



SINGAPORE

UNZA TAKES ASIAN CONSUMER INCOMES STORY IPO IN SINGAPORE

Personal care products manufacturer Unza Group has launched its IPO on the main board of Singapore's SGX, aiming to raise S\$38.4 million (\$23.5 million). [Standard Chartered Private Equity](#) and [Actis](#) invested into the company in 2004.

"The overall position of Unza has always been one of a public company. So really, we are returning to the market after a restructuring. It's for the long-term development of the company: t's not specifically to raise capital," Unza Group's CEO Gavin Welman said about the IPO.

Net proceeds from the IPO, an estimated S\$34.3 million (\$21 million), will be used to retire debt, partially fund the acquisition of 30% of Unza Indochina Pte Ltd. in Vietnam from EAC Nutrition, expand manufacturing facilities, and support general working capital.

Actis' and StanChart's original MBO investment (see *AVCJ Sep 6, 2004*) was regarded as a test case for investing into the region's booming consumer culture, reflecting rising disposable income levels. Unza – Southeast Asia's biggest homegrown personal care company – has also been much covered as a prototypical Asian independent with a stable of local brands that can be built out with operational support and growth capital. The IPO fulfils the investors' original plan for the company.

"We took on a lot of acquisition debt, which at the moment gives us a gearing of about 1.8. After listing, the gearing will drop to 0.7. So the main use of the proceeds would be to restore our balance sheet," Welman explained to *AVCJ*.

"We've had a number of very major capital projects during the course of 2005, including the commissioning of two new factories, one in China and one in Vietnam. We are in the process now of building a third brand-new plant in the region. So, quite a lot of money has been spent on infrastructure."

Established some 25 years ago and headquartered in Singapore, Unza markets 48 brands, which are sold in 38 countries. - SY



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NAVIS, MULBERRY, HSBC PREPARE TO TAKE MENTOR MEDIA PRIVATE

[Navis Capital Partners](#), [HSBC Private Equity](#), and [Mulberry Partners](#) appear to be close to pulling off their planned privatization of SGX-listed Mentor Media. On February 10, the company's shareholders voted in favor of the plan transferring ownership to MM Holdings Ltd., the investors' acquisition vehicle. According to SGX announcements, the scheme should come into effect on April 19, 2006.

With two alternatives presented under the original scheme of arrangement, shareholders now have a choice of cash or cash-plus-shares. "It is a tricky process, and it is time-intensive," [Nicholas Bloy](#), Director at Navis, remarked of the privatization. "It's very much a learning experience for any private equity firm: no one does these transactions routinely."

Mentor Media provides SCM services for technology business outsourcing. The company is headquartered in



Nicholas Bloy

Singapore, with facilities in three locations in China – Shanghai, Shenzhen, and Xiamen – as well as Taiwan and Korea.

Despite the risk factors associated with privatizations, such as restrictions on due diligence and long delays before the investment can be completed, "there are many opportunities out there for those wanting to find them," Bloy told *AVCJ*. "For smallish and medium-sized listed companies, often there isn't the liquidity in many of the stock markets in the region, down at that level, for any substantial shareholder to really monetize his shares."

Forecasting more privatizations to come in Asia, one source close to the deal noted, "there's clearly a generational succession issue." Bloy also listed cases where "shares are cheap because the public market doesn't value them," or when companies "go through a dynamic where they've got to reinvent themselves," or "are just listed on the wrong stock exchange," as valid scenarios for privatization.

The three-way consortium apparently arose when Mulberry partnered with Navis to work on the Mentor Media deal, then noticed that HSBC was also showing active interest. "It just made so much more sense not to bid up the price and create a win/win situation," Bloy remarked. - PSM