

ASIAN SPECIALTY CHEMICALS NEWSLETTER

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A Quarterly newsletter of developments in the chemicals sector

We hope you find the Asian Specialty Chemicals Newsletter informative.

BDA is an investment bank 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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China

Akzo Nobel Polymer Chemicals, a wholly owned unit of **Akzo Nobel**, has acquired two organic peroxide product lines from **Jiangsu Qiangsheng Chemical Co Ltd**, China's largest manufacturer and supplier of organic peroxides. The acquisition is expected to be completed in Q2 2008. Financial details were not disclosed. *May 9, 2008*

Albemarle Corp, a US manufacturer of engineered specialty chemicals, has entered into an agreement with **Weifang Sinobrom Import and Export Co Ltd (Sinobrom)**, a Chinese bromine derivatives distributor. The 75:25 JV will combine the existing business of Sinobrom with Albemarle's bromine expertise in

the specialty chemical industry. The transaction is expected to close by the end of July 2008. *May 20, 2008*

Cabot (China) Ltd, a subsidiary of **Cabot Corp**, a US-based specialty chemical group, has signed a JV agreement with **China National Bluestar Group** to build a fumed silica manufacturing facility in Tianjin. The JV's total investment amounts to US\$40m with a capacity of 7,000 tpa of fumed silica. *May 16, 2008*

China Blue Chemical Ltd has agreed to set up a JV with **Yichang Section Geological Development Team** and **Yichang Honghe Mining Development Co Ltd**, which will be

called **China Blue Petroleum and Chemical (Yichang) Mining Co Ltd**. China Blue will take a 51% stake in the Hubei province-based JV, while Yichang Section Geological and Yichang Honghe Mining will hold 34% and 15% stakes, respectively. The JV represents a US\$60m total investment to establish a 1.5m tpa phosphate development plant and a 1m tpa low-to-medium grade phosphate selection plant. *May 21, 2008*

Clariant International and **Zhejiang Baihe Chemical Holding Group** will expand their Hangzhou-based JV company **Hangzhou Baihe Clariant Pigments Co Ltd** by investing in a new facility for quinacridones

(organic specialty pigments) production on the existing site of the JV. The plant will supply customers both in China and worldwide. Clariant will be responsible for the global marketing of the quinacridone pigments. *May 8, 2008*

COFCO Bio-chemical Investment Co Ltd, a Chinese state-owned investment holding company, has agreed to acquire all the assets, liabilities and operations of **China Resources (Jilin) Bio-chemical Co Ltd**, the listed Chinese food engineering company, for US\$92m. *March 4, 2008*

Dow Corning has announced the opening of its silicone resins production unit in Zhangjiagang to meet the growing demand for high consistency and liquid silicone rubber in Asia. The new unit is being integrated within Dow's existing industrial chemicals park which includes the largest siloxane production unit in China. The total investment for this facility was not disclosed. *May 5, 2008*

DSM Melamine, the world's largest melamine supplier, has set up a 49:51 JV with **Shanxi Fengxi Fertilizer Industry Ltd**, a scaled coal chemical company in Shanxi, to produce melamine-formaldehyde resin (melamine) with a 52,000 tpa capacity. The JV has US\$14m in registered capital and will sell melamine mainly in the domestic market. This JV enables DSM to take a substantial market share in the

fastest growing melamine market in China. *March 4, 2008*

Migao Corp, a Toronto fertilizer producer, and **Chilean Sociedad Quimica y Minerato** have agreed to form a 50:50 potassium nitrate JV in China for domestic and international distribution. The two parties also plan to build a new US\$20m potassium nitrate facility with a 40,000 tpa capacity. *May 20, 2008*

Nippon Paint Co, a Japanese paint company, has announced a plan to set up a wholly owned subsidiary in China to produce and sell paints. The new company, **Nippon Paint Marine Zhangjiagang Co**, is slated to start operations in Q1 2009 with a capitalization of US\$4m and a paint production capacity of 12,000 tpa. *March 12, 2008*

PureCircle Ltd, a listed Malaysian maker of sweeteners for the food and beverage industry, has agreed to acquire a 40% stake in **Ganzhou Julong High-Tech Food Industry (GJF)**, a Chinese manufacturer of crude stevia extract, for US\$8.5m. PureCircle already holds a 55% stake in GJF and intends to acquire the remaining 5%. The acquisition is expected to increase PureCircle's output, integrate and strengthen its supply chain, and enhance its earnings. *April 7, 2008*

Sartomer, a global specialty chemicals manufacturer, has announced the opening of an

acrylate monomers and oligomers production unit in **Nansha, China**. The new plant will produce intermediates used in the production of paints, inks, coatings, adhesives, CDs and DVDs. It will employ about 100 people when fully staffed. Sartomer has not revealed the investment cost or capacity. *March 17, 2008*

Sun Chemical, its parent **Dainippon Ink & Chemicals (DIC)**, and China-based aluminum pigment maker **Nantong DIC Metallic Pigment Co Ltd**, have set up a JV which builds on a previously announced supply deal in October 2007. The new JV provides **Sun Chemical** and **DIC** the right to commercialize **Nantong Shanjing** products in the coatings, graphic arts and plastic industries under the new **SunMetallics** global brand. These products were rolled out worldwide in Q2 2008. **BDA acted as exclusive financial advisor to Sun Chemical and DIC on this transaction.** *April 21, 2008*

Zhejiang Longsheng Group, a listed Chinese chemical dyes manufacturer, has agreed to acquire a 74.8% stake in **Zhejiang Longhua Holding Group**, the Chinese investment holding company which focuses on chemical companies, for US\$45.6m. The acquisition is in line with **Zhejiang Longsheng's** growth and expansion strategy in the inorganic chemicals sector. *April 4, 2008*

Zhejiang Longsheng Group has announced it will acquire a 58% stake in **Hangzhou Longshan Chemical Group**, a Hangzhou-based Chinese soda ash manufacturer, from various shareholder groups and individuals for US\$45.7m. *April 3, 2008*

Hong Kong

Yip's Ink & Chemicals Co Ltd, a Hong Kong based specialty chemical company and a unit of **Yips Chemical Holdings Ltd**, has agreed to acquire **Fusen Ink Chemical Co Ltd**, a Chinese ink manufacturer, for US\$3.4m. The acquisition will enhance Yip's ink operations in mainland China. *April 21, 2008*

India

Basant Agro Tech India, a private fertilizer company, has acquired the **Single Super Phosphate Fertilizer (SSP)** plant in Madhya Pradesh with an installed capacity of 75,000 tpa of SSP fertilizers and 50,000 tpa of NPK mixture fertilizers. Post acquisition, Basant will have a total of 195,000 tpa of SSP fertilizers. The total cost consideration for this acquisition remains undisclosed. *May 22, 2008*

BASF plans to raise its holding in **BASF India Ltd** from 52.7% to a maximum of 75% through a public tender offer to Indian shareholders. The acquisition allows BASF to expand its market position in the

growing Indian chemicals sector, particularly in agrochemicals, plastics, leather, coatings and textile chemicals. *May 15, 2008*

Berger Paints India Ltd, a listed Indian paint company, has agreed to acquire **Bolix SA**, the Polish manufacturer of exterior insulation finish systems, through its Cyprus-based subsidiary for US\$38.6m. Berger expects to tap into new business opportunities and regional markets with this acquisition. Further synergies are expected as Bolix's technology and product line complements Berger's existing products. *April 29, 2008*

DCM Shriram Consolidated Ltd (DSCL), an Indian manufacturer of PVC compounds and resins with automotive, footwear and agricultural applications, has agreed to acquire 81.4% of the equity of **Shri Ganpati Fertilizers Ltd (SGFL)**, an Indian manufacturer of Single Super Phosphate (SSP) with operations in Rajasthan. The plant has an existing capacity of 198,000 tpa of SSP Powder and 60,000 tpa of SSP Granules. *May 9, 2008*

Gujarat Alkalies & Chemicals Ltd (GACL), India's largest chlor-alkali manufacturer, has signed an agreement with **Dow Europe GmbH** to set up a JV to manufacture 200,000 tpa of chlorinated organics in Dahej. GACL will supply 6000 MT of chlorine per day to the JV. Dow currently produces chloromethane at four

sites globally with a total capacity of 500,000 tpa. *April 16, 2008*

Henkel KGaA, a listed German laundry, home care, cosmetics and adhesives group, has agreed to acquire the adhesives business of **ICI India Ltd**, a listed Indian paints, specialty chemicals and adhesives manufacturer, for US\$65.2m. The acquisition follows the sale of **ICI India's** parent company **ICI to Akzo Nobel** in August 2007 for US\$12.6bn. It was also part of Akzo Nobel's divestment of its global adhesives and electronic material business to Henkel in August 2007 for US\$5.4bn. The adhesives business of ICI India is closely integrated with the global adhesives business of the ICI Group. *March 28, 2008*

Jubilant Organosys Ltd has acquired **Specialty Molecules Pvt Ltd**, a niche manufacturer of specialty intermediates, for US\$4.7m. Specialty Molecules' manufacturing facilities are located in Ambarnath, near Mumbai. The acquisition strengthens Jubilant's offerings of pyridine derivatives in the life sciences industry. *May 9, 2008*

Oriental Aromatics Ltd, an Indian manufacturer of perfumery compounds, fragrances, flavours and synthetic essential oils, has launched a tender offer to raise its interest to 57.7% by acquiring an additional 52.7% stake in **Camphor & Allied Products Ltd**, a fine chemicals and camphor manufacturer and

wholesaler, for US\$11.1m from **Midland Finance & Investment Enterprises Pvt Ltd.** *April 30, 2008*

Rashtriya Chemicals and Fertilizers Ltd, India's largest fertilizer producer, has signed a MOU with **Industrial Development Corp of South Africa Ltd (IDC)** and **Foskor Pty Ltd**, to set up a US\$1.8bn fertilizer complex and rock phosphate mining JV in Africa to produce ammonia, urea, diammonium phosphate and phosphoric acid. Rashtriya Chemicals will hold 51% in the JV, the rest will be held by IDC, Foskor and the government of Mozambique. The JV will invest around US\$1.5bn in the fertilizer plant and close to US\$300m in the mining venture. *May 24, 2008*

Zhejiang Longshen Group of China is entering into a 60:40 JV with **Kiri Dyes and Chemicals Ltd (KDCL)** of India. The JV will invest US\$10m initially to set up a manufacturing facility in India to produce 20,000 tpa of reactive dyes. This capacity is expected to be further expanded to 50,000 tpa. *March 15, 2008*

Japan

Fujikura Kasei Co Ltd, a listed Japanese manufacturer of plastic coating materials, has agreed to acquire **Red Spot Paint & Varnish Company**, the US specialty paints, coatings and varnishes producer, for ¥6.5bn (US\$63m). Under its new

ownership, Red Spot will operate as a consolidated subsidiary of **Fujichem**, the US subsidiary of Fujikura Kasei. *April 21, 2008*

Mitsui Chemicals has announced it will acquire all the outstanding shares of **Silvue Technologies Group**, the holding company for **SDC Technologies**, for US\$95m. Silvue Technologies manufactures and sells high performance coating materials for plastics and non-ferrous metals. The acquisition opens up new growth areas, such as ophthalmic lens coating materials, and will accelerate Mitsui's development of new coating materials. *May 21, 2008*

Tokyo Printing Ink Mfg Co Ltd, a listed Japanese manufacturer of printing inks and materials, has agreed to acquire the resin film business of **Mitsui Chemicals Fabro Inc**, the manufacturer of functional fabricated products. The resin film business of Mitsui Chemicals has revenues of US\$20m. *March 24, 2008*

Korea

KP Chemical Company, a Korean chemical group, is in discussion with the Republic of Tatarstan in Russia regarding a joint PET project. The US\$155m plant will be erected in the Special Economic Zone of Alabuga, and will have a Purified Terephthalic Acid (PTA) capacity of 300,000 tpa. *April 22, 2008*

Polypore International announced that its wholly owned subsidiary, **Celgard**, has agreed to acquire **Yurie-Wide Corporation** of Korea for US\$23m. The acquisition brings membrane process technology into **Polypore International's** expanding lithium-ion product portfolio and provides a manufacturing base in Asia. *May 15, 2008*

Rohm and Haas (R&H), the US specialty chemicals manufacturer, has agreed to acquire **Gracel Display**, Korea's leading manufacturer of materials for organic lighting-emitting diodes (OLEDs), for US\$40m. The acquisition further enhances R&H's display technologies business. R&H had previously established **SKC Haas Display Film**, a JV for the development and manufacture of advanced films and filters for LCD and plasma displays. Separately, R&H divested its 40% equity interest in **UP Chemical Company**, a Korean firm that specializes in DRAM and high-k gate dielectric precursor technology that is used to manufacture advanced semiconductors. R&H sold its equity interest to Woori Consortium for US\$112m, reflecting a pre-tax gain of US\$84m. *April 14, 2008*

Malaysia

Chemical Company of Malaysia Berhad (CCM) has agreed to acquire 94% of **Delta Polymer Systems Sdn Bhd**, and **Innovative Resins**

Sdn Bhd, as well as 100% in **Innovative Polymer Systems Sdn** for a cash consideration of US\$40m on a debt free basis. The trio of Malaysian companies produces and sell polymer coating solutions for the rubber glove industry. The acquisitions will help CCM strengthen its position in the special chemical products and services markets. *April 23, 2008*

Kansai Nerolac Paints Ltd, India's second largest paint manufacturer, has divested its 55% stake in **Kansai Coatings Malaysia** to its Japanese parent company **Kansai Paint Co** for US\$8.4m in order to concentrate on its Indian business. *May 12, 2008*

Warwick International, a North Wales-based chemicals group, has agreed to acquire **GME Chemicals** and its Malaysian operations in coatings, household, personal care and petrochemicals for an undisclosed sum. GME's former owners will remain on the board. Warwick International is the UK's leading manufacturer of oxygen-based bleaching systems for the detergents, pulp and biocides industries. *April 30, 2008*

Singapore

3M has announced that it will invest US\$200m to build a new facility in Singapore to produce coatings for film-based products

used in commercial, electronic and automotive applications. Construction of the facility is scheduled to be completed in 2009. 3M's existing operations in Singapore include a customer innovation center and the 3M Woodlands facility, which manufactures flex circuits and electronic adhesives. *April 29, 2008*

Lanxess AG, the German performance polymers and advanced intermediates manufacturer, will construct a 100,000 tpa butyl and halobutyl rubber facility in Singapore. The synthetic rubbers are used in the production of tires. Construction of the US\$620m facility, the largest single investment in Singapore to date, should be completed in 2009. *May 10, 2008*

Taiwan

DSM NV plans to increase capacity at its powdered polyester resins for coatings factories over the next three years. Overall capacity at its three sites - in the Netherlands, Taiwan, and Spain - will be increased by 40,000 tpa. *May 5, 2008*

Elementis plc, a listed UK-based chemicals company, has agreed to acquire **Deuchem Co Ltd**, the Taiwanese manufacturer of additives and resins, for a cash consideration of US\$80.8m. The transaction is expected to close in H2 2008. *April 28, 2008*

Thailand

Indorama Polymers (IRP), a Thailand based polyethylene terephthalate (PET) manufacturer, has completed the acquisition of two PET polymer plants from **Eastman Chemical Co**, in the Netherlands and the United Kingdom. The plants have a combined capacity of 355,000 tpa of PET and are being acquired for US\$354m. IRP has the largest market share of PET polymers in Thailand and is the third-largest manufacturer in the world through its subsidiaries in Thailand, Europe and the United States. *April 2, 2008*

SRF Ltd, India's largest tire cord company, has agreed to acquire **Thai Baroda Industries Ltd (TBIL)** for US\$23.3m. TBIL has an annual capacity of 12,000 MT of dipped nylon tire cord fabric, with annual sales of US\$50m. Post acquisition, SRF's combined annual capacity for tire cords will increase to 65,000 MT. *May 27, 2008*

Vietnam

PetroVietnam Fertilizer and Chemical Joint Stock Company (PVFCCo) and **Office Cherifien des Phosphates (OCP)** of Morocco have signed an agreement to build a fertilizer plant for US\$600m in Morocco. The plant will produce between 660,000 and one million MT of diamonium phosphate (DAP) fertilizer to supply

Vietnam and other regional markets. Plant operations are slated to begin by 2011. It will constitute Vietnam's largest foreign invested project to date. *May 14, 2008*

Phillips Carbon Black Ltd (PCBL), India's largest carbon black manufacturer and exporter, announced its first overseas foray through a 75% JV with the government-owned **Vietnam National Chemical Company**. Currently, PCBL

has carbon black manufacturing facilities at three locations in India with a total capacity of 270,000 MT. The acquisition will move PCBL from the ninth largest carbon black producer in the world to fifth largest over the next three years. *May 13, 2008*

Rohm and Haas intends to build an acrylic emulsion facility in Nhon Trach city, Dong Nai province of Vietnam, in order to meet the fast-growing needs of the paints and

coatings market. The company will invest US\$10m in the 25,000 tpa acrylic emulsion facility. Construction of the plant is slated to be complete by mid-2009. *May 26, 2008*

To submit stories to the Asian Specialty Chemicals Newsletter, please contact Ms. Vita Gu in Shanghai at (86) 21-5407-5580 or email vgu@bdallc.com.

Business Development Asia is an investment bank 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 below.

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