

ASIA PRIVATE EQUITY

A MONTHLY REPORT ON DIRECT EQUITY INVESTMENT IN ASIA

REVIEW

Conventional Private Equity

Thailand's Draw

Foreign private investors make further inroads into the Thai market

The recent surging Thai stock market is proving to be a powerful magnet to draw foreign investors' capital. In the month of February, two Thai investments were completed that amounted to US\$20 million (fig.9).

The **Thailand Equity Fund**, sponsored by **Lombard Investments Inc** and the **International Finance Corporation** ('IFC'), has made a follow-on investment into TICON Industrial Connection Public Company Limited. The capital injection of Bht462.5 million (US\$11.1 million) will be used to finance the industrial outsourcing company's continued expansion.

In December last year, the Thailand Equity Fund made an equal sum of investment into TICON. In each of these transactions, the Bangkok-listed TICON saw the issuance of 50 million preferred shares, each at Bht 9.25 apiece, to its foreign investors.

TICON has been a favourite of private equity investors. In June last year, **H&Q Asia Pacific** sold its 22.07% stake in the

company to the domestic Rojana Industrial Estate Plc. The trade sale, which carried a price tag of Bht399 million, rewarded H&Q with a two-fold return of invested capital while recording an internal rate of return of 7% on this deal.

TICON operates factories which are leased out to manufacturers in eight locations around Thailand. The US\$245 million Thailand Equity Fund counts CalPERS, Asian Development Bank and DEG as its investors. It has earlier made commitments in two companies, both of which are in the public-listed sector.

The **Thai Automotive VCF Co.**, an initiative jointly sponsored by Japan's **JAIC Asia Holdings** and Thai-based **Vnet Capital Management Securities**, has recently made an investment into T Krunghai In-

Thailand's Draw

Fund Management Firm	Fund Sponsors	Investee	Amount
Thailand Equity Fund	■Lombard Investments ■IFC	TICON Industrial	11.1
Thai Automotive VCF Co	■JAIC Asia ■Sumitomo Bank ■SME Development Bank	T Krunghai Investments	0.92
All amounts in US\$ million			

Fig.9

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dustries Co., Ltd., that amounted to Bht36 million (US\$920,000). T Krunghai Industries manufactures and distributes plastic parts for the automotive and electrical appliance industries.

This is the second investment made by Thai Automotive VCF Co.. In October last year, it made its first investment in Yarnapund Co, an automobile parts manufacturer worth Bht 31.2 million.

Thai Automotive VCF Co, set up in April last year, targets small and medium enterprises (SMEs) in the Thai automotive industry. In a sign of Japanese interest in the region, Japan's JAIC joined hands with fellow countryman Aozora Bank and Thailand's Finansa Plc to establish the US\$100 million Asian Debt Fund (**Thailand**).