

DATE: 31 JULY 2013
PUBLICATION: THE STAR
SECTION: BUSINESS
HEADLINE: AFRICAN VENDORS WOO SONA PETROLEUM
CATEGORY: COMPANY NEWS
MEASUREMENT: 409.77 CM²

African vendors woo Sona Petroleum

SPAC making its first qualifying asset

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KUALA LUMPUR: Malaysia's largest special-purpose acquisition company (SPAC) Sona Petroleum Bhd is looking at a few proposals, among them from African exploration and production vendors, to make its first qualifying asset (QA) either in the late development or production life cycle of the oil and gas (O&G) sector.

Asked whether Sona Petroleum had received proposals from African vendors, managing director Datuk Seri Hadian Hashim said "yes", adding that the company was now going through the usual process of evaluating these proposals.

"Based on O&G numbers, Africa is a very important market. It makes up some 8% of the world's oil reserves. Meanwhile, gas reserves make up some 7% of the world," said Hadian.

He added that there were some 10 countries in Africa which Sona Petroleum was looking at including Chad, Tanzania and Nigeria. In its prospectus, Sona Petroleum said it was looking at the markets of South-East Asia, the Middle East and Africa to make its first QA.

Sona Petroleum had a mixed day, making its

debut at 41 sen before seeing its share price lower against its reference price of 42.5 sen throughout the day before some late buying set in.

The counter closed two sen higher to 44.5 sen, with 401.45 million shares being done.

Its warrants, however, rallied 18.5 sen to 26 sen and was the most active counter, with 692.52 million units being traded.

Sona Petroleum's shares were the most anticipated initial public offering (IPO) of the year, following the success of previous SPACs - Hibiscus Petroleum Bhd and CLIQ Energy Bhd. While its retail portion was oversubscribed by five times, its institutional tranche was said to be six-times oversubscribed.

Hadian said that Sona Petroleum was looking to make its QA as soon as possible, and would be looking to take a 20% to 30% stake in the asset. Sona Petroleum is looking to have a controlling stake, whereby it would look to have at least joint-control over the operations or financial decisions of the asset.

Asked whether it would be too expensive for Sona Petroleum to buy into its QA at the current oil price of US\$104 (RM336), Hadian said that he expected oil prices to stabilise closer to the US\$100 (RM323) mark by year-end.

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Hadian: "More importantly, when we buy the asset, we need to see whether it makes sense and whether it fits our economic criteria."

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Sona Petroleum raised RM550mil in the retail and institutional offering via the public issue of 1.1 billion new ordinary shares of one sen each, along with warrants on the basis of one warrant to every one share, at an issue price of 50 sen. The company will set aside 90% of the proceeds raised from the IPO to complete its QA. SPACs in Malaysia have a permit-

ted timeframe of 36 months from the date of listing to complete the QA.

CIMB Investment Bank Bhd and RHB Investment Bank Bhd were the joint principal advisers, joint placement agents and joint managing underwriters. CIMB and RHB also acted as the joint underwriters together with Kenanga Investment Bank Bhd and MIDF Amanah Investment Bank Bhd for the retail offering.