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## Sona-WA tops most active list on debut

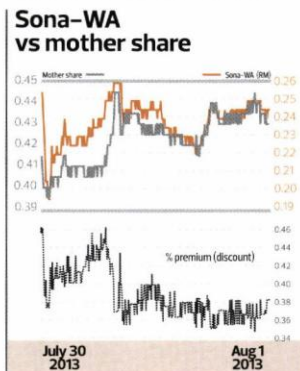
BY BEN SHANE LIM

Sona Petroleum Bhd's warrants — Sona-WA — were the most actively traded securities on Bursa Malaysia last Tuesday. They debuted with 693 million units changing hands, or 1.7 times the volume of Sona shares.

If the interest in the warrants of fellow special purpose acquisition vehicle (SPAC) CLIQ Energy Bhd is anything to go by, Sona-WA could continue to see active trading. Sona is the third and biggest SPAC to list on Bursa Malaysia thus far, raising RM550 million from the market.

Sona-WA also topped the most active list the following day, but slipped 3.5 sen to close at 22.5 sen even as the underlying share declined 2.5 sen to 42 sen. Still, at 22.5 sen, Sona-WA was worth three times more than its reference price of 7.5 sen.

Meanwhile, the mother share was half a sen less than its reference price of 42.5 sen. (Sona's IPO price of 50 sen was a combination of the two reference prices — 42.5 sen for the stock and 7.5 sen for the warrant.) This price for the warrants, which have a 35 sen strike price and are exercisable on a one-for-one basis, at a 36.9% premium to the mother share.



As a SPAC, Sona had no operations at listing and has three years to identify and acquire a qualifying asset. Sona-WA's five-year tenure will be shortened to three years if the company is unable to make a qualifying acquisition within the given time frame. Acquisition proposals have already begun rolling in, managing director Datuk Seri Hadian Hashim told the media at the listing ceremony.

Newsflow on developments could buoy Sona's shares and warrants if the experience of other SPACs is any indication. When Hibiscus Petroleum Bhd announced its acquisition of a 35% stake in Lime Petroleum Ltd in November 2011, its share price doubled while its warrants skyrocketed almost 200% in the subsequent months.

Sona plans to acquire assets in the exploration and production (E&P) phases of the oil and gas value chain, and is looking at oilfields in Southeast Asia, the Middle East and Africa. The SPAC, which wants to bulk up on upstream oil and gas assets, will emphasise exploration phase assets even as it looks for suitable ones in the development and production phase.

By comparison, CLIQ focuses on lower to medium-risk production and development assets, while Hibiscus is now a junior O&G exploration and production outfit, having made a qualifying acquisition.

Exploration assets take about five years or more to begin contributing to the group's cash flow, which is why Sona plans to also acquire some development and production phase assets, to start bringing in cash earlier. The SPAC will also concentrate on exploration assets that are either in onshore or shallow offshore locations that are close to existing infrastructure. ■