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At Sona Petroleum's underwriting ceremony. From left: Kenanga Investment Bank group MD Chay Wai Leong, RHB Investment Bank officer-in-charge Mike Chan, Hadian, CIMB Investment Bank CEO Datuk Charon Wardini Mokhzani and MIDF Amanah Investment Bank corporate investment banking head Jeyaratnam Tamotharam Pillai.

Sona Petroleum gets its SPAC underwritten

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KUALA LUMPUR: Sona Petroleum Bhd, the latest special-purpose acquisition company (SPAC) to be approved for listing, is poised to hit a record-breaking RM550mil in initial public offering (IPO) proceeds for a SPAC, having just inked an underwriting agreement with four local banks.

Asked if the management was confident of hitting the ambitious fundraising target, managing director Datuk Seri Hadian Hashim said: "Yes, the first two investors have given us that level of confidence. The response has been good."

Although Hadian declined to provide specifics on the investors, sources

told *StarBiz* that two funds were close to investing in the SPAC, namely, Hong Kong-based hedge fund Segantii Capital and a unit of the Hong Leong group.

He said that one of Sona's selling points was its management team, comprising experienced oil and gas (O&G) individuals. Hadian himself is a major shareholder in O&G upstream services provider Integrated Petroleum Services Sdn Bhd, an approved vendor to Petroliam Nasional Bhd.

Chief financial officer Datuk Maznah Abdul Jalil is a well-known corporate figure, having been a key lieutenant of the late Tan Sri Yahaya Ahmad of

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Sona aims to be more focused on production assets

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DRB-Hicom.

She also has 30 years of investment banking and advisory work experience, having held senior positions in Amanah Merchant Bank Bhd, Hong Leong Financial Group and Kenanga Investment Bank Bhd.

Another notable member of the management team is independent non-executive chairman Andreas Johannes Raymundus van Strijp, who has served 30 years in various Shell companies in Malaysia, the Netherlands, Norway, Brunei, Nigeria

and the United Arab Emirates, mainly in Abu Dhabi and Dubai.

"I have my old colleagues from my time in Shell here with us, and a fantastic team of O&G experts from various leading O&G companies around the world; each with his own expertise and experience to offer," van Strijp said.

Hadian pointed out that Sona would be more focused on production assets rather than exploration assets.

"Unlike the other SPACs, which are more focused on exploration assets and mineral resources, we're looking

at producing assets," he said after the underwriting ceremony.

He added that the SPAC's regions of interest were Asean, the Middle East and selected countries in Africa, where the management team had experience in.

Sona will be offering up to 1.1 billion shares at one sen apiece, with up to 1.1 billion free detachable warrants on the basis of one warrant for every share. The conversion price of the warrants is 35 sen, with a five-year conversion period.

Sona is expected to launch its prospectus on July 5, while the listing is

likely to be by the year-end.

Still, Sona will be in competition with other SPACs looking to raise funds.

StarBizWeek had reported that there were as many as five SPACs in the Malaysian market now, including Sona, that were looking to raise a total RM1.18bil.

Sona intends to allocate 90% of its IPO proceeds to its qualifying acquisition and other asset acquisitions in the future. Some RM33.8mil from the proceeds would be utilised as working capital.

The management is expected to

hold 20% of the enlarged capital.

Sona has appointed CIMB Investment Bank and RHB Investment Bank as its joint principal advisers, joint placement agents, joint managing underwriters and joint underwriters. Kenanga Investment Bank and MIDF Amanah Investment Bank are the joint underwriters for the proposed IPO.

Two other SPACs already listed on Bursa Malaysia are Hibiscus Petroleum Bhd, listed in July 2011, and CLIQ Energy Bhd, listed in April this year. Both are O&G exploration and production-focused SPACs.