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## Sona set to debut as largest SPAC with RM550mil IPO

BY JANICE MELISSA THEAN

Main Market-bound Sona Petroleum Bhd is set to be Malaysia's largest listed special purpose acquisition company (SPAC) upon debut this Tuesday, having successfully raised some RM550 million to acquire oil and gas (O&G) assets in the exploration and production phases.

SPACs are also known as shell or "blank cheque" companies as the listed entity has no business or assets during listing but use proceeds from the IPO to acquire assets in areas specified in the prospectus.

Sona plans to acquire assets in the exploration and production phases in the O&G value chain and it is looking at oil fields in Southeast Asia, the Middle East and Africa.

According to its prospectus, 70% of its investment will be in production and development assets, which are considered lower risk than exploration assets. Production assets refer to oil fields already in production while development assets are newly discovered fields in need of further appraisal.

Some RM479.5 million was raised from 959 million shares, with 959 million free warrants to selected investors. An additional RM70.5 million was raised from 141 million shares with a free warrant each sold to the general public, bringing the total amount raised to RM550 million. The public portion was 5.97 times oversubscribed.

Under SPAC rules, the company must place

90% of its IPO proceeds into a trust for the purpose of acquiring an asset. For Sona, this translates to setting aside up to RM495 million for the purpose of acquiring assets within the first three years of listing. The company has allocated about RM46.5 million for operating expenses and working capital needs while RM21.3 million is for listing expenses.

It is worth noting that Sona has a more strin-

gent moratorium in place than CLIQ and Hibiscus. Sona's management cannot trade their shares in the company until the qualifying asset that is acquired from the proceeds of the listing has generated revenue for a year. The management of Hibiscus and CLIQ are only restricted up to the point when the respective companies' qualifying acquisitions are approved by the Securities Commission.

Sona Petroleum Bhd			
<b>IPO details:</b>			
Main Market			
IPO price:		50 sen	
Par value:		1 sen	
Market capitalisation after IPO:	RM705.4 million		
Fair value:		NA	
Listing date:		July 30	
<b>Financial highlights (RM)</b>			
	MAY - DEC 2011	FYE DEC 31, 2012	YTD APRIL 2013
Revenue			
Profit (Loss) after tax	(3,348)	(75,362)	(524,973)
EPS (sen) based on enlarged share capital	(0.00)	(0.00)	(0.00)
DPS (sen)	NA	NA	NA
Dividend yield (%)	NA	NA	NA

"The good thing about production assets is that they are much faster in generating revenue than exploratory assets," Sona's managing director Datuk Seri Hadian Hashim tells *The Edge* in an interview at the launch of its prospectus earlier this month.

At the time, the company was not in discussion with parties for potential acquisitions but hoped to begin talks soon.

Hadian is a major shareholder in Integrated Petroleum Services Sdn Bhd, which provides services and products to the upstream O&G sector.

Sona's executive director Datuk Maznah Abdul Jalil is a former merchant banker who is better known for her stint as senior group director for corporate finance and advisory at DRB-Hicom Bhd in the 1990s.

Hadian and Maznah control Sona's management company Platinum Autumn Sdn Bhd. At present, Sona Petroleum is 74.19% owned by Platinum Autumn but this will be reduced to 20% upon listing.

Sona's listing follows two other gas O&G SPACs, Hibiscus Petroleum Bhd and CLIQ Energy Bhd, which raised about RM235 million and RM363 million respectively. Cliq Energy also looks at production assets, while Hibiscus is a junior O&G exploration and production outfit.

A total of 1.1 billion shares in Sona, each of which comes with one free detachable warrant, were sold at 50 sen apiece. The warrants have an exercise price of 35 sen.