

ASIAN PRIVATE EQUITY NEWSLETTER

MARCH 2008, ISSUE 54

A Quarterly newsletter of developments in the private equity sector

Welcome to the Asian Private Equity Newsletter. This publication was initiated to address the growth of opportunities for private equity funds, both global and local, in Asia. We hope you find the Asian Private Equity Newsletter informative.

Business Development Asia (“BDA”) is an investment banking firm specializing in executing cross-border transactions involving Asia, including acquisitions, divestments, JVs and restructuring. We have offices and professional staff

throughout Asia, and in 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 mwebster@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

3i has bought a minority stake in Chinese natural sweetener maker **Futaste Pharmaceutical Co Ltd**. Futaste has an annual processing capacity of 35,000 tons of xylitol.
January 21, 2008

Credit Suisse and **Founder Securities** will apply for the establishment of a JV to engage in the sponsoring and underwriting of A-shares, foreign investment shares and government and corporate bonds; the brokerage of foreign investment shares and the brokerage of government and corporate bonds. Credit Suisse will take a 33.3% stake in the proposed JV.
February 16, 2008

Goldman Sachs has reached a deal to buy a 20% stake of Zhejiang Province-based **Yangfan Group Co**, for US\$50m. Goldman will also sponsor the Chinese shipbuilder’s IPO, slated to occur in H2 2008.
January 8, 2008

Goldman Sachs will invest US\$300m into a new PE fund set up by its Chinese JV partner, **Fang Fenglei**. The investment would make Goldman a limited partner in the US\$2bn, **Hopu Fund**, which has also attracted a US\$1bn cornerstone investment from **Temasek Holdings Pte Ltd**, the Singaporean sovereign wealth fund.
February 4, 2008

Industrial and Commercial Bank of China has completed the acquisition of 80% of Macau’s **Seng Heng Bank** for MOP4.68bn (US\$590m).
January 30, 2008

JP Morgan Asia Pacific is committing US\$750m to mid-market PE investment opportunities in the Asia Pacific region. The expansion will be headed by Varun Bery and John Troy, co-founders of PE firm **TVG Capital Partners**, who are joining JP Morgan as managing directors.
February 20, 2008

Lehman Brothers has agreed to pay US\$200m for a stake in private

Chinese developer **SUNAC China Holdings Ltd** and will help SUNAC to list in Hong Kong. *December 17, 2008*

Morgan Stanley has short-listed three bidders for its stake in China **International Capital Corporation**, but views the latest offers of US\$600m as too low. *February 25, 2008*

Royal Bank of Scotland Group Plc is planning to buy a 19.9% stake in **Suzhou Trust Co**, which, with trust assets valued at RMB6.7bn (US\$936m) at the end of 2007, is controlled by **Suzhou International Development Group Co**, ultimately owned by the Suzhou municipal government. *December 19, 2007*

Hong Kong

Criteria Caixa Corp, the Spanish financial and industrial holding company, will pay HK\$4bn (US\$506m) to boost its stake in **Bank of East Asia** to 8.98% from 4.34%. It will become the bank's largest shareholder. *February 15, 2008*

India

BlackRock will buy a 40% stake in India's **DSP Merrill Lynch Fund Managers Ltd**. *January 25, 2008*

Blackstone Group will acquire a 16% stake in Hyderabad-based media group **Ushodaya Enterprises**, owners of Telugu publication, *Eenadu*, for

Rup5.9bn (US\$150m). **Blackstone** obtained formal approval from the Finance Minister of India after it reduced the size of its original \$275m offer for a 50% stake in Ushodaya. *February 13, 2008*

Blackstone Group has agreed to invest US\$60m in Indian private sector logistics operator **Allcargo Global Logistics**. **Blackstone** will also purchase additional shares of Allcargo from the open market, up to a 15% ownership position. *February 20, 2008*

The Carlyle Group has invested US\$27.7m in **Repco Home Finance Limited**, a Chennai-based housing finance company focusing on Southern India. *January 10, 2008*

Goldman Sachs and **Lehman Brothers** have acquired a 16.5% stake in the outdoor advertising unit of **Entertainment Network (India) Ltd Times, Innovative Media (TIM)**, for a total of Rup2bn (US\$50m). The two investors have each acquired 8.28% in TIM, in a deal that values the unit at Rup12bn (US\$300m). *January 23, 2008*

Reliance Technology Ventures Limited (RTVL), the VC arm of the Reliance ADA Group, has invested in **Sequans Communication**, the French based fixed and mobile WiMAX semiconductor solutions company, which recently concluded an equity and convertible debt raising of US\$28m. Reliance's contribution

is not known. **CDC Enterprises** and **Swisscom** also participated, becoming minority investors in Sequans. *February 11, 2008*

Standard Chartered has received several bids for its 75% stake in its mutual fund business in India. The Asia-focused bank has been seeking fresh buyers for the fund operations after a proposed US\$118m deal with UBS fell apart in December 2007 due to regulatory delays. *February 20, 2008*

Temasek Holdings Pte Ltd, the Singaporean sovereign wealth fund, has acquired a 10%, US\$500m stake in **Bharti Infratel**, a former subsidiary of **Bharti Airtel** and now a stand-alone telecom tower company. Temasek was part of a seven member consortium that invested a total of US\$1.2bn in Bharti. The other members included **KKR, Goldman Sachs, Investment Corporation of Dubai, India Equity Partners, Citigroup**, and **Macquarie**. *December 28, 2007*

Warburg Pincus will acquire medical device maker **Lifecore Biomedical Inc** for an estimated US\$239m which is a 32% premium to Lifecore's close of US\$12.84 on January 14, 2008. *January 15, 2008*

Indonesia

A unit of **Temasek** may sell its 55.78% stake in **Bank International Indonesia Tbk (BII)**, the country's sixth-biggest

lender, instead of merging it with **PT Bank Danamon Indonesia**. *February 26, 2008*

Japan

Accordia Golf Co will purchase eight golf courses owned by an investment unit of **Goldman Sachs** for an estimated ¥10bn (US\$93m). *January 10, 2008*

Japanese PE fund **Advantage Partners'** tender offer to privatize **Tokyo Star Bank** will run until March 2008. Advantage will offer Tokyo Star worth up to ¥252bn (US\$2.4bn), allowing investment fund **Lone Star** to cash out its 68% stake two years after taking the bank public. *February 4, 2008*

Carlyle has acquired the land and buildings of the **Bon Sejour Grand** resident-paid nursing homes, for ¥14.6bn (US\$136m) from Japanese staffing service company **Goodwill Group**. *January 25, 2008*

Carlyle will buy a majority stake in a venture owned by **Nippon Sheet Glass** and **Hoya Corp** that makes glass substrates for use in LCD TV panels in a deal worth up to US\$1.3bn. Carlyle will purchase all of Nippon Sheet Glass's 50% stake in the venture, **NH Techno Glass Corp**, while Hoya will retain most of its holdings. *February 26, 2008*

British hedge fund **The Children's Investment Fund** has requested the Japanese government's approval to raise its stake in **Electric Power Development Co** (J-Power) to 20%. The activist fund is **J-Power's** top shareholder with a 9.9% stake. *January 16, 2008*

The US\$200bn **China Investment Corporation** (CIC) plans to buy as much as US\$10bn in Japanese stocks and may consider purchasing a large stake in oil and gas developer **Inpex Holdings Inc**. *February 25, 2008*

Dalton Investments LLC has completed the sale of an 11% stake in **Fujitec Co**, an elevator manufacturer based in Osaka, to **Otis Elevators**, a wholly owned subsidiary of **United Technologies**. *February 15, 2008*

The **Government of Singapore Investment Corp** (GIC) is set to buy a luxury hotel in Tokyo from **Morgan Stanley** for an estimated ¥77bn (US\$723m). In a deal likely to be completed soon, Singapore's largest sovereign wealth fund will buy both the land and the building of the **Westin Tokyo**. *February 3, 2008*

H&Q Asia Pacific has acquired 85.1% of a Taiwan-based computer parts company wholly owned by Japanese electronic components firm **Sumida Corp** for ¥1.8bn (US\$16m). The company, **Taiwan Sumida Electronics Inc** designs and builds backlight circuits used in notebook computers.

Sumida will retain a 14.9% interest in this business. *January 10, 2008*

Japanese VC and buyout firm **Jafco Co Ltd** is auctioning **Showa Yakuin Kako Co Ltd** after abandoning plans to IPO the Japanese dental products and generic drug firm. *January 24, 2008*

Mitsubishi UFJ Financial Group will likely buy a large stake in **Japan Airlines Corp's** private credit card unit, **JALcard Inc**. JAL, which is restructuring and wants to renew its fleet, is looking to sell up to 49% of JALcard. *January 9, 2008*

Japan's three biggest banks, **Mitsubishi UFJ**, **Mitsui Sumitomo Financial Group** and **Mizuho Financial**, are prepared to invest US\$10bn in US and European banks hit by sub-prime losses. **Mizuho** would invest US\$1.2bn in **Merrill Lynch** as part of a US\$6.6bn cash injection. *January 17, 2008*

Nippon Telegraph and Telephone Corp announced plans to set up an investment fund that will target start-ups both inside and outside Japan. **NTT Investment Partners Fund LP** will be established in March 2008, with NTT providing 99.8% of the ¥10bn (US\$94m) in funding. *February 1, 2008*

Investment fund **RHJ International** has decided to sell its 49% stake in audio equipment maker **D&M Holdings Inc**, whose business portfolio includes high-end audio

brands, **Denon**, **Marantz** and **McIntosh**, and has a market value of US\$265m. *January 24, 2008*

Japanese financial services conglomerate **SBI Holdings Inc** will acquire the remaining shares of online broker **SBI E Trade Securities** for US\$1.25bn in a stock. **SBI Holdings** currently owns 52.26% of SBI E Trade, Japan's top online broker with 1.6m accounts, and also has asset management, banking, investment banking and real estate operations. *January 16, 2008*

SBI Holdings Inc may create a consortium to launch a counter bid for the Jasdac market. The **Osaka Securities Exchange**, Japan's second-largest equities exchange, is in talks to acquire a controlling stake in the **Jasdac Securities Exchange**, the country's top market for start-up firms. *February 26, 2008*

Sumitomo Mitsui Banking Corp will invest in **Yamada Business Consulting Co's** fund that targets business succession transitions at small and midsize companies. Yamada Business Consulting is a subsidiary of **TFP Consulting Group Co**. The fund will initially invest ¥2.2bn (US\$20.2m) in well-performing smaller businesses. *January 15, 2008*

TPG has paid ¥31bn (US\$288m) for 40% of the shares of **NIS Group Co**,

the Japanese non-bank financial firm, and 87,500 warrants, convertible to 3.4% of the shares of NIS. *February 20, 2008*

Korea

Goldman Sachs bought a stake in **CS Wind Corp** for W47.2bn (US\$50.1m), becoming the second-largest shareholder in the unlisted Korean energy equipment company. **CS Wind**, a steel wind tower and wind tower component manufacturers, will use the investment to further expand manufacturing capacity in China and Vietnam. *January 7, 2008*

Hana Financial Group, Korea's fourth largest financial services firm, has bought a 61% stake in Indonesia's **PT Bank Bintang Manunggal** for W3bn (US\$3.2m). *December 17, 2007*

Hyundai Automotive Group will acquire a controlling stake in **Shinheung Securities**, entering the capital markets ahead of next year's planned deregulation. *January 14, 2008*

US venture firm **International Data Group** (IDG) plans to invest US\$400m in the VC market and online media business in Korea by 2011. *January 16, 2008*

Korea Development Bank will start divesting its ownership of **Hyundai Engineering and Construction Co** and **Hynix Semiconductor** after the new

Korean President comes into office. *January 9, 2008*

A consortium of Korea's **Vogo Fund** and **KTB Network** will buy a 49% stake in the unlisted semiconductor parts maker **Siltron Inc** for US\$761m from the steel maker, **Dongbu Steel**. *December 17, 2007*

Malaysia

Primus Pacific Partners will buy a 20% stake in **EON Capital Bhd** for Rm1.3bn (US\$414m), to inject capital into EON Capital to expand its staff and management team. Primus will be the single largest shareholder. *February 4, 2008*

Philippines

Philippine pension fund **Social Security System** has sold a 15% stake in the country's second-largest bank, **Banco de Oro-EPCI Inc** for P\$17.3bn (US\$420m) to **SM Investments** after a court cleared the transaction. *January 24, 2008*

Singapore

Government Investment Corp of Singapore could invest in another bank even after buying multi-billion dollar stakes in **Citigroup** and **UBS**. *January 30, 2008*

Government Investment Corp of Singapore is expected to be a lead investor in **TPG's** US\$6bn fund targeting troubled financial firms. The sovereign wealth fund will commit US\$2bn to US\$3bn to the new fund.

February 24, 2008

MBK Partners LP made a tender offer of S\$0.725 for every share of **AsiaPharm Group Ltd**, valuing the firm at S\$357m (US\$253m). **MBK Partners** and **AsiaPharm Management** want to take the

company private. The offer reflects a 14% premium to the last transaction price of S\$0.635 per share before trade was halted on January 31, 2008. *February 4, 2008*

Taiwan Mobile, Taiwan's third largest telecoms operator, has sold a 6% stake owned by **Taiwan Fixed Network** to an undisclosed foreign PE fund in a deal estimated at NT\$14bn (US\$433m). *January 26, 2008*

Taiwan

Development Bank of Singapore will receive US\$1.4bn from Taiwan's government to take over failed **Bowa Commercial Bank**. *February 1, 2008*

To submit stories to future editions of this newsletter, please contact Ms. Meng Jiang in Shanghai on (86) 21-5407-5580 or email mjiang@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 listed.

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