

# Shaw Kwei completes exit from China's YongLe with 4.8x return



Tim Burroughs

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**Shaw Kwei & Partners has completed its exit from Chinese PVC adhesive tape manufacturer YongLe Tape – securing a gross multiple of 4.8x – as Avery Dennison purchased the asset for a total consideration of \$300 million.**

The deal [announced in February](#) comprised an initial payment of \$190 million plus additional earn-outs of up to \$55 million. Under the final agreement, Shaw Kwei has received \$205 million up front, a cash dividend of \$57 million from retained earnings, and earn-outs of up to \$40 million based on the achievement of certain performance targets.

The private equity firm privatized YongLe – then known as CHT Holdings – in a deal worth \$63 million, including repayment of some of the target's outstanding debt. Shaw Kwei worked in conjunction with Fung Wong, CHT's founder and chairman, and became the second-largest shareholder in the company.

Founded in 1984, YongLe is China's largest producer of PVC adhesive tape – commonly used for cable harnessing and insulation – supplying a customer base of auto manufacturers, electronics companies, and retailers. The company, which also produces a range of other tape products, has two manufacturing facilities in China as well as distribution and warehouse centers in the US and Europe. Revenue came to approximately RMB1.1 billion (\$160 million) in the 2016 financial year.

YongLe is fairly typical of Shaw Kwei's strategy of purchasing traditional industrial businesses and pursuing operational efficiencies. It introduced enterprise resource planning protocols at YongLe, upgraded manufacturing equipment and refocused marketing towards more complex products, as well as making improvements to the sales team.

The private equity firm is in the process of raising its **fourth fund**, which has a target of \$800 million. Fund III closed in 2010 at \$450 million.