

ASIAN SPECIALTY CHEMICALS NEWSLETTER

MARCH 2010, ISSUE 62

A Quarterly newsletter of developments in the chemicals industry

We hope you find the Asian Specialty Chemicals Newsletter informative.

The troubled chemical sector is consolidating fast, and the center of gravity of the industry is shifting to Asia.

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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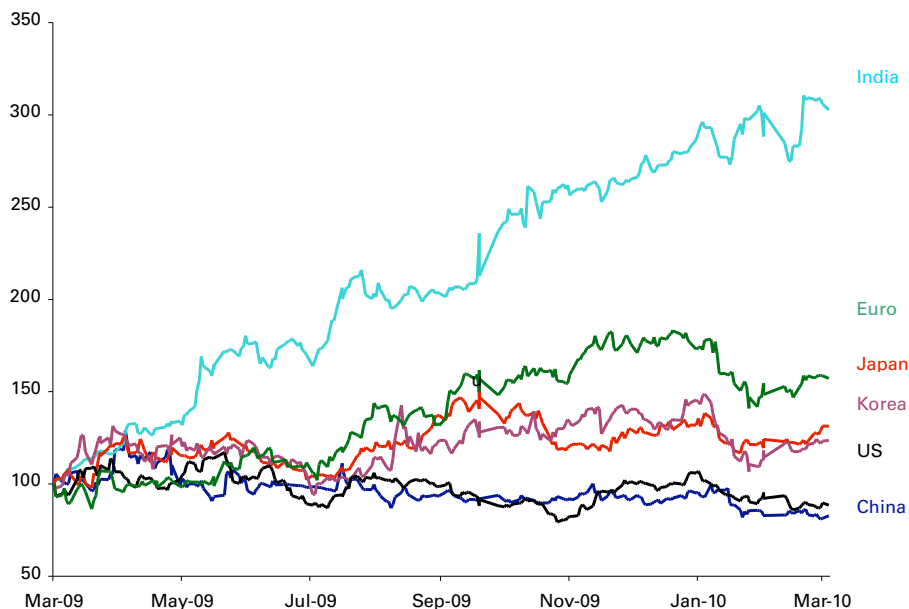
China

Anhui Wanwei Updated High-Tech Material Industry, a Chinese industrial materials manufacturer, plans to acquire 65% of **Inner Mongolia Mengwei Technology**, a Chinese manufacturer of calcium carbide, from **Inner Mongolia Baiyanhu Chemical**, a Chinese chemicals manufacturer for US\$37m. *January 12, 2010*

Changjiang Fertilizer Holdings, a provider of nitrogenous fertilizer, plans to acquire the production facilities of Chinese chemicals manufacturer, **Xiangyin County Dadi Chemical**, for US\$10m. *February 25, 2010*

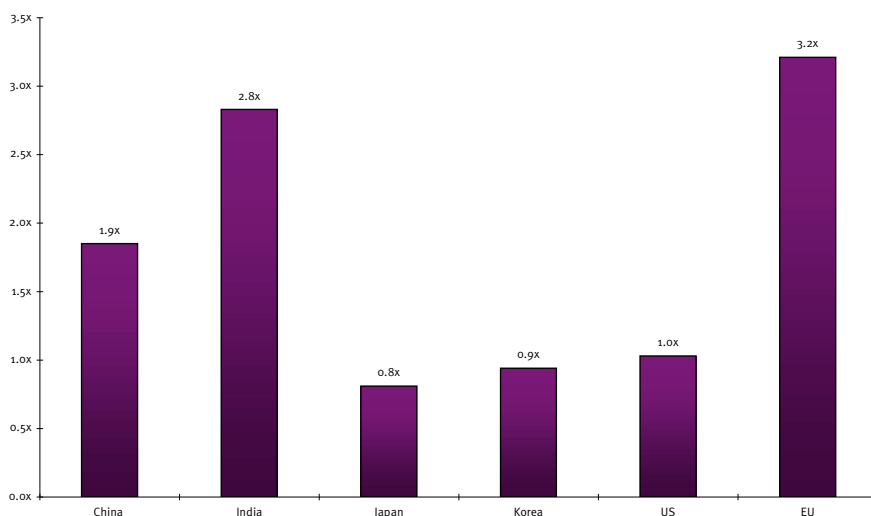
China Grand Pharmaceutical & Healthcare Holdings, a Hong Kong

Chemical Stock Indices for Selected Countries (12 months ending 15 Mar 10)



Source: ThomsonOne, BDA

Specialty Chemicals Price/Revenue Ratios for Selected Countries (15Mar10)



Source: ThomsonOne, BDA

listed manufacturer of pharmaceutical chemicals, through its subsidiary, Wuhan Grand Pharmaceutical, plans to acquire agrochemical company Hubei Fuchi Chemical and Pharmaceutical, for US\$17m. *March 3, 2010*

China Huarong Asset Management (CHAM), a Chinese state-owned investment firm, and **Rongde Asset Management**, a 51:35:14 investment JV between **CHAM**, **Deutsche Bank** and **AIG**, have acquired 43% of **Ningxia Huahui Activated Carbon**, a Chinese manufacturer of activated carbon chemicals, from a steel wire rope provider, **Ningxia Hengli Steel Wire Rope**, for US\$8m. *January 13, 2010*

Eastman Chemical, a US chemical manufacturer, acquired a Chinese cellulose-based polymers company, **Tongxiang Xinglong Fine Chemical**. *January 15, 2010*

Hebei Hua An Biopharmaceutical, a Chinese company, plans to acquire 33% of **Chongqing Kangwei Biotechnology**, a Chinese stomach disease vaccines and chemicals company, for US\$23m. *January 30, 2010*

Henan Zhongyuan Chemical, a Chinese chemicals manufacturer, plans to acquire 52% of **Xilingol Sunite Alkali Industry**, a Chinese alkali chemicals company, from natural gas and coal chemicals company, **Inner Mongolia Yuan Xing Energy**, for US\$34m. *January 21, 2010*

Sinopec, a listed Chinese petroleum and chemical company, and **BASF**, a German chemical company, plan to invest US\$1.4bn in a JV in Nanjing to produce specialty chemicals for the construction, electronics, pharmaceuticals and automotive industries. *March 8, 2010*

Yantai Wanhua Polyurethanes, a Chinese

listed chemicals manufacturer, has acquired 75% of **Shanxi Zhongqiang Coal Chemicals**, Chinese coal chemicals provider, for US\$9m. *February 20, 2010*

Hong Kong

Long Success International, a Hong Kong paper company, plans to acquire **Ever Stable Holdings**, a Hong Kong manufacturer of biodegradable resin. *February 4, 2010*

Poon Sau Tin and **Mai Mao Quan**, private investors, have agreed to acquire **Win Profit (Asia Pacific)**, an emulsion paint chemicals manufacturer, from **Wing Shing Group**, a subsidiary of Hong Kong oil and gas company **PetroAsian Energy Holdings**, for US\$4m. *February 9, 2010*

Shaanxi Yanchang Petroleum, a Chinese state-owned oil and gas company, has acquired 15% of **Sino Union Energy investment Group**, a wholesaler of polyurethane and fuel chemicals, from **Golden Nova Holdings**. *January 12, 2010*

India

Allied Resins and Chemicals, a listed Indian formaldehyde and powder resins company, plans to merge with **ARCL Organics**, an Indian manufacturer of inorganic, organic chemicals and synthetic resins. *February 8, 2010*

Artek Surfin Chemicals, an Indian metal finishing company, and **Arterian Investment Partners**, a US-based

investment firm, have beat **SK Capital** in the bidding for the polyvinyl chloride additives business of US specialty chemicals firm **Chemtura**, with a US\$16m bid. *February 15, 2010*

Asset Reconstruction, an Indian asset management firm, plans to acquire 53% of **Southern Petrochemical Industries**, an Indian fertilizer and chemicals manufacturer, for US\$76m. *February 22, 2010*

Bain Capital, a US private equity firm, plans to acquire 35% of **Himadri Chemicals & Industries**, an Indian coal chemicals company, for US\$124m. *January 1, 2010*

Dorf Ketal Chemicals India, a private Indian specialty chemicals company, has acquired **DuPont Chemicals and Fluoroproducts'** global specialty catalysts business, for US\$40m. *January 5, 2010*

India Debt Management, IFCI, Stressed Assets Stabilization Fund and Susram Financial Services & Techniques, private Indian investment firms, plan to acquire 39% of **Ganesh Benzoplast**, an Indian manufacturer of sodium benzoplast, for US\$8m. *January 11, 2010*

Lanxess, a Germany specialty chemicals company, has completed the first phase of construction of a rubber chemicals manufacturing site in India. Lanxess will invest US\$68m in the plant and will begin production later this year. *March 4, 2010*

Oman Oil, an oil & gas company owned by the Government of the Sultanate

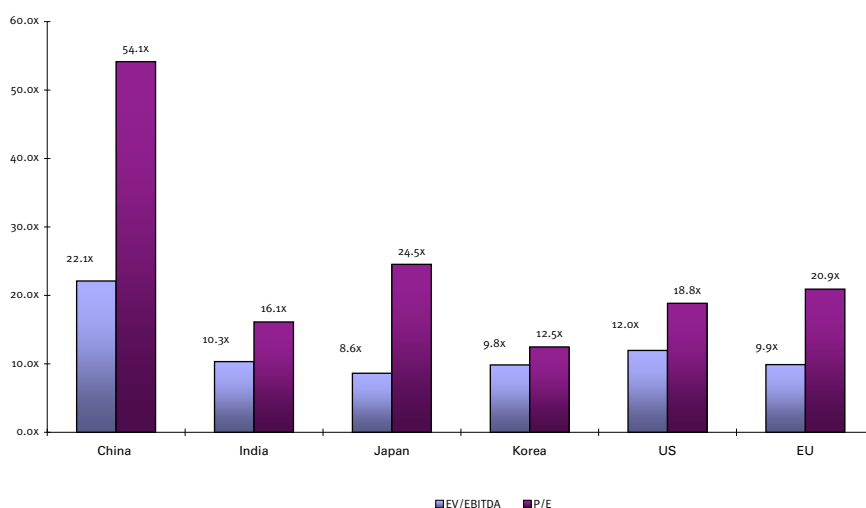
of Oman, formed a US\$680m JV with **JBF Industries**, a partially oriented yarns provider, to manufacture purified terephthalic acid. *February 4, 2010*

Ruchi Soya Industries, a manufacturer of edible oils, vanaspati, bakery fats and soya foods, plans to merge with **Palmtech India**, an Indian palm oil producer. *February 6, 2010*

Shree Renuka Sugars, an Indian sugar producer, has acquired a controlling stake in Brazillian ethanol group, **Equipav**, for US\$330m. Shree Renuka will invest US\$120m in Equipav to reduce the company's debt and expand capacity to 12m tpa. *February 16, 2010*

Willowood Group, a Hong Kong crop protection manufacturer, through its crop chemicals subsidiary **Willowood Chemicals**, has acquired **Shreeji**

Specialty Chemicals Trading Multiples for Selected Countries (15Mar10)



Source: ThomsonOne, BDA

Pesticides, an Indian pesticides company. *January 25, 2010*

Indonesia

Jordan Phosphate Mines Company ("JPMC"), a rock mining company, and **PT Petrokimia Gresik**, an Indonesian fertilizers company, have agreed to form a US\$200m 50:50 JV to produce phosphoric and sulfuric acid in Indonesia. *January 19, 2010*

Japan

AMPAC Fine Chemicals LLC ("AFC"), a subsidiary of API manufacturer **American Pacific Corporation**, has entered into a partnership with **Inabata & Co**, a Japanese chemicals company. The purpose of the collaboration is to provide access to the Japanese pharmaceutical

market for AFC's API manufacturing technologies. *February 17, 2010*

Asahi Chemical, a Japanese chemistry and materials science company, has acquired the bond and coating materials business of **Nissan Chemical Industries**, a listed Japanese provider of chemical products. *March 1, 2010*

Calgon Carbon, a US-based activated carbon, UV light disinfection and oxidation provider, plans to acquire 31% of **Calgon Mitsubishi Chemical ("CMCC")**, its 49:51 JV with **Mitsubishi Chemical**, a Japanese chemicals manufacturer. **Calgon Carbon** will purchase the remaining 20% at a later date. *February 12, 2010*

DSM NV, a Dutch life science and materials company, has agreed to acquire the Novamid polyamide business of **Mitsubishi Chemical**, a Japanese chemicals manufacturer, in exchange for DSM's Xantar polycarbonate business. *February 26, 2010*

Dupont-Mitsui Polychemicals, a Japanese JV between chemicals manufacturers, **Mitsui Chemicals** and **DuPont Kabushiki Kaisha**, have agreed to acquire the Mirason business of **Prime Polymer**, a Japanese manufacturer of polyolefin. **Prime Polymer** is a JV between **Mitsui Chemicals** and petroleum company **Idemitsu Kosan**. *February 17, 2010*

Naniwa Sangyo, a Japanese synthetic rubber resins manufacturer, has acquired **Kuritech Kyushu**, a Japanese wholesaler of synthetic resins from specialty materials manufacturer, **Kuriyama Corp**.

January 15, 2010

Phytochrome Inc, a plant activator and fertilizers company, plans to acquire the organic fermented fertilizer business of **EKK Agri Science**, a Japanese manufacturer of agricultural chemicals.

February 1, 2010

Toyobo, a Japanese manufacturer of synthetic fibers, cotton and wool, plans to acquire the polybutylene terephthalate business of **DIC Corp**, a Japanese manufacturer of printing inks and related chemicals. *March 4, 2010*

Korea

Alchimer SA, a chemical formulations provider for electronics, signed an agreement with **KPM Tech**, a Korean chemical and equipment manufacturer. This agreement will give **KPM Tech** exclusive rights to produce chemicals in Korea for **Alchimer's** technology. *February 4, 2010*

SK Energy, a Korean petrochemical manufacturer, plans to divest its chemicals business unit to **SK Energy's** shareholders. *January 15, 2010*

Singapore

Lanxess, a Germany specialty chemicals company, plans to build a butyl rubber plant in Singapore at a cost of US\$575m. *January 18, 2010*

Sherwin-Williams, a US coatings manufacturer, has agreed to acquire **Arch Sayerlack Coatings**, an Italian

industrial wood coatings manufacturer, from **Arch Chemicals**, a chemicals provider, for US\$54m. Under the terms of the agreement, the acquisition includes **Sayerlack's** operations in Singapore. *February 17, 2010*

Taiwan

Applied Materials Inc, a US-based nanotechnology company, has opened a new manufacturing center in Tainan. The 15,000 sqm facility will enhance Applied's capability to serve its flat-panel display and thin-film solar photovoltaic customers in Asia while capitalizing on Taiwan's location, talent pool and supply-chain efficiencies. The Tainan manufacturing center employs 150 people and is expected to build and ship 100 new plasma-enhanced chemical vapor deposition and physical vapor deposition systems in 2010 - a 400% increase in shipments from 2009. *March 11, 2010*

Lien Hwa Industrial, a listed Taiwanese wheat and flour manufacturer, plans to acquire an additional 11% stake in **UPC Technology**, a chemicals manufacturer, for US\$47m. The transaction raises **Lien Hwa's** stake to 33%. *January 8, 2010*

Synnex Technology International, a listed Taiwanese electronics manufacturer, plans to acquire an additional 4% of **UPC Technology**, a manufacturer of chemicals, for US\$16m. *January 12, 2010*

Vietnam

Jaccar Group, a French provider of

maritime services, plans to acquire 30% of **MyLan Chemicals**, a Vietnamese manufacturer of electronic chemicals, for US\$12m. *February 27, 2010*

Vietnam Chemical Group, a Vietnamese manufacturer of fertilizers, pesticides, chemicals, petrochemicals and pharmaceuticals, plans to invest US\$460m in scaling up manufacturing production. *January 22, 2010*

Asian Specialty Chemicals Transactions with Multiples for Selected Countries (12 months ending in 15Mar10)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
5-Feb-10	T Hasegawa	Japan	T Hasegawa	Japan	\$22.4	-	5.9x	0.9x	27.2x
12-Jan-10	Dandong Chemical Fibre	China	Investor Group	China	\$57.8	-	220.6x	937.7x	157.3x
8-Jan-10	UPC Technology Corp	Taiwan	Lien Hwa Industrial Corp	Taiwan	\$47.1	-	80.4x	0.5x	-
2-Jan-10	Himadri Chem & Inds	India	Bain Capital India Investments	India	\$70.4	-	11.8x	4.3x	27.3x
29-Dec-09	Nufarm	Australia	Sumitomo Chemical	Japan	\$546.3	-	11.9x	1.6x	38.2x
24-Dec-09	CNNC Hua Yuan Titanium Dioxide	China	Jiangsu GPRO Group	China	\$35.6	-	-	10.1x	-
8-Dec-09	Greenfield Chemical Holdings	HK	Hong Han	HK	\$37.9	51.3%	-	1.6x	144.0x
19-Nov-09	Mitsubishi Rayon	Japan	Mitsubishi Chemical Hldgs	Japan	\$2,427.0	-	30.9x	1.6x	-
9-Nov-09	Rallis India	India	Tata Chemicals	India	\$19.0	7.6%	10.9x	1.5x	15.0x
22-Oct-09	Sodiff Advanced Materials Co	Korea	OCI	Korea	\$119.9	12.3%	13.5x	8.0x	28.3x
15-Sep-09	Sinoma Science & Tech	China	Investor Group	China	\$183.7	-	22.2x	3.7x	45.6x
14-Sep-09	NE Chemcat	Japan	Investor Group	Japan	\$83.8	14.4%	6.3x	0.6x	23.4x
7-Sep-09	Ciba India	India	BASF India	India	\$22.9	-	5.9x	0.5x	11.2x
12-Aug-09	Rallis India	India	Tata Chemicals	India	\$75.5	35.7%	10.4x	1.4x	14.1x
6-Aug-09	Alogics	Korea	Aminolux Inc	Korea	\$18.8	-	-	2.0x	-
1-Aug-09	Ningxia Dayuan Chemical	China	Shanghai Hongze Century Invest	China	\$81.8	25.4%	-	22.4x	-
24-Jul-09	Nufarm	Australia	Sinochem	China	\$2,472.5	-	-	1.6x	35.2x
22-Jul-09	Yips Chemical Holdings	HK	Yips Chemical Holdings	HK	\$30.1	-	6.0x	0.4x	10.4x
29-Jun-09	Tacmic SP	Japan	Te-a	Japan	\$61.8	100.0%	-	0.5x	5.1x
25-May-09	Polatechno	Japan	Polatechno	Japan	\$36.3	23.9%	3.6x	0.5x	-
7-May-09	Sinofert Holdings	HK	Sinofert Holdings	HK	\$347.5	-	15.3x	0.7x	11.1x
12-Mar-09	Otsuka Chemical Holdings	Japan	Otsuka Holdings	Japan	\$536.7	38.3%	-	1.5x	36.3x
10-Mar-09	Gansu Yasheng Indl(Grp)	China	Gansu Agribusiness Group	China	\$169.1	-	37.5x	4.9x	82.7x
26-Feb-09	Nanbu Plastic	Japan	-C Fund 14	Japan	\$65.5	97.2%	-	0.2x	34.1x
16-Feb-09	First Fire & Marine Ins	Korea	Hanwha	Korea	\$87.9	24.6%	-	0.4x	-
12-Mar-09	Otsuka Chemical Holdings	Japan	Otsuka Holdings	Japan	\$536.7	38.3%	-	1.5x	36.3x
10-Mar-09	Gansu Yasheng Indl(Grp)	China	Gansu Agribusiness Group Co	China	\$169.1	-	37.5x	4.9x	82.7x
26-Feb-09	Nanbu Plastic	Japan	-C Fund 14	Japan	\$65.5	97.2%	-	0.2x	34.1x
16-Feb-09	First Fire & Marine Ins	Korea	Hamwha	Korea	\$87.9	24.6%	-	0.4x	-
4-Feb-09	Titan Chemicals	Malaysia	Titan Chemicals	Malaysia	\$34.0	-	3.3x	0.4x	3.0x

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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