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HSBC SUPPORTS YORKSHIRE-ADVISED SPEAR & JACKSON MBO

HSBC is pleased to announce that it has supported the Management Buy-Out (MBO) of 250-year-old Sheffield-based international industrial group Spear & Jackson, together with Pantene Industrial Ltd, a contract manufacturing company with offices and production facilities in Hong Kong and China.

In a deal led by Yorkshire advisors, HSBC's Yorkshire Corporate Centre has provided a US\$25 million finance package to support the MBO via a global funding structure that includes the UK, France, Australia and Hong Kong. The deal was managed on behalf of the bank by Senior Corporate Banking Manager Neil Abbott and Ian Flaxman of HSBC Invoice Finance.

The MBO team, headed by Simon Hsu, acquired the businesses from their Hong Kong-listed parent, United Pacific Industries Ltd, in a deal announced to the Hong Kong Stock Exchange on 2 June 2014.

The deal was principally advised by the Yorkshire professional services community, with HSBC being advised by Robert Ross from PwC and Anna Robson from DLA Piper. The MBO team was advised by Ian Warman from KPMG in Leeds, Dean Gormley, head of the banking and finance team in the North at Irwin Mitchell, and Nigel Bolton, partner in the firm's Leeds office.

The Spear & Jackson Group employs 460 people globally and is based at Atlas Way in Sheffield. It manufactures and distributes hand and garden tools, metrology equipment, woodworking tools and magnetic equipment under several brand names, including Spear & Jackson, Bowers, Robert Sorby, Moore and Wright, Eclipse, WHS and Tyzack. With divisions across England, France, Australia, New Zealand and Canada, Spear & Jackson distributes products throughout the world.

Pantene Industrial Ltd has 950 employees, is located in Shenzhen, China, and provides Original Equipment Manufacturer and Electronic Manufacturing services to a range of international clients. As a sophisticated, vertically integrated manufacturer, Pantene is involved in the entire product design and manufacturing process. Its core product range is

diverse and includes industrial-grade chargers, electronic components and products such as LED and industrial work lights, coils, solenoids and Printed Circuit Board assembly services using surface mount technology, together with precision stamping, plastic injection and assembly capabilities.

Simon Hsu commented: “The MBO is a hugely exciting opportunity to move Spear & Jackson and Pantene to the next level through both organic growth and acquisition. The deal was complex, being multi-currency and multi-jurisdiction and having the additional complication of the regulatory aspects of a UK-based defined benefit pension plan that had to be addressed in completing the transaction. We were ably supported by Irwin Mitchell as banking and pension legal advisers, in conjunction with KPMG, and by HSBC, which provided acquisition finance and also working capital facilities that will underpin the group’s next phase of development. International reach and expertise were prerequisites from our advisers and funders and Irwin Mitchell, KPMG and HSBC were chosen as having the necessary presence and skills to be able to satisfy both criteria.”

Neil Abbott, HSBC Senior Corporate Banking Manager, added: “Spear & Jackson is a name synonymous with Sheffield, so it is only fitting that the deal was principally advised by the South Yorkshire professional services community. HSBC has delivered a complex funding structure that encompasses the company’s global presence to enable the management team to complete this acquisition. As an international bank, we were ideally placed to work on this deal and we are pleased that it has successfully completed.”

Ian Warman, Lead Partner and pensions specialist at KPMG in Leeds, said: “Having advised Simon and the rest of the management team for more than 12 months on both the pension elements and other commercial aspects of this complex transaction, we are pleased to see the deal reach a successful conclusion. The leadership team possess excellent insight and understanding into the factors that shape the markets in which they are operate. We are confident the business will continue to be a success under their direct ownership.”

Dean Gormley at Irwin Mitchell said: “This was a complex global transaction, involving financing arrangements in Canada, France, Australia, New Zealand and Hong Kong. We are delighted to have been involved in this deal and wish the management team a successful future.”

DLA Piper partner Anna Robson added: "As a firm DLA Piper are delighted to have advised HSBC in its support of a truly regional and international business on a transaction

of this complexity with such international reach. A deal of this magnitude with local and international connections strengthens the capabilities in the South Yorkshire region for banks and advisors alike to represent on a truly local and international basis."

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