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No need for lock-up period, says Sona Petroleum

KUALA LUMPUR: Sona Petroleum Bhd, a special purpose acquisition company (SPAC), believes it is not imperative to impose a lock-up period on the company's cornerstone investors.

This is because the structured nature of a SPAC ensures the confidence of long-term investments, managing director Datuk Seri Hadian Hashim said.

Hadian was responding to issues raised regarding a moratorium, or a lack of it, imposed on Sona Petroleum's six cornerstone investors.

Some 275 million shares under the initial public offering have been offered to six cornerstone investors, namely Hong Leong Asset Management Bhd, Hong Kong-based hedge fund Segantii Capital, Davidson Kempner European Partners, CIMB-Principal Asset Management Bhd,

Kenanga Investors Bhd and RHB Investment Management Sdn Bhd.

The cornerstone investors did not obtain their shares at a discount.

Sona Petroleum was the first SPAC listing to allocate shares for investors approved by the Ministry of International Trade and Industry, as well as foreign and domestic cornerstone investors, underscoring the rising appeal of these investment vehicles.

SPACs are companies which have no operations or income-generating business at the point of IPO but undertake a listing for the purposes of acquiring operating companies or assets, known as "qualifying assets" (QAs).

Hadian clarified that Sona Petroleum was not bound by any moratorium, which raised concerns as cornerstone investors are important to the long-term stability of a

company.

The decision to do away with the moratorium was made after much deliberation between the management and financial advisers.

"The IPO advisers, namely CIMB Investment Bank and RHB Investment Bank, concluded that a lock-up period would be unnecessary for cornerstone investors, due to the structured nature of a SPAC.

"This structured nature was clearly conveyed to the six through a series of education roadshows, and it was this structured nature which ultimately convinced the investors about Sona Petroleum's business model and management, which is a key strength for a SPAC," he said in an email to Business Times.

"The value in the company is derived when the management team is successful in acquiring the right assets for Sona Petroleum.



*Sona Petroleum managing director Datuk Seri Hadian Hashim says cornerstone investors have been **firmly supporting** the company*

"Our cornerstone investors believe in the management and business model and they have been firmly supporting the company and its vision from the very beginning," Hadian added.

He said the share price that the cornerstone investors had subscribed for is not reflective of the full value of Sona upon completion of the QA.

"As such, we believe they are unlikely to be short-term investors as they would want to reap the full benefits from the QA."