

ASIAN SPECIALTY CHEMICALS NEWSLETTER

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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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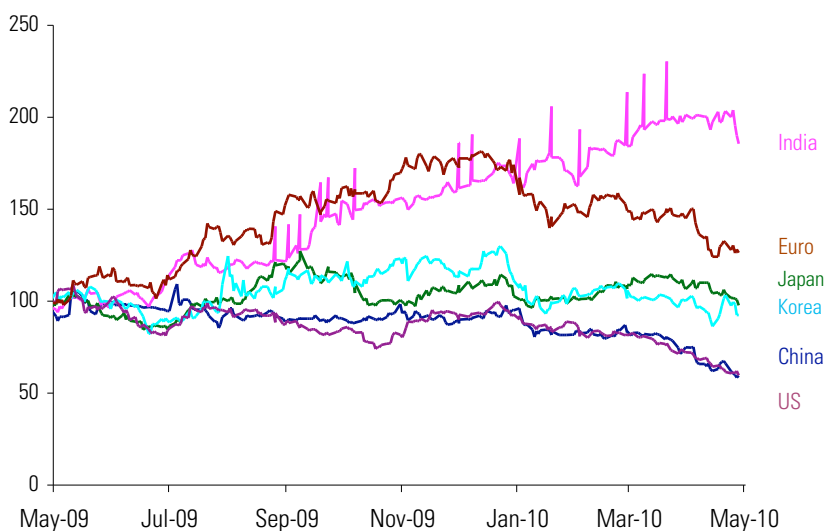
China

Borouge, a Middle East polymer manufacturer, has signed an agreement to build a second plant in Guangzhou, with capacity of 105,000 tpa of compounded polypropylene resin. *May 29, 2010*

Changjiang Fertilizer Holdings, a Chinese producer of nitrogen fertilizers, acquired the production facilities of **Xiangyin County Dadi Chemical**, a Chinese manufacturer of chemical fertilizers, for US\$9m. *February 25, 2010*

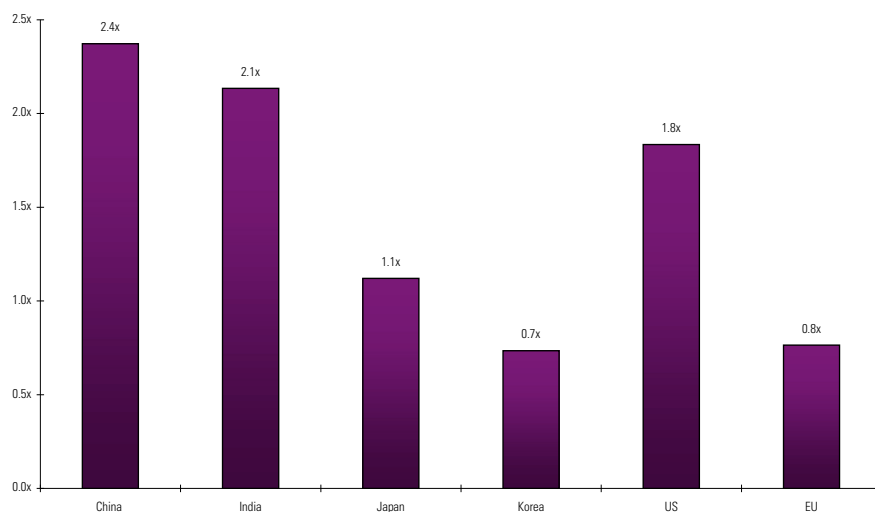
Dow Chemical, through its subsidiary **Dow Coating Materials**, plans to invest US\$17m in an emulsion plant located in Jiangsu. The plant will supply products for Dow's Adhesives and Functional Polymers business, and for the Construction business unit. *May 19, 2010*

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



Source: ThomsonOne, BDA

Specialty Chemicals Price/Revenue Ratios for Selected Countries (15Jun10)



Source: ThomsonOne, BDA

DSM Engineering Plastics has swapped its xantar polycarbonate business for the novamid polyamide business of **Mitsubishi Chemical Corp (MCC)**. The acquisition includes MCC's nylon 6.66 businesses and manufacturing facilities, as well as a number of patents for automotive exterior applications. As part of the agreement, DSM has acquired **Tai Young Nylon Co** in Taiwan, with local polymerization capacities for nylon 6.66. *June 1, 2010*

DuPont, a global chemicals company, plans to acquire **Changshu 3F Zhonghao New Chemical Materials Co**, a Chinese fluorochemicals company. *May 14, 2010*

Funing Aoyang Technology, a subsidiary of **Jiangsu Aoyang Technology**, a Chinese producer of viscose fiber, has agreed to acquire 41% of **Jiayi Viscose**, a producer of viscose fiber products, from private

investor **Zheng Chengyuan**, for US\$5m. *March 24, 2010*

Management of Chinese fertilizer and chemicals manufacturer, **Hubei Yihua Group**, has agreed to acquire 49% of the company in an MBO transaction. The acquisition was made through **Yichang Wealth Investment Management**, a holding company formed by the management of the Hubei Yihua Group. Post-acquisition, management plans to divest several subsidiaries to focus on the core business areas. *April 19, 2010*

Kunming Luma Enterprise Management Consulting, a consulting service company, has acquired 90% of **Dongchuan Chengxing Phosph-Chemicals**, a Chinese chemicals manufacturer, from **Jiangsu Chengxing Phosph-Chemicals**, for US\$6m. *March 17, 2010*

Lier Chemical, a Chinese manufacturer of clopyralid, picloram, fluroxypyr and other active chemicals, plans to acquire 51% of **Jiangsu Kuaida Agrochemical**, a Chinese manufacturer and wholesaler of pesticides, for US\$25m. *April 28, 2010*

SABIC, a Saudi manufacturer of chemicals, has started commercial production at its 3 million tpa JV with **China Petroleum & Chemical Corp**. *May 11, 2010*

Wuhan Grand Pharmaceutical Group, a subsidiary of **China Grand Pharmaceutical & Healthcare**, has agreed to acquire 75% of **Hubei Fuchi Chemical & Pharmaceutical**, a Chinese agrochemicals, fine chemicals and chemical company, for US\$17m. Wuhan Grand also agreed to acquire **Hubei Ruizhu Pharmaceutical**, a Chinese ophthalmic gel and eye drops manufacturer. *March 3, 2010*

Yantai Wanhua Polyurethane, Prime Partner International and **Yantai Huali Thermal Power** have agreed to acquire an undisclosed minority stake in **BorsodChem Zrt**, a Hungarian manufacturer of plastic raw materials and isocyanate, from **Permira Advisers** and **VCP Capital Partners AG**, for US\$190m. *February 22, 2010*

Yichang Wealth Investment Management, a Chinese investment firm, plans to acquire 55% of **Chongqing Yihua Chemical**, a manufacturer of chemical fertilizers, from **Guizhou Xinghua Chemical** (30%) and **Xishui Furuide Chemical** (25%), for US\$512m. Concurrently, Yichang Wealth plans to acquire 49% of **Hubei Shuanghuan S&T Alkali Industry**, 50% of

Hubei Yihua Fertilizer Industry and 50% of **Guizhou Yihua**. *May 10, 2010*

Hong Kong 🇭🇰

Hong Kong Resources Holdings (HR), a manufacturer of electroplating metal chemicals, plans to acquire 40% of **China Gold Silver Group**, a Hong Kong manufacturer of electroplating chemicals, from a private investor (30%) and **Ace Captain Investments** (10%), for US\$58m. *March 15, 2010*

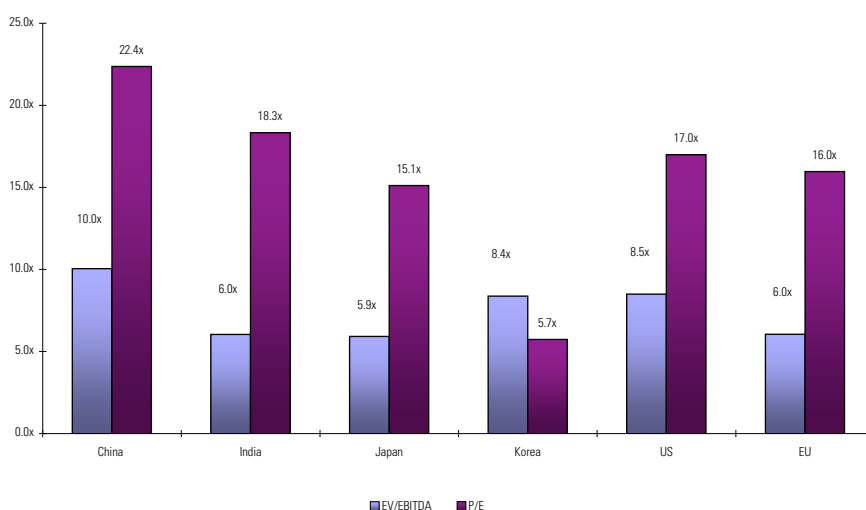
Poon Sum, a private Hong Kong investor, plans to acquire warrants convertible to a 6.5% stake valued at US\$44m, of **PetroAsian Energy Holdings**, a Hong Kong manufacturer and wholesaler of paints. *March 29, 2010*

SunSi Energies, a producer of trichlorosilane, has signed an agreement to acquire 90% of **Zibo Baokai Commerce and Trade** through its Hong Kong subsidiary. Baokai owns the exclusive China distribution rights for trichlorosilane chemicals produced by **Zibo Baoyun Chemical**. *May 11, 2010*

India 🇮🇳

An investor group comprising **Mukesh, Saurabh, Monika**, and **Avantika Sangla, Adroit Industries** and **Shri Balaji Starch & Chemicals**, plan to acquire 20% of **Signet Industries**, an Indian manufacturer of polymers. The investor group plans to take Signet Industries private. *May 6, 2010*

Specialty Chemicals Trading Multiples for Selected Countries (15Jun10)



Source: ThomsonOne, BDA

AkzoNobel India, is scouting for land in southern India to set up a new plant. The company, which already has three manufacturing units at Mohali, Thane and Hyderabad, is looking at Tamil Nadu and Karnataka to locate the new facility. *May 5, 2010*

Artek Surfin Chemicals, an Indian specialty chemicals company, and **Aterian Investment Partners**, a chemicals-focused private equity company, have acquired the PVC additives business of **Chemtura Corp**, newly named **Galata Chemicals**. *May 3, 2010*

Cipla, a listed Indian pharmaceuticals, animal products and agrochemicals company, plans to acquire two Indian drug manufacturing units for US\$18m. Cipla will acquire one facility based in Sikkim for US\$11m and another facility

based in Pune, Maharashtra, for US\$7m. *May 7, 2010*

Dorf Ketal Chemicals, an Indian manufacturer of formulation based specialty chemicals, is in advanced talks to acquire the *Vertec* business of UK-based chemical company, **Johnson Matthey**. *June 1, 2010*

Hindustan Petroleum Corp, a state Indian refining company, plans to invest US\$6.4bn to set up a 15-16 million tpa refinery near Raigad district of Maharashtra. *May 26, 2010*

Transpek Industries, a listed Indian manufacturer of chemicals used in textiles, pharmaceuticals, agrochemicals and polymers, plans to acquire 50% of **Sam Finechem**, an Indian manufacturer of chemicals, for US\$2m. *May 8, 2010*

Valspar Corp, a manufacturer of coatings and paints, has agreed to acquire **DIC Coatings India Ltd**, an Indian unit of printing ink and pigments, from Japanese ink manufacturer **DIC Corp**. *March 26, 2010*

Japan

Air Water Inc, a Japanese manufacturer of industrial gases, has acquired a further 33% of **Inoueki Co**, a Japanese wholesaler of chemical products and electric materials. This transaction raises Air Water Inc's stake in Inoueki to 67%. *May 18, 2010*

Asahi Chemical, a Japanese manufacturer of chemicals including cleaners, anticorrosive agents, inorganic coating materials, aggregating agents, and inorganic adhesive agents, has acquired the bond and coating materials business of **Nissan Chemical Industries** for an undisclosed consideration. *March 1, 2010*

Mitsubishi Chemical Holdings (MCH), a listed chemical materials and electronics manufacturer, has acquired 75% **Mitsubishi Rayon**, its listed domestic Japanese chemicals rival in order to strengthen its carbon fiber, water treatment, and specialty chemicals business. *April 28, 2010*

Sika Ltd, a majority-owned unit of specialty chemicals company, **Sika AG**, has agreed to acquire the construction sealant business, including the *Bellace* and *Duribbon* brands of **Henkel Japan**, a manufacturer and wholesaler of hair

care products, and a unit of Germany-based **Henkel AG**, for an undisclosed consideration. **BDA advised Henkel on the divestment of its construction sealant business to Sika AG**. *March 12, 2010*

Sakai Chemical Industry, a Japanese manufacturer of organic and inorganic chemicals, has agreed to acquire the remaining 12.8% of **Kyodo Chemical**, a Japanese manufacturer of stabilizers and additives, for US\$2m. *April 28, 2010*

Korea

Dong-A Pharmaceutical, a Korean manufacturer of prescription drugs, OTC drugs, consumer products and functional foods, has agreed to acquire **Samchully Pharm**, a Korean nucleosides chemicals and API manufacturing company, from **Samchully**, a Korean supplier of gas and fuel, for US\$45m. *May 3, 2010*

Sangsu Kim and two unknown private investors have acquired 6% of **Polyplus**, a manufacturer of olefin compound resins and injectable master batches, for US\$2m. *April 20, 2010*

Malaysia

Gadang Holdings, a Malaysian investment holding company, has acquired the remaining 30% of **GLP Resources**, a protective and decorative coatings manufacturer, from **Premierex Sdn**. *April 5, 2010*

H.B. Fuller, a US manufacturer of adhesives, sealants, and paints, has acquired **Revertex Finewaters**, a Malaysian industrial adhesives company. *June 2, 2010*

OCI Energy, a Malaysian supplier of equipment and specialty chemicals for oil & gas process plants, has signed a definitive agreement to be acquired by **Daya Materials**, an investment holding company, for US\$7m. *April 19, 2010*

Uzma Bhd, a Malaysian oil & gas company, has acquired 70% of **Malaysian Energy Chemical & Services**, a manufacturer and wholesaler of oil field chemical products, from **Nalco Industrial Services**, a unit of **Nalco Asia Holding Pte Ltd**, for US\$3m. *March 31, 2010*

Middle East

Alujain Corp, a Saudi manufacturer of petrochemical products, has launched a tender offer to acquire the remaining 43% which it does now own in **NATPET**, for US\$200m. NATPET is the Saudi national producer of polypropylene homopolymers, random & heterophasic copolymers. *February 8, 2010*

Kuwait Financial Centre, a Kuwaiti investment holding company, has acquired 48% of **Al Kout Industrial Projects**, a Kuwaiti manufacturer of salt, chlor alkali and caustic soda, for US\$57m. *May 17, 2010*

Jordan Phosphate Mines Co, a Jordanian manufacturer of chemical materials, has acquired 52% of **Indo-Jordan Chemicals**, a

Jordanian provider of fertilizer chemicals,
 for US\$58m. *May 2, 2010*

Asian Specialty Chemicals Transactions with Multiples for Selected Countries (12 months ending in 15May10)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
14-May-10	Higashiyama Film Co Ltd	Japan	HF Holdings	Japan	\$26.2	-	14.2x	0.8x	-
13-May-10	Yulrim Metal Co Ltd	Korea	Korea Resources Invest & Dvlp	Korea	\$2.7	-	-	3.2x	187.5x
13-May-10	Fumakilla Ltd	Japan	ST Corp	Japan	\$17.3	-	-	0.6x	33.6x
8-May-10	Guizhou Yihua Co Ltd	China	Yichang Wealth Invest Mgmt Co	China	\$50.1	-	-	0.8x	7.7x
29-Apr-10	Manasi Xiniao Specialty Fiber	China	Jiangsu Aoyang Tech Co Ltd	China	\$26.4	-	-	2.2x	58.3x
28-Apr-10	Kyodo Chemical Co Ltd	Japan	Sakai Chemical Industry Co Ltd	Japan	\$2.0	-	-	0.3x	54.8x
20-Apr-10	Shenzhen Hongde Battery Co Ltd	China	Scud (Fujian) Electcn Co Ltd	China	\$5.1	-	-	0.5x	4.1x
22-Feb-10	Agro-Kanesho Co Ltd	Japan	Agro-Kanesho Co Ltd	Japan	\$4.0	6.9%	0.9x	0.1x	8.9x
11-Feb-10	Sichuan Yongxiang Co Ltd	China	Tongwei Group Co Ltd	China	\$16.3	-	-	0.2x	35.9x
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
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
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	-
					Mean		31.7x	38.7x	46.8x

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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