

ASIAN SPECIALTY CHEMICALS NEWSLETTER

SEPTEMBER 2009, ISSUE 60

A Quarterly newsletter of developments in the chemicals industry

We hope you find the Asian Specialty Chemicals Newsletter informative.

BDA is an investment banking advisory firm which assists multinational clients to identify, assess and execute cross-border transactions involving Asia, including acquisitions, divestments, JVs, capital raising, and restructuring. We have offices and professional staff throughout Asia, the Middle East, the US, and Europe.

If you think that BDA's services may be useful to you, please contact us at any one of our offices or email me at erellie@bdallc.com. Contact details for our offices are at the back of this newsletter. We look forward to speaking with you in the future.

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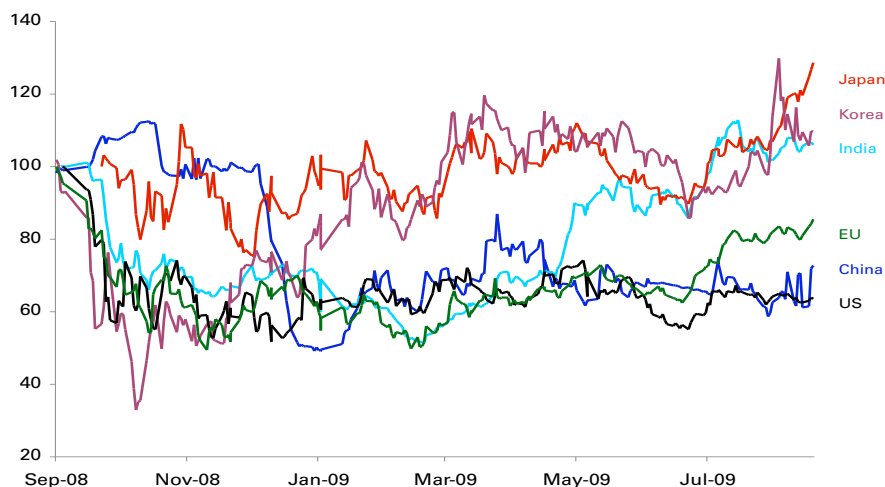
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China

ChemChina, a Chinese state-owned chemicals company, is seeking more strategic investments. ChemChina made a series of acquisitions in 2006 valued at US\$1.4bn including Australian plastics maker **Qenos**, French organic silicone producer **Rhodia** and animal feed additive firm **Adisseo**. *September 4, 2009*

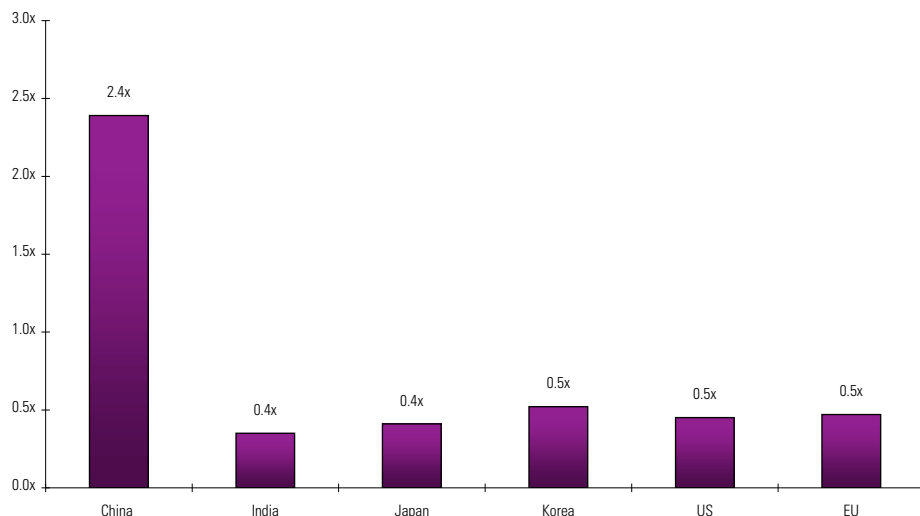
Chenzhou Tiancheng Chemical, a state-owned Chinese chemical company that produces sulfuric acid, plans to sell a controlling stake to investors. The company aims to raise US\$30m via the stake sale, although the percentage stake for sale is subject to further negotiations. *August 5, 2009*

Chemical Sector Stock Indices for Selected Countries (12 months ending 17Sep09)



Source: ThomsonOne, BDA

Specialty Chemicals P/R Ratios for Selected Countries (17Sep09)



Source: ThomsonOne, BDA

China BlueChemical Ltd, a Chinese fertilizer manufacturer, has agreed to acquire 51% of **Shanxi Hualu Coal Chemical Ltd**, a coal-based urea manufacturer, from **Shanxi Hualu Thermoelectricity**, a holding company, for US\$6m. *July 31, 2009*

Guangzhou Huawei Economic Development, a Chinese trading company, has acquired 5% of **Nanning Chemical Industry**, a Chinese chlorine and alkali chemical producer, for US\$11m. *June 17, 2009*

Henan Coal and Chemical Industry Group, a Chinese construction materials and chemical products provider, has agreed to acquire 10.8% of **Danhua Chemical Technology**, a listed Chinese chemicals

company, for US\$117m. Danhua will use the funds from the deal to finance a new ethylene glycol plant. *July 13, 2009*

Hubei Yihua Chemical, a Chinese chemical fertilizer producer, announced it intends US\$200m in a polyvinyl chloride project in Wuhai, Inner Mongolia Autonomous Region. The project will have capacity of 300,000 tpa. *September 15, 2009*

Huntsman, a US-based chemicals group, is seeing to buy chemical plants in China with part of a US\$2.7bn compensation package. Huntsman is assessing a range of Chinese-owned assets alongside others belonging to European chemical firms **Clariant** and **BASF**, who have indicated they may be willing to sell. *September 6, 2009*

Inner Mongolia Yihua Chemical, a Chinese chemical manufacturer and wholly-owned subsidiary of **Hubei Yihua Chemical Industry**, has agreed to acquire **Inner Mongolia Haiji Chlor Alkali Chemical**, for US\$100m. *June 3, 2009*

Jiangxi Black Cat Carbon Black, a Chinese carbon black manufacturer, has acquired a further 20% of **Chaoyang Black Cat Wuxingqi Carbon Black**, also a Chinese carbon black manufacturer, increasing its total interest to 80%. The stake was valued at US\$330m. *July 1, 2009*

Lanxess AG, a listed German basic and fine chemicals manufacturer, has agreed to acquire **Jiangsu Polyols Chemical**, a Chinese trimethylolpropane producer, for an undisclosed consideration. *June 8, 2009*

Merck KGaA, a German pharma and chemical company, has acquired **Suzhou Taizhu Technology Development ("Taizhu")**, a Chinese supplier of effect pigments, for US\$40m. *September 9, 2009*

PerkinElmer, a US-based healthcare company, has acquired **SYM-BIO Lifescience**, a Chinese diagnostic instruments and reagents company, for US\$64m. SYM-BIO Lifescience is a major supplier of diagnostics to Chinese hospitals, with an emphasis on infectious diseases. This is complimentary to PerkinElmer's portfolio of diagnostic devices, which specializes in prenatal and newborn screening. *September 9, 2009*

Specialty Chemicals Trading Multiples for Selected Countries (17Sep09)

Sanonda Corp, a Chinese state-owned chemicals company, is seeking to divest its remaining 20% of **Hubei Sanonda**, a Chinese chemicals and insecticide producer. The stake is valued at US\$70m.

August 13, 2009

Sichuan Hongda Group, a Chinese industrial machinery manufacturer, has acquired 5.1% of **Sichuan Jinlu Group**, a Chinese PVC manufacturer, from the Chinese state-owned **Deyang State Asset Operation** in exchange for a US\$6.4m debt reduction.

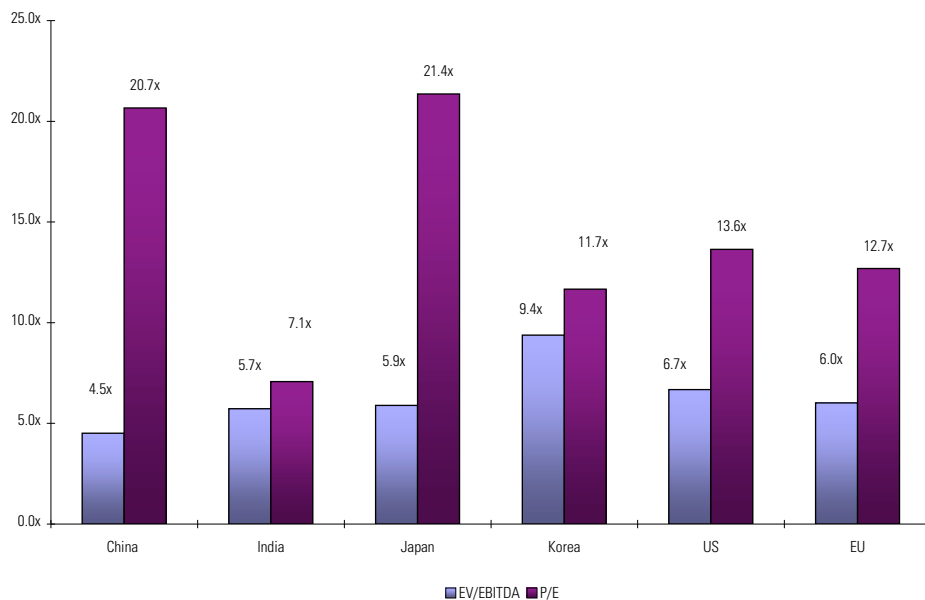
June 16, 2009

Toray Fine Chemicals, a Japanese inorganic chemical manufacturing subsidiary of **Toray Industries**, a listed Japanese chemical company focused on organic synthetic, polymer and biochemistry, has agreed to form a JV with **Sinopec Asset Management Corp**, a subsidiary of **China Petroleum & Chemical Corp**, for US\$13m. Toray Fine and Sinopec Asset will form a 60:40 JV called **Cangzhou Toray Fine Chemicals**. The JV will take over Sinopec Asset's dimethyl sulfide production facility and will construct new production facilities.

June 19, 2009

Umicore Technical Material, a Chinese brazing material producer, will be divested by its parent company **Umicore**, a Belgian technical materials producer. Umicore is seeking to sell either the assets or the business, and values the total assets at US\$20m. Umicore's move to divest Umicore Technical Material follows a decision to rationalize its plants in China.

August 12, 2009



Source: ThomsonOne, BDA

ZhejiangXinan Chemical Industrial Group, a Chinese chemicals manufacturer, has acquired the remaining 41.7% of **Sichuan Abazhou Xilong Industrial Silicon**, a Chinese manufacturer and wholesaler of silicon. Sichuan Abazhou was acquired from the state-owned **Abazhou National Capital Committee** for an undisclosed consideration.

June 16, 2009

estimated US\$130m. September 10, 2009

Deepak Fertilizers & Petrochemical Corp Ltd, an Indian fertilizers manufacturer, has acquired an undisclosed majority stake in **Deepak Mining Services Ltd**, an Indian mineral mining company.

August 21, 2009

Galaxy Surfactants, a manufacturer of surfactants and specialty chemicals, has acquired majority stake in **Tri-K Industries**, a US-based manufacturer and wholesaler of specialty chemicals for the cosmetics industry, from **Kemira Oyj**. The terms of the deal remain undisclosed. Galaxy announced that the deal would give them an expanded product portfolio, in addition to an

India 

Blackstone, a global private equity firm, plans to acquire 63% of **Gharda Chemicals**, an Indian agro-chemicals and veterinary drugs manufacturer, from its founder Dr **Keki Hormusji Gharda** for an

enhanced global presence. *July 1, 2009*

Huntsman Textile Effects, a Swiss division of **Huntsman Corp**, has acquired the Baroda division of **Metrochem Industries Ltd**, an Indian manufacturer and exporter of textile dyes and intermediates, for an undisclosed consideration, estimated to be US\$30m. The acquisition will secure a supply of dyes for Huntsman. *June 23, 2009*

Lanxess India Pvt Ltd, a subsidiary of **Lanxess AG** has entered into a definitive agreement to acquire the chemical and wind power businesses of **Gwalior Chemical Industries Ltd**, a listed Indian company, for US\$114m. The acquisition is part of Lanxess' plan to expand its Asian operation, while Gwalior Chemicals will use the funds from the sale for its power generation and specialty chemicals businesses. *June 8, 2009*

Tata Chemicals Ltd, a listed Indian manufacturer of inorganic chemicals, fertilizers and food additives, has agreed to acquire 35.7% of **Rallis India Ltd**, manufacturer of agricultural inputs such as pesticides and plant growth nutrients, from **Tata Tea Ltd**, **Tata Sons Ltd**, **Tata Investment Corp**, and **Ewart Investments Ltd** for US\$75m. *August 12, 2009*

Japan

BASF and **Sumitomo Metal Mining** have agreed to acquire the remaining 15.6% of **NE Chemcat Corp**, a Japanese catalyst producer, for US\$90m. On completion, the two partners will own an equal share

of **NE Chemcat**. *September 14, 2009*

Kaneka Corp, a synthetic resin, chemical and plastics manufacturer, has raised its stake in **SANVIC**, a PVC producer, from 49.5% to 50.2%, for an undisclosed amount. Through this transaction, Kaneka has broadened its solar cell-related business. *August 13, 2009*

Krosaki Harima Corp, a listed Japanese refractory and ceramic manufacturer, has acquired 50% of **Shinnikka Thermal Ceramics Corp**, a Japanese ceramic fibers manufacturer, from **Nippon Steel Chemical**, a Japanese company, for US\$15m. Shinnikka Thermal Ceramics is a JV established between Nippon Steel Chemical and **Morgan Crucible**. Morgan Crucible, a UK-based carbon ceramics company, will retain its own 50% after the transaction. The acquisition of this complementary business is expected to enhance Krosaki's insulation products portfolio. *June 2, 2009*

Matsumura Oil Research Corp, a Japanese chemicals producer, has agreed to acquire the die casting mold lubricant business of **Hanano Corp**, a die-based and compound lubricant producer, for US\$10m. *June 30, 2009*

Nippon Ekitan Corp, a Japanese industrial gas company, has agreed to acquire 83.4% of **Jomo Gas**, also a Japanese industrial gas company, for an estimated US\$8m. This will increase Nippon Ekitan Corp's stake in Jomo Gas from 14% to 97%. *June 23, 2009*

Otsuka Holdings, a Japanese holding

company, has acquired the remaining 51.5% of **Otsuka Chemical Holdings**, a Japanese prepared foods and chemicals holding company, in a stock-swap transaction. The terms of the deal remain undisclosed. *July 1, 2009*

Polytechnic, a chemical films manufacturer, completed the repurchase of 88% of the company's shares outstanding from **Arisawa Mfg** for US\$37m. *July 31, 2009*

Shin-Etsu Chemical, a Japanese chemical company, has acquired the remaining 73.9% of its PVC affiliate, **Cires** from its partners, further strengthening its European position. Total transaction value is estimated at US\$27m. *August 17, 2009*

Tenma Corp, a Japanese plastics producer, has agreed to acquire **Tacmic Sp**, also a Japanese plastics producer, from **ARRK Corp** for US\$62m. Tenma plans to use Tacmic's presence in SE Asia to boost its market in those regions. *June 29, 2009*

Korea

Goldman Sachs has acquired 45% of **Geo Young Corp**, a Korean agricultural additives manufacturer, for US\$31m. *July 10, 2009*

Kyungnong Corp, a Korean agricultural chemicals manufacturer, has sold 56.7% in its business to **Dong Oh Leisure**, a Korean sports facilities operation, for US\$4m. *August 14, 2009*

Polyplus, a listed petrochemical products company, sold a 12.4% stake for US\$10m, to **Lee Jun-oh**, a private investor. The stake was sold by its largest individual stakeholder, **Jung Sang-jin**. *August 5, 2009*

Malaysia

Analabs Resources Berhad, a listed Malaysian investment holdings company, has agreed to acquire **Coveright Surfaces Malaysia Sdn Bhd**, a manufacturer and seller of resin impregnated papers, from **Coveright Surfaces Holding**

GmbH, a German producer of surfacing materials, for US\$11m. This acquisition will strengthen Coveright's Asia-Pacific presence, in addition to expanding Analabs' earnings base. *July 22, 2009*

Petroliam Nasional Berhad, a state-owned Malaysian oil and gas company, has agreed to acquire 41.3% of **Optimal Group of Companies**, a Malaysian petrochemicals company, from **Union Carbide Corp**, a subsidiary of **Dow Chemical**, for US\$660m. *July 30, 2009*

Selected Asian Chemicals Transactions with Multiples (12 months ending in 17Sep09)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
15-Sep-09	Sinoma Science & Tech Co Ltd	China	Investor Group	China	\$183.7	-	22.2x	3.7x	45.6x
14-Sep-09	NE Chemcat Corp	Japan	Investor Group	Japan	\$90.5	-	6.3x	0.6x	23.4x
12-Aug-09	Rallis India Ltd	India	Tata Chemicals Ltd	India	\$75.5	35.7%	10.4x	1.4x	14.1x
1-Aug-09	Ningxia Dayuan Chemical Co Ltd	China	Shanghai Hongze Century Invest	China	\$81.8	25.4%	-	22.4x	nm
29-Jun-09	Tacmic SP	Japan	Tenma Corp	Japan	\$61.8	100.0%	-	0.5x	5.1x
2-Jun-09	Shinnika Thermal Ceramics	Japan	Krosaki Harima Corp	Japan	\$15.0	50.0%	N.A.	0.9x	22.4x
7-May-09	Miyuki Holdings Co Ltd	Japan	Toyobo Co Ltd	Japan	\$66.7	-	-	0.5x	nm
7-May-09	Sinofert Holdings Ltd	Hong Kong	Sinofert Holdings Ltd	Hong Kong	\$347.5	-	15.3x	0.7x	11.1x
5-Apr-09	Kingboard Copper Foil Holdings	Japan	Kingboard Laminates Holdings Ltd	Japan	\$12.0	36.0%	1.5x	0.2x	6.6x
12-Mar-09	Otsuka Chemical Holdings	Japan	Otsuka Holdings Co Ltd	Japan	\$536.7	38.3%	-	1.5x	36.3x
10-Mar-09	Gansu Yasheng Indl(Grp)Co Ltd	China	Gansu Agribusiness Group Co	China	\$169.1	-	37.5x	4.9x	82.7x
26-Feb-09	Nanbu Plastic Co Ltd	Japan	NMC Fund 14	Japan	\$65.5	97.2%	-	0.2x	34.1x
16-Feb-09	First Fire & Marine Ins Co Ltd	Korea	Hanwha Corp	Korea	\$87.9	24.6%	-	0.4x	nm
30-Jan-09	Wavelock Holdings Co	Japan	Wavelock Investment	Japan	\$150.0	100.0%	17.0x	0.7x	53.5x
16-Nov-08	Hempel-Hai Hong (China) Limited	Hong Kong	Hempel AS	Denmark	\$148.0	64.0%	N.A.	N.A.	7.6x
11-Nov-08	Lucite International Ltd	UK	Mitsubishi Rayon Co Ltd	Japan	\$1,600.0	100.0%	7.1x	0.9x	N.A.

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through JVs, acquisitions, divestments and capital raising. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices listed.

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