process of quantifying Reserves is governed by scientific, political and economic considerations. Reserves evaluation is an interpretive process and its uncertainty is inversely proportional to the understanding of the producing hydrocarbon accumulation. Most oil producing regions have mature fields and there is a need to look for new technologies and methodologies to enhance the production and maximisation of oil recovery.

There has been an abundance of research and development, notably in:

- seismic acquisition and processing and more advanced utilisation resulting in enhanced interpretation capabilities;
- new and improved drilling technologies (reservoir management);
- well completion practices, as well as in equipment design, analytics, etc.;
- reservoir management practices in terms of production control, water management and inhibition, gas utilisation, etc.; and
- Improved Oil Recovery and EOR technologies and techniques.

Furthermore, new mobile offshore production units designs enable effective and commercially viable drilling of a cluster of small fields. Drilling of horizontal and lateral wells has enabled more cost efficient field development and the use of Inflow Control Valve (ICV) in horizontal well completion has proven effective in controlling fluid flow from the reservoirs into the wellbore.

(iii) Opportunities for independents

IOCs like ExxonMobil, Shell, BP Plc, etc. have left many smaller oil and gas discoveries undeveloped and relinquished these fields back to the governments due to Reserves uncertainties and their own high unit development costs. In addition, these large oil companies may also discontinue production and relinquish older oil and gas fields should production drop to a level where the high cost base of the IOCs may no longer economically justify their involvement or continued interest in such fields. Instead the IOCs are now more focused on large greenfield sites.

As such, there is much room and opportunity for a new breed of small and medium but more agile independent E&P companies to emerge and participate in oil and gas development, including the older oil and gas fields which have been relinquished by the IOCs. Typically, the cost base of such independents is conducive for this purpose.

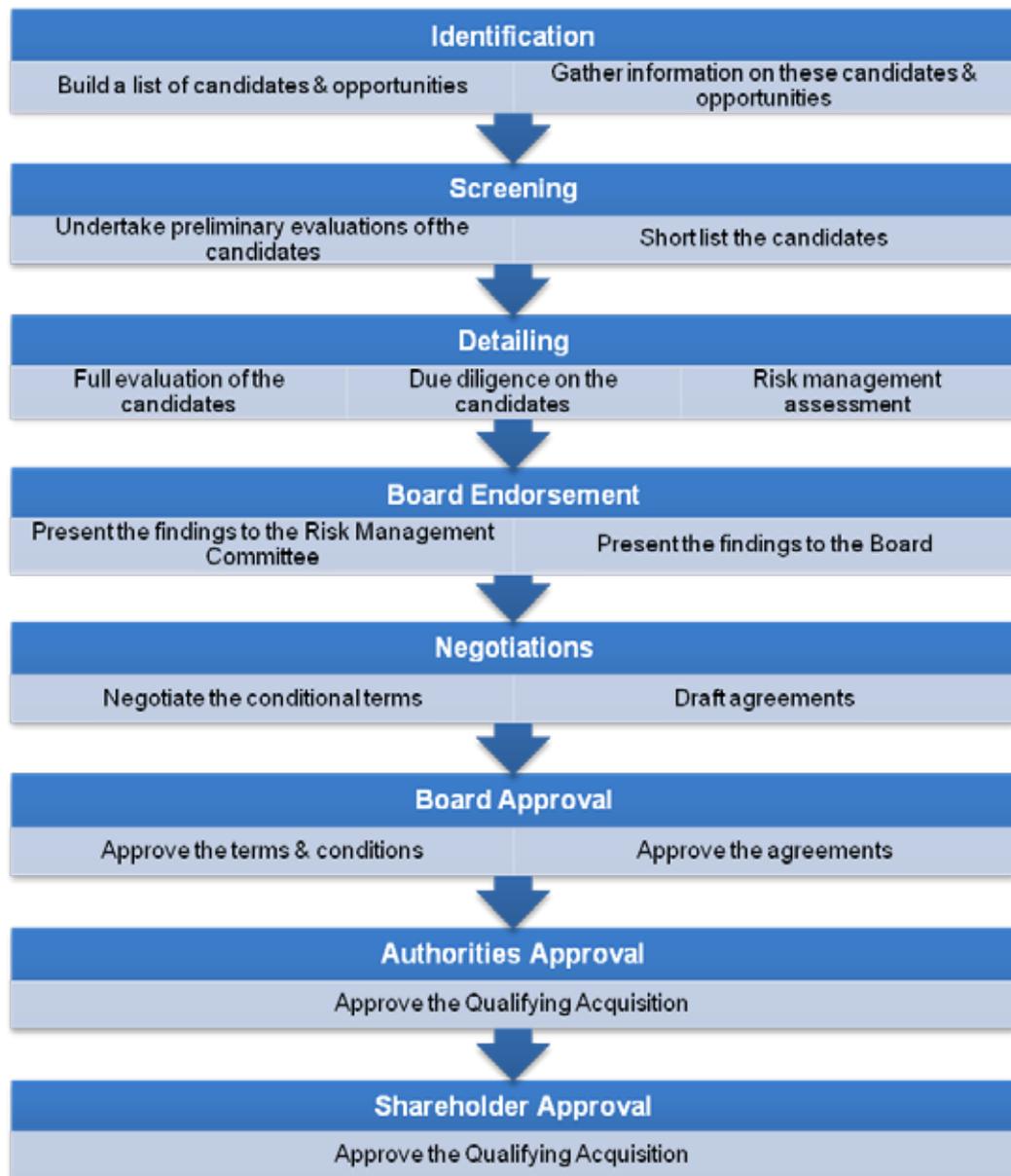
There is also a general rush amongst the larger IOCs and governments around the world to invest and develop unconventional oil and gas resources. As the unconventional resource accumulations are extensive, some of the larger IOCs are consolidating their assets to focus on unconventional hydrocarbon ventures. This trend is expected to open up more opportunities for smaller independent oil companies in the arena of conventional hydrocarbon ventures around the globe. Within the Asia Pacific region, new exploration projects for unconventional oil and gas are underway or being targeted in Indonesia, Australia and New Zealand.

5. INFORMATION ON OUR BUSINESS (Cont'd)

In view of the above, our Company plans on taking advantage of these opportunities by raising substantial equity through the newly created SPAC scheme to acquire existing Brownfields in the production phase and/or fields in the proximity of existing producing areas under the development and/or production phases for our Qualifying Acquisition. In addition, as one of the few Malaysian E&P companies, we have the added advantage of being better positioned to tap into the growing opportunities in Malaysia.

5.2.1.4 Selection process of target asset for our Qualifying Acquisition

The selection process of target asset for the Qualifying Acquisition is illustrated below:

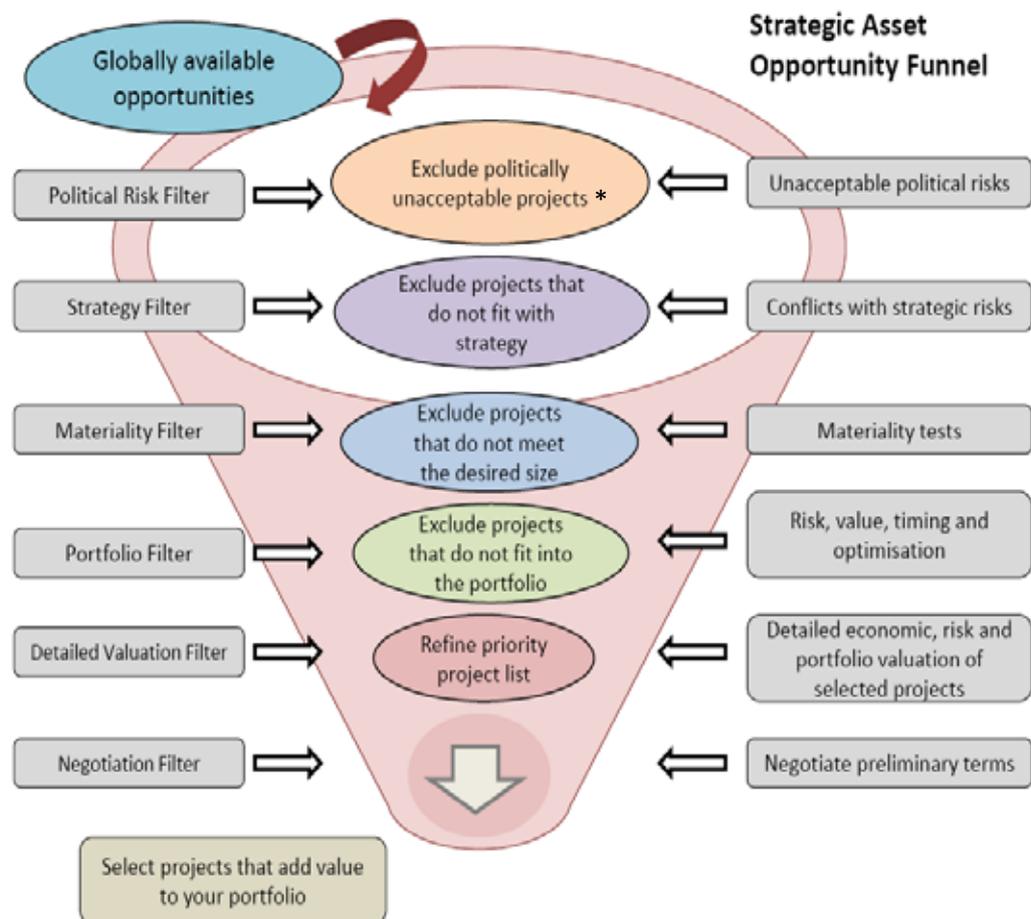


5. INFORMATION ON OUR BUSINESS (Cont'd)

We will begin to build a list of potential opportunities or target assets based on our selection criteria as set out in Section 5.2.1.1 of this Prospectus by leveraging on our Board and Management Team's global networks and contacts. For the purpose of short-listing the target assets for Qualifying Acquisition, we plan to adopt the "Funnel" Methodology in the identifying, screening and detailing processes.

Strategic asset opportunity Funnel

We will evaluate identified potential target assets by using various evaluation processes analogous to funnel and filter to select the best assets, as illustrated below:



Note:

* Politically unacceptable projects refer to those potential oil and gas field assets or acquisitions located in countries which are facing political and civil unrest or in areas subject to territorial disputes. The risk of E&P ventures in these areas could destroy the business value for any E&P companies.

- The first stage of the process (top of the funnel) is to introduce a large number of assets through a series of compatibility tests (filters) to shortlist target assets that meet our investment criteria.
- The filters ensure that the shortlisted projects are compatible with our Company's strategy. This allows us to devote resources to the detailed evaluation of the shortlisted assets.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- We will then conduct studies and detailed evaluation of the shortlisted target assets. We will further proceed with the preliminary due diligence process on the shortlisted target assets which encompasses legal, financial, operational and technical verifications. Our Management Team will also conduct a risk management assessment on the shortlisted target assets.

In addition to the expertise of our Management Team and our Board, we will engage external professionals and industry experts to assist in the business and financial assessment and due diligence of potential assets, if necessary. We would also engage recognised professionals to assist in the regulatory approvals.

Upon satisfactory preliminary due diligence outcome, our Management Team will propose/present the findings on the shortlisted target assets to our Risk Management Committee prior to seeking our Board's endorsement for further negotiation with the owner of the selected target assets on the commercially acceptable terms and conditions of the sale and purchase agreement which are subject to the final approval by our Board.

Our Board's approval will enable us to enter into the requisite conditional sale and purchase agreements for the target asset, of which we will then seek the relevant authorities and our shareholders' approval for the proposed acquisition of the target asset as our Qualifying Acquisition.

The selection process above will enable us to effectively and expediently identify assets that meet our selection criteria as set out in Section 5.2.1.1 of this Prospectus and ultimately undertake the Qualifying Acquisition subject to a comprehensive due diligence process which will continue until the completion of our Qualifying Acquisition as well as evaluation by our Management Team and our Board.

5.2.1.5 Comprehensive due diligence process on target asset for our Qualifying Acquisition

As at the date of this Prospectus, we have not identified any target asset for our Qualifying Acquisition nor have we entered into any agreement whether oral or written, binding or non-binding with any parties. Additionally, we have not signed any non-disclosure agreements with any potential parties to evaluate oil and gas assets.

Even though we have yet to identify any candidates for our Qualifying Acquisition, we believe in the capability of our Management Team to propose the target asset for our Qualifying Acquisition within the Permitted Timeframe. In addition, our Management Team has access to independent consultants and advisors who can provide additional insights to assist us in the identification and evaluation of suitable acquisitions.

Our Management Team will conduct the necessary legal, financial, operational and technical due diligence on the target asset which includes information on level of resources and its range of estimates, availability of past and current data, terms of services agreement, experience and/or skill of operators/partners, contractual obligations and liabilities and the condition of physical assets that will fulfill the selection criteria described in Section 5.2.1.1 of this Prospectus.

5. INFORMATION ON OUR BUSINESS (Cont'd)

In addition, the evaluation may include regular meetings with the incumbent operator and their joint-venture partner (if any), their management team, their business partners, host country regulators and site inspection of the facilities. An independent industry expert will be engaged to provide an independent valuation of our Qualifying Acquisition. Any evaluation relating to the merits of a particular acquisition will be based on the selection criteria described in Section 5.2.1.1 of this Prospectus as well as other information or factors deemed important by our Management Team.

5.2.1.6 Early identified strengths

Our strength is the wide experience and relevant expertise of our Management Team members who have an average of over 30 years of experience in the oil and gas industry and they comprise technical specialists with many years of practical experiences in E&P, encompassing the entire value chain of upstream segment of the oil and gas industry.

They have the expertise and experience to:

- (i) source, evaluate and execute a Qualifying Acquisition; and
- (ii) operate the assets,

particularly in the Region of Focus. Hence, their wealth of knowledge and contacts in the Region of Focus would be vital to sourcing the suitable target assets, developing and operating the assets effectively to deliver shareholder value. The key strengths of each member of our Management Team are as follows:

- (a) Our Managing Director, **Ir. Shahul Hamid bin Mohd Ismail**, had spent a total of 25 years working for ExxonMobil and Shell, which are the top two oil and gas majors in the world. He has been intimately involved in many greenfield and brownfield developments which include sourcing, evaluating, developing and operationalising oil and gas fields in Malaysia, Australia, Brunei, the Philippines, Indonesia, Myanmar, Sri Lanka, the Persian Gulf and the interior of Sultanate of Oman. His work exposure, working many years in ExxonMobil and Shell, in both offshore and onshore oil and gas assets globally and in wider and diverse areas of the E&P sector has ideally equipped him to lead our Company.

As the General Manager of Shell's Sarawak Oil Business Unit, he managed the oilfields in the Balingian and Baram Delta areas contracted under Shell Malaysia, along with Shell Malaysia's Bintulu Crude Oil Terminal and the Bintulu Integrated Facilities, which handled 2,800 MMcfd of gas sales, 50 kbd of crude export and 70 kbd of condensate export. He also managed several brownfield development projects from conceptual stage to EPCC and operations. He has also held the role of Operations Director of Sarawak Shell Berhad and Sabah Shell Petroleum Co. Ltd. during a crucial organisational transition period where the companies underwent a business re-engineering exercise to increase profitability, optimise cost-base and redeploy staff. During this period, the challenge was to manage the business re-engineering exercise including attending to staff redeployment matters whilst ensuring the daily business operations was uninterrupted. He managed the operations function of Shell Malaysia's entire E&P assets in Sabah and Sarawak. He was subsequently appointed as the Managing Director of Shell Refining Company (Federation of Malaya) Berhad, which is listed on the Main Market of Bursa Securities ("**Shell Refining Company**") and Lutong Refining Company Sdn Bhd and was responsible for the overall operations of a 156 kbd complex refinery and a 45 kbd simple refinery.

5. INFORMATION ON OUR BUSINESS (Cont'd)

In PDO, as Technical Services Manager, he was responsible for all the operations, engineering and technical services of PDO and also managed several brownfield development projects from conceptual stage to EPCC and operations. During his long career in the E&P sector, he personally led and handled many projects from start to finish, including commercial negotiations, economic analyses and technical evaluations. He dealt with top level governmental, society and oil industry personnel and international consultants in several countries in leading these efforts.

- (b) Our CFO, **Azmi bin Tan Sri Arshad**, started his career in the finance sector and later held senior positions in financial management, corporate finance and operations related roles in the oil and gas industry. At SapuraCrest Petroleum Berhad ("**SapuraCrest**"), he played a key role in the acquisitions of Sapura Energy Sdn Bhd and Total Marine Technology Pte. Ltd, which include the financial evaluation and funding of the acquisitions. He was also involved in the joint venture arrangements with foreign partners for offshore installation and construction activities which include the construction of offshore support vessels and rigs for a combined value of over USD600 million.

He has been involved in the oil and gas industry in financial management since 2003 and subsequently in additional senior managerial roles including supply chain management, risk management and HSE. He also has experiences in funds raising from both the debt and capital markets, mergers and acquisitions as well as syndicated financing for capital expenditure, project financing and working capital, which are vital for business growth and expansion in the oil and gas industry. He was also on the board of operating subsidiary companies as well as being a management representative of SapuraCrest in overseeing the performance of local and overseas subsidiaries and joint ventures in Malaysia, Vietnam, Thailand, Myanmar, Indonesia, India and Australia.

- (c) Our Vice President of Petroleum Engineering, **Abd Rahim bin Shamsudin**, has over 30 years of experience in E&P activities with PETRONAS, actively involved in oil and gas field development and production operations. He led the development team in the successful evaluation and redevelopment of the Baronia field in Sarawak, realising increased field production. He was personally involved in the successful planning and implementation of horizontal well drilling, various new well completion technologies and water and gas wells injection scheme. As a Technical Manager for the Sabah operations, he provided technical support to PETRONAS Carigali's oil and gas production operations in Sabah, keeping high facilities uptime and effective well performance management. As Asset Manager of Tembungo-Erb West and Angsi fields (the then main oil and gas producing field for PETRONAS Carigali), he implemented a number of key initiatives to enhance the oil and gas production.

During his assignment as the Head of Petroleum Engineering in Turkmenistan, he was instrumental in evaluating PETRONAS' Block 1 oil and gas Reserves potential based on new drilling results and provided update to Block 1 master development plan. His notable achievement was the successful completion of phase 1 gas development project delivering gas supply capacity to meet PETRONAS' gas sales commitments.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (d) Our Vice President of Geosciences, **Dr Robert King Park**, has almost 40 years of experience in the oil and gas industry with experiences in sourcing and evaluating oil and gas assets. He was a Specialist Advisor to Phillips Petroleum global operations before moving to Schlumberger Wireline Services (Indonesia) Ltd in Jakarta, Indonesia as Unit Geologist. While he was in YPF (Yacimientos Petrolíferos Fiscales)-Kodeco Energy Co. Ltd ("**Kodeco**"), he was involved in planning and implementing a successful exploration and development-drilling programme. He was contracted to Kodeco as its Senior Specialist Advisor mainly in geological capacity. He was part of Kodeco's multidisciplinary operations team charged with implementing revitalised exploration and development programmes from concept to operation. He has expertise in carbonate reservoirs which were the backbone of Kodeco's Reserves base in Indonesia. During his tenure in Kodeco, Dr Robert King Park together with his team successfully added 240 MMbo of new Reserves, resulting in more than 1,000% increase in both production and net revenue to Kodeco.

In recent years, he has evaluated potential sites and geological issues across the Asia Pacific region. He has vast experience in the Asia Pacific region (Indonesia, Malaysia, Australia, New Zealand and Philippines), especially Indonesia.

- (e) Our Vice President of Operations, **Ir. Syed Salim bin Syed Abu Bakar**, has 28 years of working experience in the PETRONAS group of companies in upstream E&P, petrochemical, refining, oil business and research and technology. He was involved in developing new PSC arrangements for the expired PSCs in Peninsular Malaysia. He led a team for the development and execution of the master plan for the handover of existing production facilities from the outgoing PSC operators to PETRONAS Carigali. He also led the team for the Dulang Oilfield development, offshore Terengganu and successfully completed the start-up and operations of its production facilities and floating storage and offloading vessel ("**FSO**"), which was the first FSO operated by PETRONAS Carigali in 1990. He was involved in the feasibility study for the LNG Tiga offshore gas supply project.

He has been active in engineering and operations activities such as Asset Life Study, Asset Integrity Assessment, operations and maintenance management of offshore and onshore production facilities and performance improvement initiatives leading to operational excellence. He developed and led initiatives for the improvement of facilities reliability and uptime while ensuring HSE Management System compliance. He developed guidelines to perform benchmarking for production facilities uptime for PSC operators to ensure best-in-class production operations facilities efficiency. In addition, as a Production Manager with Greater Nile Production Operating Company in Sudan, he was responsible for continuous crude oil production from onshore field production facilities despite the adverse environmental and political challenges.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

- (f) Our Vice President of Business Development, **Ronald Lee Schakosky**, has spent over 30 years working for various major and international oil and gas companies such as CONOCO Inc, ExxonMobil, Atlantic Richfield Company, PETRONAS, Union Oil Company of California ("**UNOCAL**"), Kodeco and Pearl Energy Limited and EPCC companies such as Swiber Holdings Limited, Singapore and Leighton Offshore Pte Ltd. He has been involved in greenfield and brownfield projects for onshore and offshore in both shallow and deepwater developments. He has also been involved in the full life cycle of projects from conceptual design, front end engineering and design (FEED), fabrication, installation, commissioning, operations, maintenance, abandonment and decommissioning. He has experience in the initial sourcing and identification of potential acquisitions of brownfield blocks and development opportunities in Malaysia, Indonesia, Myanmar, Thailand and Vietnam.

He successfully delivered the West Seno deep-water development floating production unit – producing oil at 40 kbd (Total Contract Value of USD750 million) during his time at UNOCAL in Indonesia. He was responsible for the development and delivery of the West Seno Field facilities. In addition, he was also responsible for the efficient operation and maintenance of the MODEC Venture 1 floating production storage and offloading (FPSO) vessel including development of a maintenance management system. While at PETRONAS, he was responsible for construction, installation, commissioning and operation of the Dulang Platform, a 32 slot Wellhead Platform producing 50 kbd (Total Contract Value of USD400 million).

From investors' standpoint, this is an opportunity to participate in a new phase in the oil and gas industry, particularly in the Region of Focus and benefit from the growth of independent E&P companies. In Reach Energy, you have a Management Team with the expertise, experience, proven track record and global contacts. Our Management Team members used to be at the helm of major IOCs and associated business entities in the region.

In addition, upon the Listing, we will have ready access to cash funding in the form of IPO proceeds of RM750 million to finance our Qualifying Acquisition. Additionally, as a listed company, we have flexibility to finance the Qualifying Acquisition and operations via a combination of readily available cash from the proceeds of the IPO as well as access to additional financing from debt and/or capital markets.

5.2.1.7 Investment in new technologies

The high demand for oil and gas has long provided the stimulus for past and ongoing research and development programmes. Our Management Team is cognisant of established current and new technologies relevant to reservoir engineering, geophysical, geological studies/simulations, field development and production, which can be beneficial to our Company's operations. We will evaluate and apply these technologies deemed suitable and effective, taking into consideration the track record and cost benefits throughout their life-cycle of use to achieve commerciality from a given E&P project. A commercial project is one in which oil and gas would exist and such accumulation can be developed and brought to production.

5. INFORMATION ON OUR BUSINESS (Cont'd)

Recovery factors in oil and gas reservoirs vary widely depending on a range of parameters and reservoir properties from viscosity and gas ratio, to porosity type and permeability and depth, all of which will impact the commerciality of a given project. New well design and completion technologies continue to evolve to enhance recovery factors. EOR and secondary recovery technologies are of critical importance to Brownfields. These technologies are primarily developed by and available through various oil and gas service companies. Smaller E&P companies like Reach Energy can readily access these technologies through these service companies and sometimes gain an edge by providing the service company a test platform for a new technology.

In this respect, we are currently studying new reservoir modelling technologies to better evaluate and more quickly quantify oil and gas Reserves. The industry will increasingly rely on better technologies to deliver more accurate and timely information. We intend to work closely with selected technology vendors for oil and gas development and extraction.

Our Management Team comprises technical specialists with many years of practical experience encompassing the entire value chain of the oil and gas upstream activities, who possesses the necessary technical knowledge to apply such technologies into our Company's operations in achieving the maximum commercial benefit from a given asset. Our Management Team is also committed to keeping abreast of the latest technologies in the oil and gas industry.

5.2.1.8 Prospective Target Companies or Assets

As at the date of this Prospectus, our Company has not identified any target company and/or asset for our Qualifying Acquisition nor have we entered into any agreement whether oral or written, binding or non-binding with any parties. Additionally, we have not signed any non-disclosure agreements with any potential parties for information to evaluate the target company and/or asset for the Qualifying Acquisition.

For the purpose of our Qualifying Acquisition, we will deploy the selection criteria as set out in Section 5.2.1.1 of this Prospectus to acquire a target company and/or asset with operatorship. An operator serves as the overall manager of an E&P asset and is responsible for managing the operations and making strategic and financial decisions. If we acquire a target asset, we will have Working Interest of more than 33% in the target asset and if we acquire a target company, we will have a majority ownership of more than 50% in the target company.

For clarity, company refers to corporate which owns a portfolio of oil and gas blocks and/or fields while asset refers to a specific oil and gas block or field.

Based on the amount which we intend to raise from the IPO i.e. RM750 million, our Company will place RM710.625 million in an Islamic Trust Account and such amount is allocated for the purpose of the Qualifying Acquisition. For an optimal asset portfolio and in order to achieve an optimal capital structure, we may potentially acquire a company and/or an asset size which is larger than the amount held in the Islamic Trust Account. In such event, we will raise additional financing from debt and/or capital markets to part-finance such acquisition. The acquisition size of the company and/or asset will depend on, amongst others, the negotiation between Reach Energy and the potential asset owner(s) and our ability to raise additional financing.

5. INFORMATION ON OUR BUSINESS (Cont'd)

We will focus on Brownfields in the production phase and fields in the proximity of existing producing areas under the development and/or production phases for our Qualifying Acquisition. Such assets are already generating cashflow or close to generating cashflow and generally do not require substantial capital expenditure. If we acquire a target company, we will likely acquire the equity stake of an existing shareholder or partner which owns shares in a company that holds concession right/Working Interest in a portfolio of oil and gas asset. If we acquire a target asset, we will likely acquire part or whole of the interest of a party which has the concession right/Working Interest of an existing oil and gas block or field. The relationship among the parties are formalised via holding company or operating agreement, depending on the parties' requirements. Such acquisition may also entail us entering into a separate supplemental operating agreement with other Working Interest party or parties to formalise our Working Interest in such asset.

Even though we have yet to identify any target company and/or asset for our Qualifying Acquisition, we believe in the capability of our Management Team to propose target company and/or assets within the Permitted Timeframe. In addition, we have access to independent consultants and advisors to complement us in the identification and evaluation of the said target company and/or assets, where required.

Our Management Team will conduct comprehensive due diligence on the target company and/or asset for our Qualifying Acquisition. Please refer to Section 5.2.1.4 of this Prospectus on the selection process.

5.2.2 Our Post Qualifying Acquisition Strategies**5.2.2.1 Business strategies adopted to ensure growth**

After the initial Qualifying Acquisition, our Company will implement various initiatives and strategies to achieve the following long term goals set by our Management Team:

- (i) to build a strong base in the upstream oil and gas value chain globally and continue to generate revenue streams organically by adding value to our assets;
- (ii) to have a balanced portfolio of E&P assets for sustainable growth;
- (iii) to further develop our position as a regional operator of oil and gas assets; and
- (iv) to proactively participate in the growing E&P opportunities in Malaysia.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

Our Company is committed to ensure business continuity, enhanced profitability and continuous growth to maximise our shareholders' value. To achieve the above goals, our Company intends to adopt the following initiatives and strategies:

(i) Develop a balanced portfolio of E&P assets

With an established base of development and/or production assets, our Company will be in a better position to pursue a more balanced and sustainable portfolio that could include exploration assets. We wish to achieve a balanced portfolio of exploration and production assets with the following indicative ratio:

Type of assets	Percentage of total investment costs (approximation) (%)
Exploration	30
Production	70

The rationale for having a balanced and sustainable portfolio of assets is as follows:

(a) Exploration assets

Exploration requires a deep understanding of geology, risks and commercial options for discoveries and the financial strength and flexibility to undertake major programmes. The exploration objectives are to add and replace our Reserves at a lower cost as compared to the acquisition of production assets.

(b) Production assets

Production assets are an important part of a well-balanced oil and gas portfolio as they will enable our Company to realise asset value and generate cash flow to fund our operations and exploration programmes.

(ii) Increase our Reserves Replacement Ratio

Maintenance and growth of our future Reserves will ensure business sustainability and growth as well as enhance shareholders' value in the long term. Hence, we need to ensure that our Reserves are being replaced faster than they are being depleted. We will continuously assess our Company's Reserves Replacement Ratio and ensure timely actions are taken to maintain an acceptable ratio and ensure that the risk of depletion of oil and gas Reserves base is mitigated.

Such strategic actions could involve, but are not limited to, a combination of the following steps:

- conduct geological and geophysical studies to search within the vicinity of our oil and gas fields for additional Reserves;
- explore additional opportunities within our existing assets such as enhanced oil and gas recovery and rejuvenation; and
- acquire new oil and gas assets.

5. INFORMATION ON OUR BUSINESS (Cont'd)

- (iii) Continue to focus on assets in the development and production phase

We would continue to pursue assets that are in the development, production or near production phases. The strength of our Company is also the operating expertise and experience of our Management Team. By focusing on producing assets, we would keep our Company's risk levels low and add value through our operatorship role.

- (iv) Participate in E&P opportunities in Malaysia

Apart from the other Asia Pacific countries, as a Malaysian company with a majority of Malaysian management, we believe that we have an advantage and duty to participate in the evolving Malaysian oil and gas industry, particularly, the future opportunity to acquire and operate domestic oil and gas assets that are under PSC arrangements. This is in line with the ETP initiated by the Government to promote local companies in this arena.

Under the ETP, the Government has identified 12 Entry Point Projects (EPPs) as well as other business opportunities within the oil, gas and energy sector which is expected to contribute approximately RM131.4 billion to gross national income.

The 12 EPPs are categorised under four main thrusts in the oil, gas and energy industry as follows:

- *Sustaining oil and gas production.* This involves extending the lifecycle of existing resources by optimising exploration, development and production activities. The three EPPs under this thrust which our Company may participate and benefit from include rejuvenating existing fields through enhanced oil recovery, developing small fields through innovative solutions and intensifying exploration activities.
- *Enhancing downstream growth.* The two EPPs under this thrust involve building a regional oil storage and trading hub and unlocking gas demand in Peninsular Malaysia by providing better access to gas (through LNG imports and Peninsular Gas Utilisation (PGU) infrastructure), thus encouraging industrial users to switch from diesel to competitively priced natural gas.
- *Making Malaysia the number one Asian hub for oilfield services.* This thrust leverages on the economy's strategic location, to attract global operations and to build strategic partnerships and joint ventures for developing engineering, procurement and installation capabilities.
- *Building a sustainable energy platform for growth.* The three EPPs under this thrust are designed to ensure energy security by improving energy efficiency and diversifying energy resources. This includes building up solar power capacity and tapping into Malaysia's hydroelectricity potential.

5. INFORMATION ON OUR BUSINESS (Cont'd)

(v) Access to quality resources

Human capital is a valuable resource which provides the energy, skills and innovation to make oil and gas an efficient, dynamic and sustainable industry. As set out in Section 4.2.4.5 of this Prospectus, the oil and gas industry is facing challenges in recruiting and retaining skilled workforce due to the rapid growth in the industry. In order to remain competitive and ensure continuous business growth, we will continue to recruit experienced and skilled workforce and develop and train these personnel to enhance our Management Team and also as part of our succession planning as further set out in Section 7.7 of this Prospectus. Furthermore, we will also continue to source for other resources in the oil and gas industry such as oil and gas related technologies for enhanced E&P activities.

(vi) Establish strategic alliances with other oil and gas industry players

The establishment of strategic alliances may expedite our business growth. Through strategic alliances, we will be able to tap into new markets or Reserves, enhance our distribution networks, access to new technologies and technical knowledge, diversify and share of production and business risks, achieve economies of scale and enhance our productivity and profits.

(vii) Strengthening relationship with our stakeholders

It is essential to develop and maintain good relationships with our stakeholders, including our shareholders, joint venture and strategic partners, suppliers, customers, regulatory authorities, employees, technical consultants and professionals by having frequent communication and understanding to ensure smooth operations and uninterrupted business.

(viii) Operational excellence in HSE

It is mandatory that our Company executes its operations with industry accepted HSE best practices. There are many international standards for good HSE practices in the oil and gas industry and these are governed by national regulations, developed internally and/or benchmarked against major IOCs. Our Management Team has hands-on experience in HSE matters. We will tap into this strength to develop, implement and monitor comprehensive HSE policies and procedures for our operations post-Qualifying Acquisition.

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5. INFORMATION ON OUR BUSINESS (Cont'd)

(ix) Optimising operating expenditure

Our aim is to be a cost efficient E&P operator. We plan to undertake on-going efforts to study and implement cost optimisation and reduction measures in the operations of our oil and gas assets. Operating expenditure typically includes costs incurred for operating and maintaining fixed facilities and equipment, rentals, third party support, logistics and manpower. In line with these measures, our focus will be on reducing unit operating cost (i.e. USD per bbl). To achieve this, we intend to:

- continuously benchmark our unit operating cost with other operators in the region to learn best practices and implement the same. The target would be to increase production and reduce operating expenditure to achieve lower unit operating cost;
- undertake actions to maximise production from existing wells through reservoir studies, intervention programmes for idle wells, problem wells and locked-in Reserves and avoid any unplanned facilities shutdowns; and
- develop and implement an effective inspection and maintenance programme to manage costs of maintenance, repairs and replacement of equipment.

5.3 OUR VALUE PROPOSITION

In essence, our value proposition as an oil and gas SPAC is as follows:

- (i) Focus on relatively low-risk development and/or production assets with a primary objective to produce oil and gas and generate early revenue within two years from the date of completion of the Qualifying Acquisition

Our focus for the Qualifying Acquisition is in Brownfields in the production phase and fields in the proximity of existing producing areas in the development and production phases and not exploration assets. We will not enter into exploration activities for the Qualifying Acquisition due to the inherent uncertainties associated with higher risk and longer gestation period from acquisition to generating revenue. The focus on development and/or production assets is aligned with our main aim of early revenue i.e. within two years from date of completion of the Qualifying Acquisition. Post Qualifying Acquisition, we intend to own a balanced portfolio of exploration and production assets with the objective of growing our Reserves to further enhance our shareholders' value.

- (ii) Strength of our Management Team

We have a balanced Management Team comprising E&P veterans with practical and technical field experiences. Our Management Team also has the track record encompassing the entire value chain of the E&P sector from identification of assets up to decommissioning/abandonment of fields.

Given the familiarity and the networks of our Management Team in the Region of Focus throughout the years, from holding senior management roles with IOCs and NOCs, we believe our Management Team is capable of sourcing, evaluating, operating and growing potential oil and gas assets especially in countries such as Malaysia, Indonesia, Australia, Myanmar, Thailand, the Philippines and Vietnam.

5. INFORMATION ON OUR BUSINESS (Cont'd)

Our Company riding on the experience, expertise and leadership of our Management Team who are entrusted with clear roles and responsibilities, would acquire and exploit the development and/or production assets specifically in the Region of Focus at lower cost base to benefit our shareholders. The critical success factor in this venture is the proven ability of our Management Team to carefully source, screen, analyse, secure and activate those assets that would deliver the expected returns.

- (iii) More competitive financial position to acquire sizeable target company and/or assets for the purpose of Qualifying Acquisition

Given the quantum of proceeds we intend to raise i.e. RM750 million, we are well-positioned and have a more competitive financial position to acquire sizeable target assets for our Qualifying Acquisition.

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6. INDUSTRY OVERVIEW

6.1 OVERVIEW OF THE GLOBAL ECONOMY

In the first half of 2013, global economic growth remained modest, averaging 2.5%. Emerging and developing economies grew moderately but still contributed significantly to global growth, while advanced economies strengthened gradually. A combination of factors led to the moderation in emerging and developing countries. The export-reliant countries were affected by weaker demand from advanced economies, particularly due to the prolonged recession in the European Union (EU). Many emerging markets such as Brazil, China and India experienced a surge in credit, leading to high inflation and rising interest rates which slowed down investment and growth. Commodity exporters who had enjoyed favourable terms of trade were affected by lower prices of raw materials. China's growth moderated as exports decelerated amid policy shift towards more balanced and sustainable development. The slowdown in China is impacting the global economy, particularly commodity exporters such as Australia and Brazil. India's growth slowed significantly due to large capital outflows since May, which led to marked depreciation of its currency.

In the US, private demand, supported by a highly accommodative monetary policy contributed to growth, while the fiscal consolidation measures had a negative effect. Economic activity in Japan picked up in response to Abenomics monetary easing and fiscal stimulus measures aimed at ending deflation and boosting growth. The euro area growth remained subdued, though on a quarter-on-quarter basis, GDP was positive in the second quarter of 2013 after six quarters of recession. The euro area continues to be affected by high unemployment as well as large public and private debts which restrain borrowing and affect growth.

Global economic activity is expected to strengthen moderately during the second half of 2013, with the whole year growth projected at 2.9%. Economic expansion will continue to be supported by growth in major emerging and developing economies, reinforced by strengthening in the advanced economies, particularly in the US where activity is expected to intensify as fiscal consolidation eases and monetary conditions stay supportive. However, there are downside risks including the tapering of quantitative easing (QE) in the US and ensuing increase in long-term yields which could lead to further capital outflows and balance of payments problems in some emerging markets. Additionally, uncertainty over the US budget and raising of debt ceiling could weigh on global economic growth. Weaknesses in the euro area's financial system and high public debts in major advanced economies could affect growth prospects, insufficient fiscal consolidation and structural reforms in Japan as well as the continued slowdown in China, as the economy adjusted towards a more sustainable quality growth also pose downside risks. Furthermore, prolonged political tensions in the Middle East and North Africa (MENA) region could disrupt crude oil production.

Global economic activity is forecast to strengthen moderately in 2014. The outlook for advanced economies is expected to improve with output expanding 2% (2013: 1.2%). Substantial easing of fiscal consolidation and a highly accommodative monetary policy in the US and Europe are expected to support growth. The US economy is expected to gain momentum, backed by continued recovery in the property sector and higher household wealth. In the euro area, growth is forecast to recover 1% (2013: -0.4%), driven by smaller fiscal reductions, stronger external demand and improvement of lending conditions to the private sector. In contrast, growth in Japan is projected to decelerate to 1.2% (2013: 2%), as the fiscal stimulus lapses and the consumption tax is increased.

Emerging market and developing economies are forecast to expand 5.1% (2013: 4.5%), with developing Asia continuing to lead the uptick. Growth prospects for other developing regions in Africa, Central and South America, Commonwealth of Independent States as well as Europe are generally brighter, supported by improvements in the advanced economies. Growth in China is projected to decelerate to 7.3% (2013: 7.6%) due to continued restructuring from investment-driven towards a more balanced and higher quality growth based on domestic consumption. India's growth is expected to accelerate to 5.1% (2013: 3.8%) as infrastructure improvements ease supply bottlenecks and external demand strengthens.

6. INDUSTRY OVERVIEW (Cont'd)

Dated Brent traded at an average of USD108/bbl during the first six months (January – June 2012: USD114/bbl) due to the increasing uncertain global economic outlook. However, since July 2013 to September 2013, Dated Brent has averaged above USD110/bbl on improving growth prospects in key advanced economies, reflected by the better-than-expected manufacturing data from China, which signalled firmer demand for energy. Riding on this trend, Tapis price also increased to USD113/bbl in July 2013 compared with USD108/bbl in April 2013. For 2013, the International Energy Agency reported that global oil demand is expected to increase to 90.8 million bpd. On the supply side, while there will be an increase in production notably from the US due to rising shale oil output, global oil supply is estimated to remain tight at 91.3 million bpd. Hence, Dated Brent and Tapis prices are expected to remain stable at USD105/bbl and USD115/bbl, respectively in 2013 (2012: USD112/bbl; USD119/bbl) supported by the improving economic outlook in emerging markets during the second half of 2013.

PETRONAS continues to pursue exploration activity to sustain production levels. As of end-June 2013, four new oil wells have been discovered which include Adong Kecil West in offshore Sarawak and Ara fields in offshore Peninsular Malaysia. In addition, six new fields are expected to be brought on stream, increasing the total number of Malaysia's producing fields to 143, comprising 82 oil and 61 gas fields (2012: 77 oil fields; 55 gas fields). As a result, crude oil reserves stood at 5.85 billion barrels as at 1 January 2013 and are estimated to last 27 years, while gas reserves stood at 98.3 trillion cubic feet, sufficient to last 43 years.

(Source: Ministry of Finance Malaysia, Economic Report 2013/2014)

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6. INDUSTRY OVERVIEW (Cont'd)

6.2 OVERVIEW OF THE OIL AND GAS INDUSTRY

PFC Energy

Date: 04 JUL 2014

Beijing	+86.10.6530.7010
Houston	+1.713.622.4447
Kuala Lumpur	+60.3.2172.3400
Moscow	+7 (495) 797 3733
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Washington	+1.202.872 1199

The Board of Directors
Reach Energy Berhad
Level U6, Block D3, Solaris Dutamas
No.1, Jalan Dutamas 1
50480 Kuala Lumpur

Re: Independent Market Research Report Assessing The Oil And Gas Exploration And Production Markets In Which Reach Energy Berhad ("Reach Energy") Will Be Operating

Dear Board of Directors,

PFC Energy SARL ("PFC Energy") has prepared an Independent Market Research Report ("report") assessing the oil and gas exploration and production markets in which Reach Energy will be operating. The report is to be included in the Prospectus of Reach Energy in relation to the company's initial public offering ("IPO") on the Main Market of Bursa Malaysia Securities Berhad.

PFC Energy is a global consulting firm specializing in the oil and gas industry. We have focused exclusively on the energy sector for 27 years. PFC Energy is an independent partnership with over 150 professional staff working from offices in Washington DC, Houston, Kuala Lumpur, Moscow, Paris, Beijing and Singapore.

We are aware that this report will be included in the Prospectus and we further confirm that we are aware of our responsibilities under Section 214 of the Capital Markets and Services Act 2007. PFC Energy acknowledges that if we are aware of any significant changes affecting the contents of this report between the date of completion and the date of issuance of the Prospectus, or after the issue of the Prospectus and before the issue of the securities, we have an ongoing obligation to update the report, issue a supplementary report, or withdraw our consent for the inclusion of the report in the Prospectus.

PFC Energy has prepared the report in an independent and objective manner utilizing our expertise, experience, proprietary data, secondary information, and public sources. We believe that the report presents a true and fair view of the industry within the acceptable limitations. Our research has been conducted with all due care and diligence and may not reflect the actual performance of individual companies in the industry. The report should not be considered as a recommendation to buy or not to buy the securities of any company or companies.

Yours faithfully,



Ron Kapavik
Senior Director; Gas, Power, Coal & Renewables
Head of PFC Energy - Malaysia

For and on behalf of
PFC Energy SARL (995313-A)
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6. INDUSTRY OVERVIEW (Cont'd)

PFC Energy

Reach Energy Berhad - Independent Market Research Analysis | Page 2

PFC Energy

This report is prepared by PFC Energy SARM (“PFC Energy”) for inclusion in the prospectus of Reach Energy Berhad in relation to an initial public offering for its listing on the Main Market of Bursa Malaysia Securities Berhad.

PFC Energy has prepared this report in an independent and objective manner utilizing our expertise, experience, proprietary data, secondary information, and public sources. We believe that the report presents a true and fair view of the industry within the acceptable limitations.

Summary of Independent Market Research

PFC Energy notes that Reach Energy Berhad's objective is to raise funds to acquire company(-ies) or asset(s) in the upstream segment of the oil and gas industry (exploration and production or “E&P”). The company's strategic and operational focus is in the Asia Pacific region.

PFC Energy believes the state of the oil and gas industry is very strong. Driven by population growth and an expanding global economy, particularly in the Asia Pacific region, demand for energy products is expected to grow steadily. This growing energy demand will see sustained high prices in oil and gas and a need for increased investment to produce necessary supply volumes. Opportunities for investment and activity in this operational and economic environment are expected to be robust. For further details of our analysis, please refer to the following content:

1. ...Overview of Oil and Gas Industry

- 1.1 Exploration
- 1.2 Production
- 1.3 Past Performance
- 1.4 Future Growth
- 1.5 Demand

2. ...Asia Pacific - Overview

- 2.1 Reserves
- 2.2 Production
- 2.3 Brownfield Activity
- 2.4 Demand

3. ...Recent M&A Activity

- 3.1 Asia Pacific M&A Activity
- 3.2 Industry Players and Competition

4. ...Relevant Laws and Regulations Governing the Industry

- 4.1 Laws and regulations
- 4.2 Fiscal Terms

5. ...Risks and Challenges Facing the Industry

- 5.1 Increasing Costs Structure
- 5.2 Fiscal Terms
- 5.3 Regulation
- 5.4 Technology

6. ...Prospects and Outlook of the Oil and Gas Industry

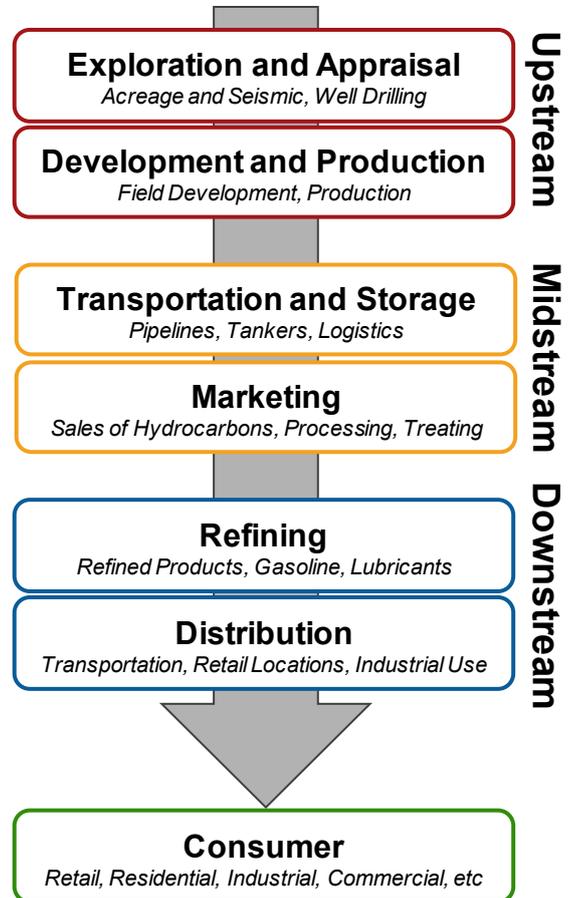
- 6.1 The Outlook for Oil Prices
- 6.2 Future growth

PFC Energy is a global consulting firm specializing in the oil and gas industry. We have focused exclusively on the energy sector for 27 years. We operate from offices in Washington DC, Houston, Kuala Lumpur, Moscow, Paris, Beijing and Singapore. Our research has been conducted with all due care and diligence and may not reflect actual performance of individual companies in the industry. The report should not be considered as a recommendation to buy or not buy securities of any specific company or companies.

6. INDUSTRY OVERVIEW (Cont'd)

1. Industry Overview - Introduction

The oil and gas industry is a key component of global energy supply and demand. Nearly every country in the world produces or consumes hydrocarbons (oil, gas, or its refined products). The oil and gas industry has evolved into a complex global supply system of exploration, production, transportation, marketing, refining, and retail sales. These suppliers are generally separated into three main categories: Upstream (exploration and production or "E&P"), Midstream (transportation, storage, and marketing), and Downstream (refining and distribution of refined products). On the demand side of the oil and gas industry, consumers include: refiners, transport, residential, commercial, industrial, agricultural, petrochemicals, fertilizers, and many others. As the global population increases and incomes grow, the demand for energy will grow alongside it. With this expected global growth and modernization, consumer energy demand creates a larger market for the exploration and production of oil and gas.



Exploration and Appraisal for Oil and Gas

Acreeage and Seismic: The exploration of oil and gas by companies begins with the acquisition of acreage that is believed to hold hydrocarbon reserves that may be commercially developed. Acreage can be obtained via acquisitions, mergers, bidding on blocks at license rounds, or grants from resource holders. Exploration of this acreage begins with geophysical surveys and seismic studies. There are many methods for obtaining geophysical and seismic data, with E&P companies often purchasing existing seismic data or using service companies with special equipment and expertise to conduct these studies. The results of these studies are examined by geologists and petroleum engineers to determine if drilling an exploration well is likely to result in a hydrocarbon discovery.

Well Drilling: An exploration well drilling plan is developed that indicates the expected location, depth, technology, as well as an estimate of hydrocarbon results. Success rates for exploration drilling vary greatly, but the global average over the last twenty years has fluctuated in an average range of 10-30%. Success rates tend

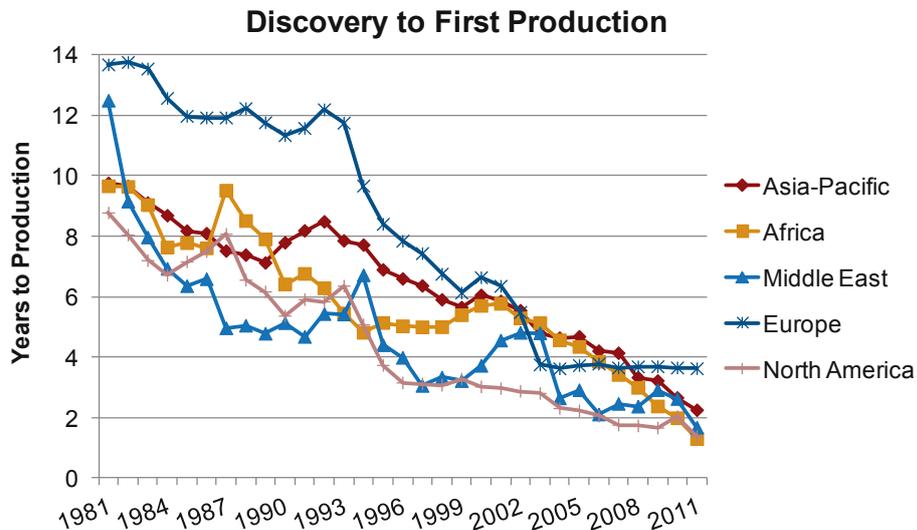
6. INDUSTRY OVERVIEW (Cont'd)



to improve as more advanced seismic technology provides companies with better information (and thus better decisions on which wells to drill), but new areas of exploration also bring new challenges both geologic and technical which slows the improvement of those success rates. Due to this expected level of risk, most acreage and exploration programs involve ownership by multiple partners to diversify investments and mitigate risks. When an exploration well fails to encounter hydrocarbons or does not discover hydrocarbons sufficient to justify commercial development, the well will be plugged and abandoned. The additional geophysical information learned from drilling the well will be used to determine another well location or the company will move on to other prospective acreage in its portfolio. When an exploration well is deemed to have encountered hydrocarbons sufficient to support commercial exploitation, the partners will determine an appropriate plan for development of the field or project. The ultimate goal of this field development plan is to bring the field on to production.

Development and Production of Oil and Gas

Field Development: After a company decides to move forward with a commercial development of hydrocarbons (known as a Final Investment Decision or FID), a field development plan is initiated. The field development plan covers all aspects of a field's development, production, and eventual disposal. This includes planning for technical (subsurface and surface engineering), operational (services and management teams), commercial (contracts and marketing), collection and distribution network, and other considerations for risks specific to a field. Field development plans are often submitted to government, regulatory, or environmental agencies for approval. Once FID is reached, a project enters the stage of procurement where company resources and finances are committed. Procurement includes all of the necessary people, equipment, and facilities that will be required for successful development as stated in the field development plan.



6. INDUSTRY OVERVIEW (Cont'd)

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Production: Production of oil and gas is the operational and technical objective of a field development plan. Production of a field can go through numerous phases depending on the reservoir, hydrocarbon type, and commerciality of remaining reserves. Conventional oil and gas fields typically reach their highest level of production (the "peak") within 2-4 years of production starting. The field will enter a natural decline from that peak level of production over the following ten to twenty years. The technical, operational, and commercial teams will implement or consider investments in enhanced recovery methods that can increase production or slow the rate of natural decline.

Midstream & Downstream: Once oil and gas begins production, these products go through two further segments of the oil and gas industry. The Midstream segment can include transportation, storage, and marketing and the Downstream segment which can include refining and distribution of refined products. Companies focused purely on E&P will sell their unrefined products (oil and gas) into the Midstream & Downstream segments where they will be transported and sold as product to end-user. Some companies, typically very large companies, in the industry have ownership in all three segments (E&P or Upstream, Midstream, and Downstream) as a business strategy to maximize profitability at each segment. This strategy is known as vertical integration and companies in the oil & gas industry that employ this strategy are often referred to as "integrated" companies.

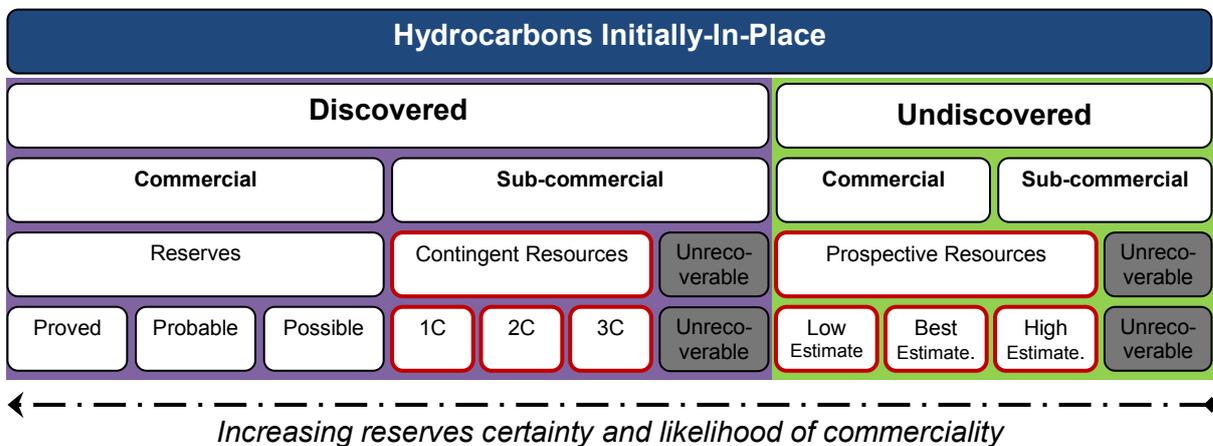
Past Performance

The oil and gas industry has successfully increased hydrocarbon reserves and production volumes to meet increasing demand due to more advanced economies and increasing population. Over the last three decades, oil and gas production has increased steadily with a high correlation to the growth rate (gross domestic product or GDP) of the global economy. Declines in mature, conventional production in North America and Europe have largely been replaced by increased production in the Middle East, Africa, and Asia Pacific regions. Global reserves are largely held by OPEC or other countries with limited access for Independent Oil Companies (IOCs). As exhibited in the "Reserves" section below, access to reserves for IOCs is a key issue as to their strategy and competitiveness.

6. INDUSTRY OVERVIEW (Cont'd)

Reserves Classifications

There are multiple definitions and interpretations of hydrocarbon reserves classifications with the most widely known being the SEC (U.S. Securities and Exchange Commission) and SPE (Society of Petroleum Engineers). The definitions below are adapted from the SEC guidelines issued in 2009 amending SEC Rule 4–10 of Regulation S–X and Item 102 of Regulation S–K. The diagram below shows all known hydrocarbons, discovered and undiscovered, as classified from sub-commercial to commercial with an accompanying degree of certainty as to the likelihood of the economic and technical commerciality of that hydrocarbon.



RESERVES are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and gas or related substances to market, and all permits and financing required to implement the project. Reserves are classified into three categories which are 1P (Proved), 2P (Proved and Probable) and 3P (Proved, Probable and Possible).

- i. **PROVED OIL AND GAS RESERVES** are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations— prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation.

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The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

- ii. **PROBABLE OIL AND GAS RESERVES** are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves are as likely as not to be recovered. When deterministic methods are used, it is as likely as not that actual remaining quantities recovered will exceed the sum of estimated proved plus probable reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the proved plus probable reserves estimates.
- iii. **POSSIBLE OIL AND GAS RESERVES** are those additional reserves that are less certain to be recovered than probable reserves. When deterministic methods are used, the total quantities ultimately recovered for a project have a low probability of exceeding proved plus probable plus possible reserves. When probabilistic methods are used, there should be at least a 10% probability that the total quantities ultimately recovered will equal or exceed the proved plus probable plus possible reserves estimates.

CONTINGENT RESOURCES are quantities of oil and gas that are deemed less certain than reserves and are considered not matured enough for commercial exploitation due to impediments faced on the technological or business fronts. In order for contingent resources to be upgraded and considered as reserves, key conditions (or "contingencies") preventing commercial development will have to be addressed such as acquiring all necessary environmental and government approvals. Other contingencies may exist in the form of economic, legal, political or regulatory constraints. The company also has to provide evidence of its intention of proceeding with development within a reasonable time frame (usually 5 years). Contingent resources are classified into three categories – 1C, 2C, and 3C with 1C being the most certain.

PROSPECTIVE RESOURCES are estimated volumes of hydrocarbons yet to be discovered. These volumes are estimated based upon indirect evidence prior to or in the absence of drilling and maintain a higher risk profile as compared to contingent resources mainly due to it bearing discovery risk. In order for prospective resources to be upgraded to contingent resources, the hydrocarbons will first have to be discovered and evaluated. An estimated amount of recoverable quantities of the discovery would then have to be estimated based upon appropriate development. Prospective resources are classified into three categories – low estimate, best estimate and high estimate, with low estimate being the most certain.