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# Banking on Sona IPO

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## High net-worths show interest

**PETALING JAYA:** Sona Petroleum Bhd's initial public offering (IPO) has seen a significant amount of interest coming from the private banking clients of the two main investment banks advising on the listing, according to sources.

Clients of CIMB Investment Bank Bhd and RHB Investment Bank Bhd showed interest of a combined

RM3bil for the RM550mil IPO, bankers said. Most of the interest came from high net-worth individuals as well as some institutional interest.

Many institutional funds do not have the mandate to invest in SPACs or special-purpose acquisition companies, which have no operations or income-generating business at the point of their IPO but undertake a

listing for the purposes of acquiring operating companies or assets. Sona Petroleum would be the third SPAC to get listed on Bursa Malaysia, which is one of the few exchanges around the world that allow for the listing of these vehicles.

It is also understood that some of the demand in the book-building process has come from overseas

individuals such as Singapore and Hong Kong.

The bankers said that investors were drawn to Sona Petroleum because of the strength of its management team and also the success of the previous two SPAC listings, Hibiscus Petroleum Bhd and CLIQ Energy Bhd, which, like Sona Petroleum, are focused on the exploration and production (E&P) of oil

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## Sona intends to use proceeds to buy asset

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and gas, have seen their share prices appreciate considerably since debuting on the market. Another aspect of Sona Petroleum's listing that boded well for it, noted bankers, was the strict moratorium that had been imposed on its promoters. "The promoters are under a moratorium until Sona Petroleum's acquired asset starts producing," a source said. "That's pretty onerous. It promotes confidence," said one banker.

Aside from high net-worth individuals, several institutional investors are understood to have picked up shares in Sona Petroleum, even though fund managers are typically not mandated to put money into SPACs due to their high-risk nature. *StarBiz* reported last week that Sona Petroleum was close to securing at least two cornerstone investors, namely Hong Kong hedge fund Segantii Capital and a unit of banking tycoon Tan Sri Quek Leng Chan's Hong Leong group.

As is required of SPACs, Sona Petroleum intends to use 90% of its IPO proceeds, or RM495mil, to purchase the qualifying asset. The remaining 10% of the money will be set aside for working capital. According to its draft prospectus, Sona Petroleum is keen on small- to medium-sized E&P assets in the exploration, development or production phases across South-East Asia, the Middle East and selected countries on the African continent. Post-listing, the management will hold 20% of the firm's enlarged share base, the public and institutions 78% and initial investors 2%.

Sona Petroleum's retail offering, which will make up a small percentage of the 1.1 billion shares it is floating, will begin soon. The company is scheduled to list at the end of the month.