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Debutant Sona dominates trading

RELIEF FOR STOCK MARKET: Punting on mother share and warrants accounted for slightly more than 50pc of total volume

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SONA Petroleum Bhd, the country's third publicly traded special purpose acquisition company (SPAC), dominated the stock market on its maiden trading day yesterday.

Not since Iris Corp Bhd's 2006 domination of volume of shares traded on Bursa Malaysia has trading on a penny stock been so forceful.

Bursa Malaysia data shows that punting on Sona shares and its free warrants accounted for slightly more than 50 per cent of the stock exchange's total volume.

Total volume stood at 2.1 billion units while the combined Sona mother and baby volume was at 1.1 billion units.

"The volume was crazy. Obviously, there was a lot of churning going on," said Mercury Securities head of research Edmund Tham.

Sona warrants ended 18.5 sen higher at 26 sen with some 692 million units traded, while the mother share closed two sen higher at 44.5 sen with some 491 million shares changing hands.

The Sona initial public offering (IPO) was priced at 50 sen a share and involved 1.1 billion ordinary shares that come with a 0.01 sen par value.

The 50 sen mother share came with a one-for-one free warrant, which explains Sona's reference price of 42.5 sen for the mother share and 7.5 sen for the warrant set by Bursa Malaysia.

Investors who bought Sona shares at the IPO price are sitting on a tidy paper profit.

SPAC is a company that has no operations or income-generating business at the point of IPO but undertakes an IPO with the intention of acquiring operating companies/businesses with



Sona Petroleum Bhd managing director **Datuk Seri Hadian Hashim** (left) marking the listing of the company on Bursa Malaysia yesterday.
Pic by Effendy Rashid

the proceeds raised from the IPO.

Based on the closing price of the mother shares and warrants, those who invested at the IPO price are raking in a gain of slightly more than 40 per cent.

"It's a relief for the market. After the lacklustre performance of AirAsia X's IPO, the rally on Sona shows that investors still have appetite for risk, and that the IPO market here is robust," said a trader from RHB Securities.

The dealer added that the talk in the market

is that some of Sona's cornerstone investors may have locked in their profits yesterday.

Sona has 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.

They were allocated some 275 million shares at 50 sen a piece, the same price that retail investors had paid for the IPO.

Interest in Sona reflects investors' risk appetite

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The cornerstone investors are not bound by any moratorium and can sell their shares any time.

The Sona management team, which controls about 20 per cent of the company, has a moratorium that bars them from disposing of their stake for one year.

"At face value, the interest in Sona reflects the risk appetite of the Malaysian investors but it will be interesting to see if the upward momentum will continue," said Tham.

He added that some funds had taken trading position on Sona but he was unsure if it was merely for day trade purposes.

The scepticism on the trading floor mainly has to do with the experience of having seen penny stocks making strong gains in the first couple of trading days only to fall sharply later.

Some 11 months ago, Pasukhas Group Bhd rose sixfold in the first three trading days to close at 72 sen a share from its IPO price of 12 sen a share but faltered at the later stages.

For the record, Pasukhas closed at 16 sen a share yesterday, up by four sen from its August 2012 IPO entry price level.

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