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No moratorium for Sona Petroleum's 6 cornerstone investors

Sona Petroleum is the first SPAC to be allocating shares to MITI approved investors, as well as local and international cornerstone investors

by **STEPHANIE JACOB**

KiniBiz

SONA Petroleum Bhd has perhaps the strictest moratorium imposed on key management and initial investors among special purpose acquisition companies (SPACs) in Malaysia.

Surprisingly however, it appears that similar requirements will not be imposed on the six cornerstone investors which have been offered 275 million shares.

The moratorium dictates that Sona Petroleum's management team will not be able to dispose off its shares until the company generates one year of audited revenue from the commercial production of its qualifying asset, which therefore means a possible four year period (the qualifying asset comes from a qualifying acquisition which a SPAC is required to secure in three years), while initial investors will be required to hold onto their shares until a qualifying acquisition has been secured.

Moratoriums placed on SPACs are traditionally strict, as it



Hadian's revelation that the prospective cornerstone investors will not be held to a moratorium, caught many by surprise

strives to protect the interests of minority shareholders and create a sense of security around a SPAC.

Which is why Datuk Seri Hadian Hashim's revelation on *BFM* radio's morning talk show that the prospective cornerstone investors

will not be held to a moratorium, caught many by surprise.

In responding to the host's questions as to why no moratorium had been put in place, Hadian who appeared to have been caught off guard by the question said that cornerstone investors usually looked for long-term investments and also that they (cornerstone investors) were buying it at the same terms of other investors. Implying that therefore, they should be given the same set of rules as regular investors.

According to news reports, Sona Petroleum is the first SPAC to be allocating shares to Ministry of International Trade and Industry (MITI) approved investors, as well as local and international cornerstone investors.

The six are Hong Leong Asset Management Bhd, Hong Kong-based hedge fund Segantii Capital Management Ltd and Davidson Kempner European Partners, CIMB-Principal Asset Management Bhd, Kenanga Investors Bhd and RHB Investment Management Sdn Bhd.

Sona Petroleum launched its prospectus on July 5, 2013, and is scheduled to be listed on Bursa Malaysia Bhd on July 30, 2013.

According to Malaysian Issuing House Sdn Bhd, the company's initial public offering comprising 141 million shares, which comes together with 141 million one-for-one warrants were oversubscribed by 5.97 times.