

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 a corporate finance and advisory firm, which assists multinational clients to identify, assess and execute 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 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.

Euan Rellie, Managing Director
erellie@bdallc.com

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China

Arkema has announced several capacity expansions in China to boost its total sales in Asia from 13% to 20% by 2012. The company will allocate US\$71m per year for investments in Asia over the next three years. Completion of the expansion is scheduled for Q1 2008.
October 3, 2007

BASF has set up a new automotive centre in Shanghai. The centre comprises an automotive showroom as well as application development laboratories, technical service facilities, marketing, sales and supply chain activities for catalysts. BASF's sales totaled US\$76bn in 2006, of which 10% came from the auto industry.
October 22, 2007

Bayer Material Science's Coatings, Adhesives and Sealants (CAS) Business Unit is building a new production facility for environment-friendly waterborne polyurethane dispersions for coatings and adhesives. The facility will have a capacity of 20,000 tpa and will come on-stream in Q2 2008.
December 3, 2007

Celanese has inaugurated its 10th worldwide polymer emulsions plant in Nanjing. The plant will supply the Asian markets with high-performance and eco-friendly latex emulsions utilized for adhesives, non-wovens, and low odour, architectural coatings.
October 31, 2007

Chi Mei Corp began construction of a

new acrylonitrile-butadiene-styrene line in Zhenjiang. The new 100,000 tpa line will be in the same complex as its 250,000 tpa ABS unit.
November 14, 2007

DSM is expanding its production base in Jiangyin, which is used for manufacturing stanyl and akulon nylon, arnite polybutylene terephthalate, PET, and Arnitel thermoplastic elastomers. The additional capacity and new unit are due to be commissioned in 2008.
November 22, 2007

Guangdong Rising Nonferrous Metals Group, the Chinese SOE metal trading company, has agreed to acquire a 42% stake in **Hainan**

Xingye Polyester, a Shanghai listed company with revenue of US\$81m, from **Hainan Huashun Industrial, China Orient Asset Management and Chengmai Shengye**. *November 26, 2007*

Invista announced it would invest up to US\$100m to expand its spandex production base in Foshan. The investment would increase the capacity of spandex fibers to 24,500 tpa. *November 16, 2007*

Lanxess has expanded the capacity of high grade iron oxide pigments to its **Lanxess Shanghai Pigments'** Taopu Plant in order to meet the increasing demand of inorganic pigment for the building industry in China and the Asia Pacific Region. *November 30, 2007*

Lubrizol has doubled the TPU capacity of **Lubrizol Advanced Materials Inc** in Shanghai. The expansion is expected to be completed in Q1 2008. A US\$40m specialty chemicals facility is also being constructed on an adjacent land. *September 10, 2007*

Mitsubishi Engineering Plastics (MEP) seeks to capture over 10% stake of the polycarbonate (PC) resin compounding base market in China by building a PC compounding base in Shanghai and an 80,000 tpa PC resins facility to complement the compounding base. *October 11, 2007*

Polynt Hong Kong Co Ltd, a subsidiary of Italy-based **Polynt**

Group, has invested US\$15m to acquire the specialty plasticizers business of Chinese company, **Hinbo International Industrial Co Ltd**. The new plasticizer production will be at the **Polynt Chemical (Changzhou) Co Ltd** facility with capacity of 25,000 tpa. *October 10, 2007*

PPG Industries plans to invest US\$50m to expand capacity at its plant in Tianjin. The investment will increase PPG's capacity for automotive and industrial coatings from 60,000 tpa to more than 100,000 tpa. *November 5, 2007*

Solutia opened its new plant at Suzhou for the production of Saflex polyvinyl butyral (PVB) interlayers. The full-scale plant will initially produce Saflex interlayers for automotive applications, although future expansion will enable production of architectural products. *October 16, 2007*

Solvay Solexis has confirmed that its new polytetrafluoroethylene (PTFE) micronized powder plant currently under construction in Changshu will be completed and operational in Q1 2008. Solvay Solexis is planning to build an integrated production plant for the manufacturing of polyvinylidene fluoride (PVDF) for coating applications and related monomers. *October 29, 2007*

SP Chemicals (Singapore) plans to add styrene to its product portfolio and will invest US\$146m to build

a 320,000 tpa plant at the Taixing Fine Chemical Industrial Park. Construction of the styrene plant is expected to be completed in Q1 2010. *October 1, 2007*

Steel Partners and **Liuzhou Chemical** have signed a preliminary agreement for Steel Partners to buy up to 48% of Liuzhou's state parent company. Liuzhou Chemical, with revenue of US\$132m, is 39% owned by its parent company. The Hong Kong unit of Steel Partners would inject cash into Liuzhou Chemical's parent company. *October 31, 2007*

Sumitomo Chemicals plans to build a new facility in China for LCP (liquid crystal polymer) compounds production to expand its neat resin capacity for LCP from 7,000 tpa to 9,200 tpa. The capacity expansion is expected to be complete by the end of 2008. *October 18, 2007*

India

BASF Catalysts has announced significant capacity expansions at its automotive catalyst plants at Chennai, India and Shanghai, China to meet growing demand for light-duty automotive catalysts. *September 12, 2007*

Eliokem of France will acquire the polymers unit of **Apar Industries Ltd** for a total consideration of US\$28m. Eliokem will expand its polymer business with addition

of manufacturing facilities and establish polymer business. **BDA was the exclusive advisor to Apar on this transaction.** *November 5, 2007*

ICICI Venture has entered into discussions with the promoters of **Shalimar Paints** which may culminate in a buyout of Shalimar. ICICI was working on tabling a possible offer valuing Shalimar at US\$114m. The company, with three plants at Sikandrabad, Nashik and Howrah, has capacity of 43,000 tpa. *November 16, 2007*

Kiri Dyes and Chemicals is planning to invest US\$10m to form a 40:60 JV with China's **Zhejiang Longsheng Group** to manufacture dyestuff at a new plant in Gujarat. The JV will start with an initial production capacity of 20,000 tpa of reactive dyes. *November 14, 2007*

Lanxess has selected the Jhagadia chemical park near Vadodara for a US\$37m project to build an ion exchange plant resin plant. The plant will manufacture products for industrial water treatment and generation of ultra-pure water for the semiconductor and pharmaceutical industries. *September 12, 2007*

Mangalore Refinery and Petrochemicals Ltd (MRPL) is in talks with **Mitsubishi Corp** and **Mitsui & Co** to participate in MRPL's previously

announced US\$1bn aromatics project at Mangalore. **ONGC Mangalore Petrochemicals Ltd (OMPL)** has already built an aromatics complex in the Mangalore special economic zone. *September 28, 2007*

Mitsui Chemicals and **Prime Polymer Co** have formed an 80:20 JV to produce polypropylene (PP) automotive materials in Neemrana. The facility will have a capacity of 15,000 tpa and will be the company's first business operation in India. *November 21, 2007*

Nippon Paint (India) Pvt Ltd, a JV between **Nippon Paint Japan** and **Nipsea Holdings International (Singapore)**, is expanding its retail network in India. The company currently has 70 exclusive outlets in Tamil Nadu and Andhra Pradesh, and has just entered Kerala with its first exclusive paint store in Thiruvananthapuram. *October 23, 2007*

Rohm and Haas has inaugurated its second acrylic emulsions plant in Chennai. The US\$12m facility can yield 30,000 tpa to 40,000 tpa of materials used for making paints and coatings, adhesives, textiles, paper and leather. *October 31, 2007*

Tata Chemicals Ltd has raised US\$100m through a private placement in the US for capital expansions and acquisitions in India. *September 20, 2007*

Indonesia

Titan Chemicals Corp Bhd has proposed a US\$380m reverse takeover of **PT Fatrapolindo Nusa Industri Tbk**, a Jakarta-listed company which manufactures biaxially-oriented polypropylene (BOPP) films and plastic sheets. *November 7, 2007*

Japan

Air Liquide will invest US\$10m to set up an electronics material centre (EMC), in Harima Science Park in Ako, northwest from Osaka. The new centre will be dedicated to silane bundle transfilling and other high value molecules. The new EMC would be operational by 2008. *November 5, 2007*

Dow Chemical Japan will expand capacity and cut energy and transportation costs at its Kinuura plant in Aichi Prefecture, which mainly produces epoxy resins. The expansion project will be carried out over the next three years, starting in Q2 2008. *October 25, 2007*

Kanto Chemical is building a production facility for ultra pure chemicals used in the electronics industry in its plant in Fukuoka Prefecture, Japan. The facility which will double its capacity, is to be completed in end of June 2008. *October 18, 2007*

Mitsubishi Chemical Corp will increase overseas production of resins used in materials for interior and exterior components of automobiles, investing US\$15m to build factories in Thailand and India. *November 23, 2007*

Mitsubishi Gas Chemical (MGC) will build a 70,000 tpa plant due on-stream in Q3 2009. MGC has a major m-xylene derivatives business, which includes m-xylene diamine and purified isophthalic acid. *October 17, 2007*

Teijin Ltd will buy a 50% stake of **NatureWorks LLC**, a US-based polymer producer from **Cargill**, creating a JV for polylactic acid. The JV will be named NatureWorks and will include biopolymer production while Cargill will handle other operations. *October 11, 2007*

Korea

DuPont Engineering Polymers has expanded the compounding capacity for its line of Zytel nylon 6 and 66 resins in Ulsan by 20,000 tpa. The move is in response to a rapid surge in regional demand for reinforced nylon resins, particularly from the automotive industry. *October 10, 2007*

The **Jotun Group**, a Korean coatings company will invest in new factories in Korea and Libya. The factory in Korea, located near Pusan, will be the group's biggest ever investment

of US\$42m. This factory will primarily produce marine coatings. *October 8, 2007*

Samsung Corporation and **Lee Boo Jin** have agreed to acquire 47% stake in **Samsung Petrochemical Co Ltd** from **BP plc** for a cash consideration of US\$70m. *November 10, 2007*

Songwon Industrial Co Ltd will invest US\$20m to build a 30,000 tpa high-purity isobutylene (IBL) plant at Maeam as a move to back integrate into the production of its key raw material. This investment comes on the heels of a US\$120m investment in a two-phase expansion of its antioxidants Maeam plant, near Ulsan. *November 19, 2007*

Malaysia

Cognis plans to sell its stake in its 50:50 oleochemicals JV with Malaysian plantation firm **Golden Hope Bhd** either through a stock market listing or to a strategic buyer. The JV is one of the leading global oleochemical companies with revenue of more than US\$850m. *November 30, 2007*

Polyplastics Asia Pacific, the subsidiary of Tokyo-based **Polyplastics Co**, is planning a large-scale capacity expansion for engineering plastics compounds along with a debottlenecking of its production of polyacetal copolymer. *October 11, 2007*

Reliance Industries Limited (RIL) has acquired **Hualon Corporation**, a leading Malaysian polyester producer. RIL will expand the polyester unit capacity from 500,000 tpa to 2.5m tpa to increase its revenue by US\$1bn. RIL will get 7% market share in global market of polyester yarn and fiber. *September 30, 2007*

Singapore

Invista has decided to invest US\$100m to initiate production of nitric acid in Singapore to supply as raw material for its manufacture of adipic acid there. With the construction to be completed in Q2 2009, the company expects to improve energy efficiency by 10%. *November 29, 2007*

Perstorp has announced the 100% acquisition of the manufacturing plant and business of Purified Isophthalic Acid (PIA) for US\$138m from **Lonza Singapore Pte Ltd**, a leading manufacturer and marketer of Purified Isophthalic Acid. *November 26, 2007*

Thailand

Dainichiseika Color & Chemicals' Thai subsidiary, **Dainichi Color (Thailand) Ltd**, plans to raise its output capacity for plastic compounds to 66,000 tpa in Q1 2008 by installing an extruder line, with

the aim of expanding its business for automotive-grade compounds. *October 4, 2007*

Dow Polyurethanes has agreed to acquire a 51% stake in **Pacific Plastics (Thailand) Ltd** for a consideration of US\$17m. Dow Polyurethanes will acquire a 48% stake from **The Siam Cement Public Company Limited**, and a 3% stake from two minority shareholders. *November 13, 2007*

Nippon Paint (Thailand) will commence production of water-borne automotive coatings at its new factory, which will contain a line with capacity of 150,000 tpa to 160,000 tpa. *September 20, 2007*

PTT Public Co will build a 60,000 tpa to 70,000 tpa polycarbonate resin facility for completion in 2010. The plant will utilize the phosgene-free manufacturing technology from **Asahi Kasei Chemicals**. *October 25, 2007*

Vietnam

Valspar and **Spanyc Paint Co** have signed a partnership to manufacture paints under the brand name *Spanyc*. Valspar will supply Spanyc with manufacturing technology. *October 2, 2007*

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

Business Development Asia is a corporate finance advisory 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 below.

Euan Rellie,
Managing Director
Lynn Zhang, Analyst

www.bdallc.com
newsletter@bdallc.com

NEW YORK

Euan Rellie
Charles Maynard
Business Development Asia LLC
The Economist Building, 11th Floor
111 West 57th St, New York, NY 10019
T (212) 265-5300
F (212) 265-4300

BAHRAIN

Tamer Makary
Business Development Asia
2119 Al Moayyed Tower
Seef District
Manama, Bahrain
T (973) 17567915
F (973) 17567901

HONG KONG

Paul DiGiacomo
Business Development Asia (HK)
#1206 Lippo Centre, Tower 1
89 Queensway, Hong Kong
T (852) 2537-9565
F (852) 2537-4406

SEOUL

Hans Kim
Business Development Asia
#1201, Gwanghwamun Officia
163 Sinmunno 1-Ga, Jongno-Gu
Seoul 110-999, Korea
T (82) 2-3276-3150
F (82) 2-3276-3155

LONDON

Andrew Huntley
Business Development Asia Ltd
10 Crown Place
Clifton St
London, EC2A 4FT, United Kingdom
T (44) 20-7655-3500
F (44) 20-7655-8913

MUMBAI

Rohit Singh
Business Development Asia
898 Notan Plaza, Suite 4A
Turner Road, Bandra (West)
Mumbai 400050, India
T (91) 22-2643-0290
F (91) 22-2643-0291

SHANGHAI

Jeffrey Wang
Business Development Asia Co Ltd
The Center, #3706, 989 Changle Road
Shanghai 200031, China
T (86) 21-5407-5580
F (86) 21-5407-5680

TOKYO

Yuuichiro Nakajima
Business Development Asia K.K.
4F, T3 Gates
3-8-25 Toranomon, Minato-ku
Tokyo 105-0001, Japan
T (81) 3-3433-5803
F (81) 3-3433-5269