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# GK Goh-ST venture secures premium partner

## CDC IXIS to invest US\$94.5m in Nexgen Financial

**By Catherine Ong**  
A FINANCIAL services joint-venture set up last year by publicly listed G K Goh Holdings and Singapore Technologies Pte Ltd is to have a new deep-pocketed, triple-A partner to enable it to take on bigger deals in Europe and Asia. CDC IXIS, a subsidiary of France's third largest banking group, has agreed to invest US\$94.5 million in Nexgen Financial Holdings Ltd, a Dublin-based firm specialising in structured finance services.

A subsidiary of triple-A rated EULLA, CDC IXIS will subscribe to 90 million shares at US\$1.05 a share in Nexgen, making it the largest shareholder with a 39 per cent stake. It will also be issued 30 million warrants, entitling it to subscribe to ordinary shares at US\$1.

The purchase price represents a 5 per cent premium over the original cost to G K Goh, which put in US\$35 million in March 2001, and ST, which invested US\$48 million.

The proposed investment is subject to regulatory approvals. It will scale up Nexgen's capital base to US\$187 million and the size of deals to US\$500 million, its Dublin-based chief financial officer, Xavier Daudin, told BT in a phone interview.

EULLA, the parent of CDC IXIS, is a financial holding company with 18 billion euros in capital. It was created through the merger of Caisse d'Epargne, France's fourth largest bank and Groupe Caisse des Depots et Consignations (CDC), the country's custodian for savings funds collected by the post office and local savings banks, and manager of civil service pension funds.

In addition to CDC IXIS, there will be two other smaller partners. Athena Private Equity will invest US\$6 million for 5.71 million shares and 1.9 million warrants, and IRR Capital will invest US\$4 million for 3.81 million shares and 1.27 million warrants.

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Athena is an investment fund held by several large European financial institutions while IRR is an investment group managed by Edouard Stern.

Nexgen was set up in December 2000 under the direction of Luc Giraud and Ravi Viswanathan. G K Goh's and ST's participations were initiated by Wee Sin Tho, the former chief executive of Vickers Ballas who left after the merger deal with G K Goh fell through and Vickers was bought over by DBS Bank.

Nexgen targets middle-sized corporations and high net worth individuals and has offices in Dublin, Paris and Singapore.

Mr Daudin said its 40 employees specialise in one thing and one thing alone — structured finance. "We provide clients with risk management solutions, we start from the basis of what the clients need and not from the product."

All its products are tailored to clients' particular situations. Mr Daudin said firms like Nexgen have an edge over bigger commercial and investment banks which are also involved in structured finance. "When our clients come to us, they're sure we've no conflict of interest. We don't do other businesses like the banks, we don't do lending, dealing and financial management."

Nexgen's Singapore office has 12 employees headed by Ho Soo Ching, a former merchant banker who was on Vickers Ballas' board.

Anthony Orsatelli, director, capital markets and financing of CDC IXIS and chairman of the executive board of CDC IXIS Capital Markets will be chairman of the holding, with Tay Stew Choon, ST's managing director and chief operating officer, as deputy chairman.

G K Goh told the stock exchange that as part of the agreement, it will convert its US\$11.7 million convertible preference shares into 11.7 million ordinary shares, to bring its total shareholding to 35 million ordinary shares. It will continue to hold warrants to subscribe for 11.7 million ordinary shares.

Its stake will be diluted from 30.9 per cent to 18.8 per cent and its share of Nexgen's earnings to 15.1 per cent. It expects no significant impact on its NTAs and earnings.