

ASIAN SPECIALTY CHEMICALS NEWSLETTER

MARCH 2009, ISSUE 58

A Quarterly newsletter of developments in the chemicals industry

We hope you find the Asian Specialty Chemicals Newsletter informative.

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.

Euan Rellie, Senior Managing Director
erellie@bdallc.com

CONTENTS

CHINA.....	1
HONG KONG.....	3
INDIA.....	3
JAPAN.....	4
KOREA.....	4
PAKISTAN.....	4
QATAR.....	4
SAUDI ARABIA.....	5
TAIWAN.....	5

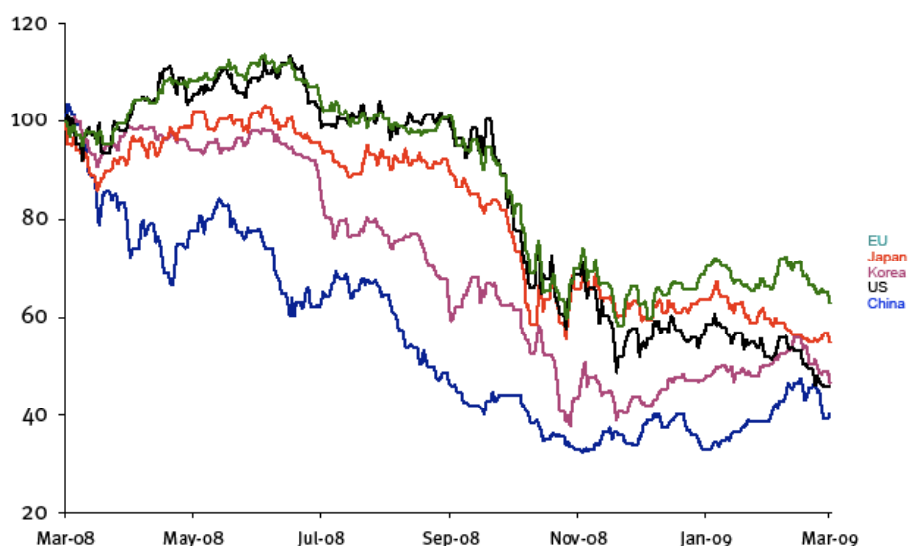
China

Acron, a Russian fertilizer producer, has acquired **Beijing Yong Sheng Feng Agricultural**, a Chinese distributor of imported and domestically produced fertilizers, for an undisclosed consideration. *January 12, 2009*

Hainan Xingye Polyester, a listed Chinese polyester materials and textile products maker, is looking to sell its chemicals division and focus on non-ferrous metals. In November 2008, Chinese state-owned **Guangdong Guangsheng Nonferrous Metals Group** acquired a controlling 50% stake in Hainan Xingye Polyester. *February 27, 2009*

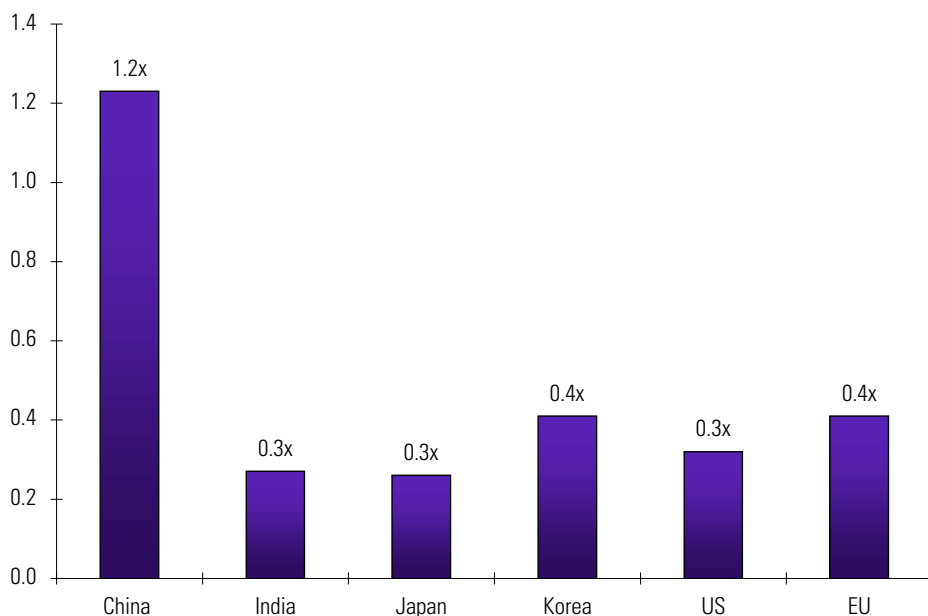
Laiyang Jiangbo Pharmaceutical, a Chinese pharmaceutical company and wholly-owned subsidiary of **Genesis**

Chemical Sector Stock Indices (12 months ending Mar 2009)



Source: Bloomberg, BDA

Specialty Chemicals P/R Ratios (Mar 2009)



Source: Bloomberg, BDA

Pharmaceuticals Enterprises, has agreed to acquire **Hongrui Pharmaceuticals** from **Shandong College of Traditional Chinese Medicine** for US\$16m. The acquisition includes all tangible assets of Hongrui Pharmaceuticals, as well as the 22 drug licenses it currently holds. *January 29, 2009*

Luan Tian, a Chinese private investor with interests in the agricultural chemicals sector, has acquired 95% of **Chifeng Fulong Chemical**, a Chinese agricultural chemicals manufacturer, from **Chifeng Fulong Non-Metallic Materials Science and Technology Park** for US\$8m. *February 4, 2009*

Nuokang Medicine is looking to raise

US\$80m-US\$100m via a debut offering on the NASDAQ. As an alternative, Nuokang also would consider a trade sale. The Liaoning, China-based drug maker has already hired an IPO team, and the road show is scheduled to commence in H2 2009. *January 23, 2009*

Reachasia Ltd, a wholly-owned subsidiary of **Sino Union Petroleum & Chemical International**, a Chinese investment holding company trading in polyurethane, has agreed to acquire 60% of **Guangdong Run Feng Petrochemical** from **Mr. Tse Shu Sing, Mao Ming Run He Petrochemical Enterprise Ltd, Guangzhou Bo Di Petrochemical Ltd and Guangdong Chang Run Investment Ltd**. The financial

terms were not disclosed. *March 2, 2009*

RPM, a US-based specialty coatings and sealants company, has acquired a 49% stake in its licensee, **Carboline Dalian Paint**, for an undisclosed consideration. Carboline Dalian Paint makes corrosion-control coatings and linings for the oil and gas industries. **UniChemical**, a long-standing partner of Carboline in Korea, owns the remaining shares of the JV. *February 23, 2009*

Showa Denko, a Japanese chemical engineering firm, has established a JV with two Chinese chemicals raw materials makers, **Zhejiang Juhua Co** and **Zhejiang Jinju Chemical Co** to produce high-purity ammonia for the Asian electronics market. Named **Zhejiang Quzhou Juhua Showa Electronic Chemical Materials Co**, the JV will be 51% owned by Showa Denko. The plant will manufacture 500 tpa of high-purity ammonia, to be increased to 1000 tpa in 2010. Financial terms of the JV were not disclosed. *February 9, 2009*

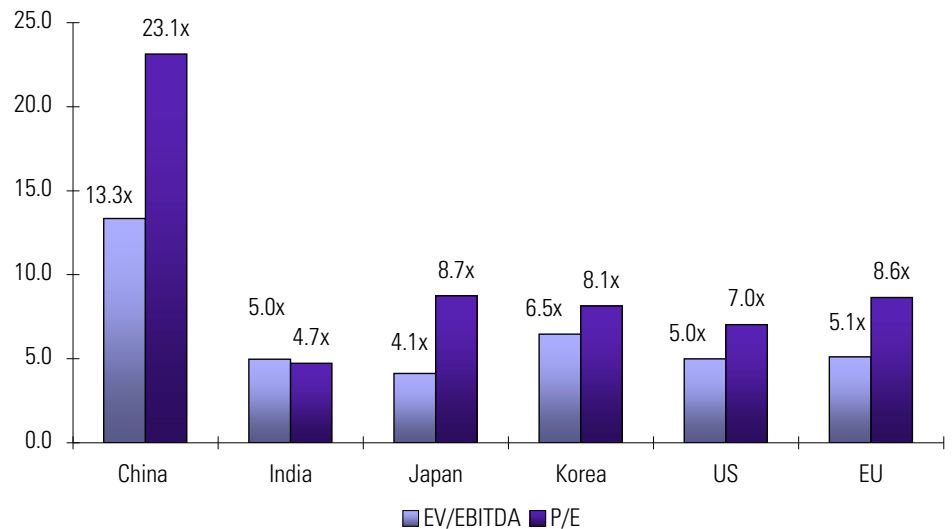
Sinopec Yizheng Chemical Fiber, a Chinese listed polyester chip and fiber maker, has entered into an agreement with **Unifi Asia**, a Hong Kong based textile yarn company, to acquire the remaining 50% in their **Yihua Unifi** JV for US\$9m. Yihua Unifi produces and processes polyester filament and related products, and is also involved in the R&D of polyester and textile products. *February 19, 2009*

Sinopec, the Chinese petrochemical company, will acquire **Taian Lurun**

Cement and Shandong Lurun Jingjiu Petrochemical from **Taian Lurun**, a Chinese listed chemical and construction materials company. *February 11, 2009*

Sun Chemical, a US-based printing inks and coatings company, and its parent firm **DIC Corp**, a Japanese printing inks and industrial chemicals company, have established a JV with **Lianyungang Haidi Chemicals Co**, a Chinese high performance pigments maker. The JV, **Lianyungang DIC Color Co**, will manufacture high performance pigments that will be marketed through the global sales network of DIC Corp and Sun Chemical. *December 31, 2009*

Specialty Chemicals Trading Multiples for Selected Countries (Mar 2009)



Source: Bloomberg, BDA

Hong Kong

Ms. Liu Pui Lan, a Hong Kong based private investor, has agreed to acquire the remaining 87% stake in **Farrell Global**, a Hong Kong-based investment holding company engaged in the development and management of sophora products and biological vegetable oil, from **Wing Hing International**, a listed Hong Kong-based investment holding company, for US\$15m. *January 13, 2009*

Town Health International, a listed Hong Kong provider of management services for private medical and dental practices, has agreed to acquire 51% of **Max Goodrich International**. Max Goodrich International is a Chinese offshore investment holding company that indirectly owns several Chinese companies engaged

in the distribution of Chinese herbal medicine, pharmaceuticals, antibiotics and biomedicines. *January 2, 2009*

India

Daiichi Sankyo, a listed Japanese pharma company, has offered to acquire 20% of **Zenotech Laboratories** for US\$16m. Zenotech Laboratories Ltd, headquartered in Hyderabad, India, is a manufacturer of generic biopharmaceuticals. *January 16, 2009*

Gujarat Alkalies and Chemicals will form a JV with **Gujarat State Fertilisers & Chemicals** and **Gujarat Narmada Valley Fertilisers** in Dahej, India, to manufacture petrochemicals, plastics,

and synthetic rubber. Details of the JV were not disclosed. The JV will produce phenol, bisphenol A, polycarbonate, butyl rubber, nitrile butadiene rubber, polyvinyl chloride, polybutadiene rubber, acrylonitrile butadiene styrene, styrene butadiene rubber and ethylene dichloride. *February 9, 2009*

The UB Group, an Indian conglomerate focusing on the alcoholic beverages industry, will divest its holding in **Aventis Pharma India** and other non-core investments within the year. The UB Group does not intend to divest its holding at less than the prevailing market price. The move is part of the fundraising plan of UB Group, which includes a possible divestment of a maximum 15% stake in **United Spirits**, UB Group's Bombay-

listed liquor company. *February 16, 2009*

Japan

Air Products, a US-based atmospheric gases and specialty gases company, and **Showa Denko**, a Japanese chemical engineering firm, will extend their ten year JV, **Showa Denko Air Products**, for etch and chamber cleaning products, by building a production facility to manufacture hexafluoride butadiene in Kawasaki, Japan. *January 7, 2009*

DuPont Wafer Level Packaging Solutions, part of **DuPont Electronic Technologies**, has established a JV with **Nippon Kayaku**, a Japanese functional chemicals, pharmaceuticals, and fine chemicals manufacture, and its wholly-owned US-based subsidiary **MicroChem**. The JV will develop photodefinable epoxy-based materials for wafer level packaging, 3D and through-silicon via semiconductor packaging applications. The financial terms of the JV were not disclosed. *February 5, 2009*

M's Science, a Japanese biotechnology company, is considering a buyout offer from Japan-listed pharmaceuticals manufacturer **Eisai**, which has first option rights on SA4503, the most advanced drug in M's Science pipeline. *January 26, 2009*

Shoko, a listed Japanese producer of chemicals, synthetic resins and construction and electronic materials, has agreed to acquire the chemical compounds business of **Shotan Shoji**, a Japanese distributor of dry-ice and subsidiary

of **Showa Tansan**, for an undisclosed consideration. *February 23, 2009*

The management of **Wavelock Holdings**, a Japanese manufacturer of synthetic resins, intermediate products for wallpaper, polypropylene products, tapes, netting products and industrial products, has announced that it will acquire the company in a management buyout transaction backed by **Mizuho Capital Partners** for US\$72m. *January 30, 2009*

Ube Industries, a Japanese chemicals group, has established a JV with **Boeing** to develop new materials technology for aerospace applications. The initial focus of the collaboration will be on maturing high-temperature polymer matrix composites for Boeing's commercial airplanes. Financial terms of the JV were not disclosed. *February 6, 2009*

Korea

Tostem Corp, a Japanese building materials company, and **LG Chemical**, a Korean chemicals group, have established a 49:51 JV, **LG-Tostem BM**, to sell aluminum architectural materials and industrial aluminum products in Korea. Aluminum sash demand is growing in Korea due to the increase of high-rise building construction. Financial terms of the JV were not disclosed. *March 12, 2009*

Private equity firm **One Equity Partners** has bought the remaining 66.75% shares it did not already own in **Columbian Chemicals**, a US-based carbon black

additives maker for rubber, plastic, and liquid products, from **DC Chemical**, a Korean chemical group, for US\$150m. However, DC Chemical will continue to own and operate Columbian Chemicals' 200,000 MT Pohang and Gwangyang plants in Korea, which serve the domestic carbon black market. *January 12, 2009*

Pakistan

Engro Chemical, a Pakistani fertilizer manufacturer, will form a phosphate fertilizer JV with **Ferphos**, a phosphate and iron ore mining company owned by the Algerian government. The JV facility will include a 1.1 MT diammonium phosphate (DAP) unit, three 1.6 MT sulfuric acid plants, and three 0.5 MT phosphoric acid units. The JV will allow Engro to trim down its dependency on imported DAP, which it buys to meet local demand in Pakistan. Financial terms of the JV were not disclosed. *January 30, 2009*

Qatar

Indian Farmers Fertiliser Cooperative (IFFCO) has agreed with **Qatar Fertiliser (QAFCO)** to establish a 49:51 fertilizer production JV in Qatar. The JV will be based on the natural gas feedstock available in Qatar and its entire fertilizer output will be purchased by IFFCO for sale in India. *February 23, 2009*

Qatar Intermediate Holdings, a subsidiary of **Qatar Petroleum**, and **Honam Petrochemical**, a Korean petrochemicals

company, have delayed by another year the start up of a previously announced olefins JV in Qatar. The project is suspended as the partners reassess the cost of the venture, which was originally estimated to be US\$2.6bn. *January 19, 2009*

development of more efficient catalyst systems for the production of fuels and basic chemicals. Financials details of the JV were not disclosed. *February 23, 2009*

Saudi Arabia

LyondellBasell, a Netherlands-based polymers, petrochemicals and fuels company, has established a JV with **King Abdullah University for Science and Technology**, to pursue joint R&D programs in chemical catalysis. The partners will collaborate in the

Taiwan

Sumipex TechSheet, a Taiwanese manufacturer of methyl methacrylate (MMA) sheet and a wholly-owned subsidiary of **Sumitomo Chemical**, a Japanese chemical group, has agreed to acquire the MMA sheet business of **Jiuh Mei Enterprise**, another Taiwanese manufacturer of MMA sheets. *January 23, 2009*

Selected Asian Chemicals Transactions with Multiples (12 months ending in Mar 2009)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
30-Jan-09	Wavelock Holdings Co	JP	Wavelock Investment	JP	\$150.0	100% ACQ	17.0x	0.7x	53.5x
16-Nov-08	Hempel-Hai Hong (China) Limited	HK	Hempel AS	Denmark	\$148.0	64% ACQ	N.A.	N.A.	7.6x
11-Nov-08	Lucite International Ltd	UK	Mitsubishi Rayon Co Ltd	JP	\$1,600.0	100% ACQ	7.1x	0.9x	N.A.
22-Jul-08	Cognis Oleochemicals Group	Malaysia	PTT Chemical International Private Lir	Thailand	\$164.0	50% ACQ	N.A.	0.4x	N.A.
21-May-08	TK Chemical Co Ltd	SK	North Asia Strategic (Singapore) Pte L	SI	\$50.0	33.7% ACQ	1.9x	N.A.	N.A.
28-Apr-08	Deuchem Co Ltd	TW	Elementis Holdings Limited	UK	\$81.0	100% ACQ	7.2x	1.1x	11.0x
28-Mar-08	ICI India Ltd (Adhesive business)	IN	HENKEL AG & CO KGAA VORZUG	GE	\$65.2	DIV	N.A.	2.1x	N.A.

Source: Mergermarket, BDA

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.

Euan Rellie
Senior Managing Director
erellie@bdallc.com

Tanya Wang, Associate
twang@bdallc.com

Alexander Ditchfield, Analyst
aditchfield@bdallc.com

www.bdallc.com
newsletter@bdallc.com

NEW YORK

Euan Rellie, erellie@bdallc.com
Charles Maynard, cmaynard@bdallc.com
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, tmakary@bdallc.com
Business Development Asia
2119 Al Moayyed Tower
Seef District
Manama, Bahrain
T (973) 17567914
F (973) 17567901

HONG KONG

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

SEOUL

Heejun Yang, hyang@bdallc.com
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, ahuntley@bdallc.com
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, rsingh@bdallc.com
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, jwang@bdallc.com
Business Development Asia Co Ltd
The Center, #1602, 989 Changle Road
Shanghai 200031, China
T (86) 21-5407-5580
F (86) 21-5407-5680

TOKYO

Yuuichiro Nakajima, ynakajima@bdallc.com
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