

ASIAN TRANSPORT & LOGISTICS NEWSLETTER

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A Quarterly newsletter of developments in the transport and logistics industries

Welcome to the Asian Transport & Logistics Newsletter. This publication was initiated to address the growth of opportunities in the Asian logistics market. We hope you find the Asian Logistics Newsletter informative.

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

professional staff throughout Asia, the Middle East, Europe, and the US. 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 pdigiacomobdallc.com. Contact details for our offices are at the back of this newsletter. We look forward to speaking with you in the future.

Paul DiGiacomo, Managing Director
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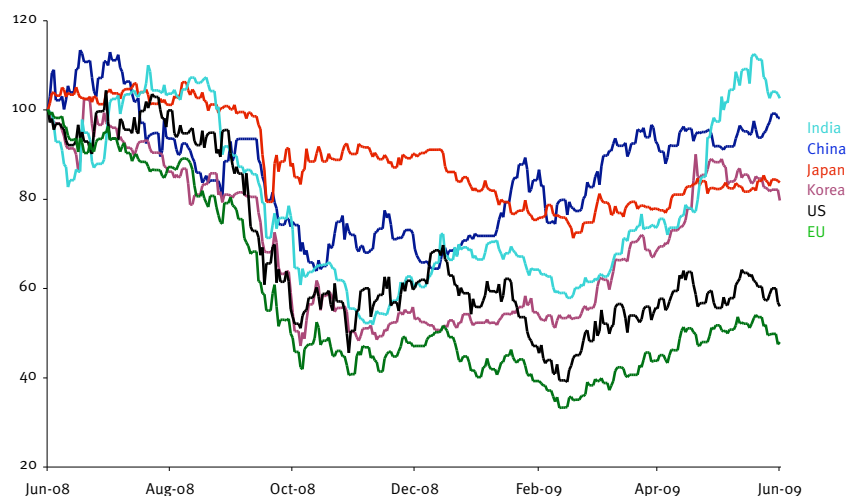
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Australia

Asciano, an Australian port and rail operator, has rejected offers for the company and will instead raise US\$2bn from investors to reduce debt. Asciano had taken expressions of interest from **Texas Pacific Group**, **Warburg Pincus** and **Carlyle Group** in partnership with **Kaplan Funds Management** to buy into the company or recapitalise. The New Zealand billionaire Graeme Hart is also believed to have made a low-ball bid to help recapitalise the company. *June 16, 2009*

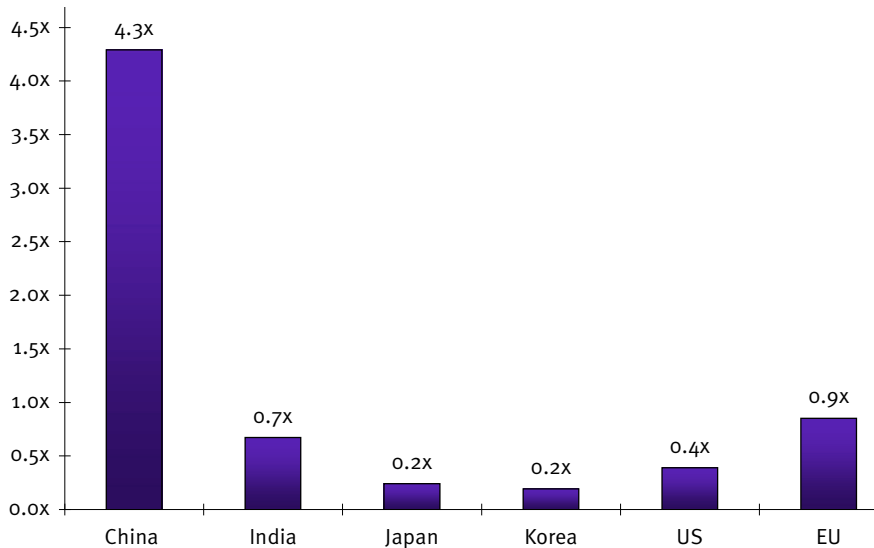
Hainan Airlines Group Co, a Chinese air and logistics company, and US logistics company **Bravia Capital Partners Inc** have agreed to acquire the aviation business of Australian global financial

Logistics Stock Indices for Selected Countries (12 months ending in 23Jun09)



Source: Bloomberg, BDA

Logistics P/R Multiples for Selected Countries (23 Jun 09)



Source: Bloomberg, BDA

service company **Allco Finance Group Ltd.** The terms of the deal were not disclosed. **Agricultural Bank of China** will provide financing for Hainan Airlines Group Co and Bravia Capital Partners Inc. Allco was a part of **Airline Partners Australia**, the consortium that unsuccessfully attempted to buy **Qantas**. Allco is now in liquidation following difficulties in refinancing debt and a share price fall of 99% since the beginning of the subprime mortgage crisis. [May 6, 2009](#)

Marubeni Corp., a Japanese trading company, has acquired 49% of **CFCLA Rail JV Pty Ltd**, an Australian freight car leasing services provider, from the Australian arm of **Chicago Freight Car Leasing Co.** The terms of the transaction were not disclosed. [March 27, 2009](#)

Northern Stevedoring Services, an

Australian logistics company, has acquired Australian equipment hire company **S Colborne** for US\$10m. [May 1, 2009](#)

China

Air China Ltd will acquire the remaining 24% stake in **Air China Cargo Co**, a Beijing-based cargo airline, from **Beijing Capital Airports Holding Co** for US\$105m. [April 2, 2009](#)

China Southern Airlines and **Air France-KLM** have decided to postpone the formation of a JV cargo airline company. The global cargo market has been impacted by the global financial crisis. China Southern and Air France signed a framework agreement in 2008 to establish a 75:25 JV cargo airline company. China

Southern expects the global passenger transportation market to recover in 2010, but that the cargo business will not recover until later. [June 9, 2009](#)

Grand Point Investment Ltd, a Chinese investment company, will acquire 57% of **Tianjin Port Co**, a storage and transportation services provider, from **Tianjin Port Group** for US\$1.5bn. Tianjin Port Co is the listed arm of Tianjin Port Group, which aims to increase annual throughput to 360 MT and container throughput to 9m TEUs in the port of Tianjin. [March 16, 2009](#)

Law Wing Hoi and **Wang Yue Hung** will acquire **Argos Bus Services (China) Co** from Hong Kong logistics company **Argos Enterprise Holdings** for US\$2m. Argos is a bus and public transport operator in Hong Kong and mainland China. [May 6, 2009](#)

Sino-Global Shipping America (“Sino-Global”) and **Rocklands Richfield Ltd** (“RCI”) will postpone the establishment of the JV that was announced on February 25, 2009. Sino-Global and RCI signed an agreement to establish a JV serving as a shipping operator for cargo ships carrying imported goods to China. RCI and Sino-Global anticipated that the JV would primarily serve coal-carrying ships from RCI’s mining operations in Australia to its coke processing facilities in China. [June 11, 2009](#)

Toll Holdings, an Australian freight company, will acquire the remaining 49% stake in **ST-Anda Logistics**, a Shenzhen-based JV between **China**

Merchants Group and Toll Holdings. Financial details of the transaction were not disclosed. *May 15, 2009*

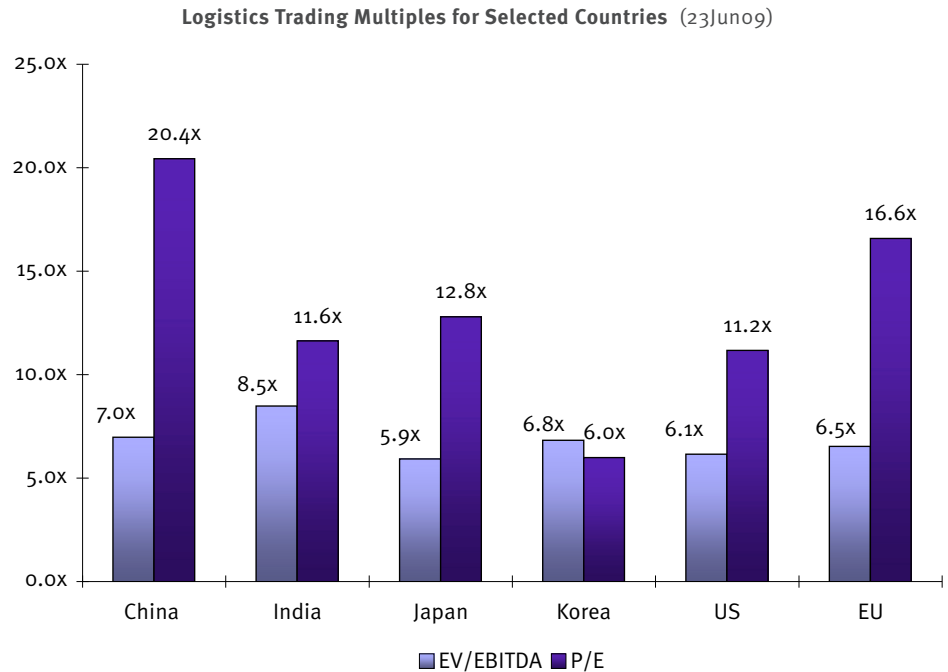
Veolia Transport China has acquired 50% of **Hong Kong Tramways** from **Wharf Transport Investments** for US\$31m. Veolia has an option to acquire the remaining 50%. *April 7, 2009*

India

India Value Fund Advisors Pvt Ltd has acquired an unknown majority stake in **Innovative B2B Logistics Solutions** (“InLogistics”) for US\$42mn. InLogistics is an Indian private container cargo train and rake operator for the Indian Railways Network. **BMR** acted as an advisor for the transaction. *April 17, 2009*

The proposed JV between **National Aviation Company of India Ltd** (“NACIL”) and **Singapore Airport Terminal Services** (“SATS”) has been delayed. The JV, in which NACIL will hold 51%, was conceived to be one of the three mandatory ground-handling service providers at the six metro airports of Delhi, Mumbai, Chennai, Kolkata, Bengaluru and Hyderabad. According to Air India executives, SATS insisted that the JV be signed with its newly-formed subsidiary firm, **SATS Investment Pvt Ltd**. NACIL is reluctant to sign the JV with an SATS subsidiary that has been capitalised with just US\$2 and established barely a month ago. *June 2, 2009*

India’s **Tata group** is setting up a consortium with Japan’s **Mitsubishi**



Source: Bloomberg, BDA

Corp and the local arm of Singapore’s **Changi International Airports, Changi Airports India**, to bid for the **Navi Mumbai International Airport** development. **Tata Realty and Infrastructure** will lead the consortium and the Tata Group as a whole will have a 48%-51% stake in the venture, with the other partners having up to 26%. Mitsubishi will primarily be a financial investor and will also help arrange low-cost debt for the project. *June 11, 2009*

Toll Holdings, an Australian transport and logistics company, will acquire 40% of India’s **BIC Logistics**, with an option to become a majority owner within two years. BIC provides road, rail and air transport in India and had revenues of US\$26m for the year ended 31 March 2009. Terms of the transaction were not disclosed. *May 1, 2009*

Indonesia

Garuda Indonesia is considering an acquisition of **Linus Airways**, which has stopped operation since April 27, 2009. The acquisition of Linus is part of Garuda’s non-organic expansion to develop the domestic aviation market. Garuda has declined to disclose the amount it prepared to pay to acquire Linus. *June 8, 2009*

Japan

Franco-German helicopter maker **Eurocopter**, a unit of **EADS**, is in advanced talks to acquire the helicopter maintenance division of **ANA Aircraft Maintenance**, a subsidiary of Japanese airline **All Nippon Airways** (“ANA”). ANA

will transfer the division to a new body, in which Eurocopter will acquire 60%. Financial terms of the transaction were not disclosed. Eurocopter holds 57% of the Japanese civil helicopter market and hopes to boost its position in the military segment as well. *June 11, 2009*

Mitsui OSK Lines, a Japanese containership and tanker operator, has offered to acquire the remaining 63.4% of Japanese transportation company **Kansai Kisen Kaisha**, a provider of water transportation services, for US\$16m. *March 18, 2009*

Malaysia

Nippon Yusen Kabushiki Kaisha (“NYK”), a Japanese shipping company, has acquired 70% of **Kombinasi Restu**, a Malaysian shipping company, from **Tan Sri Asmat Kamaludin**. The financial terms of the transaction were not disclosed. As a result of the deal, NYK has indirectly increased its stake in **Trans-Asia Shipping Corp**, a Malaysian total logistics solutions provider. NYK previously held 28% of Trans-Asia Shipping Corp and now holds 61%. Tan Sri Asmat Kamaludin is the Chairman of Kombinasi Restu and Tasco. *March 26, 2009*

Mongolia

Russian Railways (“RZD”), **Erdenes MGL** and **Mongolian Railways** have formed a JV to develop railway infrastructure in Mongolia. The JV was signed in Ulan-

Bator in the presence of the Russian and Mongolian Prime Ministers Vladimir Putin and Sanjaagiin Bayar. Russian Railways will hold 50%, state-owned Mongolian Railways will hold 25% and Erdenes MGL will hold 25%. *May 18, 2009*

New Zealand

The China Navigation Co, a UK-based shipping company and member of the **Swire Group**, has acquired **Tasman Orient Line Ltd**, a New Zealand-based shipping company, from **Christian J. Ahrenkiel Holding & Co**. The terms of the transaction were not disclosed. *April 20, 2009*

Sounds Air Travel & Tourism Ltd acquired **Flight Corp Scenic**. Both companies are New Zealand-based flight operators. All services will operate under Sounds Air Travel & Tourism Ltd and Flight Corp Scenic’s name will no longer be used. Financials details of the transaction were not disclosed. *April 11, 2009*

Souter Holdings, a New Zealand investment company, has acquired New Zealand ferry company **Fullers Ferries** from **Stagecoach New Zealand Ltd** for US\$25m. *April 8, 2009*

Philippines

Land Bank of the Philippines and **Development Bank of the Philippines** acquired an additional 20% of **Metro Rail Transit Corp**, a private company, from **Goldman Sachs**, Philippines

conglomerate **Ayala Corp**, **Anglo-Philippine Holdings Corp**, Philippines logistics service provider **Ramcar Inc** and Swiss medical service **Unilabs SA**. The financial terms of the transaction were not disclosed. Land Bank of the Philippines and Development Bank of the Philippines have increased their combined stake to 75%. *May 17, 2009*

Singapore

Mineral Energy Pte Ltd, a Singaporean logistics services provider, will acquire the remaining 30% of **OBT Holdings Pte Ltd**, a Singaporean logistics services provider, from **Swiber Offshore Construction Pte Ltd** for US\$5m. *April 7, 2009*

PT Adaro Energy Tbk, an Indonesian coal mining company, acquired 74.2% of Singaporean logistics company **Orchard Maritime** from **Saratoga Capital**, **Triple AR Holdings** and **Recapital Maritime Holdings** for US\$75m. *April 30, 2009*

PT KYORISA Internasional Service, an Indonesian logistics company, has agreed to acquire Singaporean **PT Penguin Ferry Jasa** from **Penguin International Ltd**, an Indonesian marine and offshore services specializing in the construction, operation and management of high-speed commercial vessels. *March 31, 2009*

Qantas Airways Ltd, the Australian airline, and Singaporean entrepreneur **Dennis Choo Teck Wong** have increased their shareholding in **Jetstar Asia Airways Pte Ltd**, a Singapore-based low cost

airline, to 100% by acquiring the shares held by **Temasek Holdings, Star Cruises, Tony Chew** and **Wong Fong Fui**. Qantas Airways Ltd increased its stake to 49% and Dennis Choo Teck Wong acquired 51% of Jetstar Asia. Choo will serve as Chairman of Jetstar Asia. Financial details of the transaction were not disclosed. *April 2, 2009*

To submit stories to future editions of this newsletter, please contact Mr. Marc Liu in New York on 212-265-5300 or email mliu@bdallc.com.

Singapore Airlines Ltd announced it will distribute its 80.8% stake in **Singapore Airport Terminal Services Ltd** to shareholders for US\$963m. **DBS Bank Ltd** acted as financial advisor for Singapore Airlines. *May 14, 2009*

Asian Logistics Transactions with Multiples for Selected Countries (12 months ending in 23Jun09)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
25-May-09	Jihe Highway	CN	Shenzhen Expressway	CN	\$156.0	45% ACQ	8.0x	-	9.7x
18-Feb-09	Halim Mazmin Bhd	MA	Tan Sr Halim Mohammed	MA	\$20.0	39% ACQ	-	0.8x	36.2x
13-Feb-09	i-Logistics Corp	JP	Itochu	JP	\$56.0	48% ACQ	-	0.2x	7.5x
10-Oct-08	Alfresa Holdings Corporation	JP	Mediceo Paltac Holdings Co Ltd	JP	\$1,323.0	100% ACQ	4.4x	0.1x	13.5x
22-Sep-08	Aboitiz Transport System Corp	PH	Telekom Malaysia (TM) Bhd	PH	\$100.2	DIV	-	-	10.4x
3-Mar-08	The Korea Express Co Ltd	SK	Asiana Airlines Inc; Daewoo Engineering and Construction Company Limited; Kumho Asiana Group	SK	\$4,357.0	60% ACQ	111.0x	6.0x	91.8x
20-Feb-08	Allcargo Global Logistics Ltd	IN	Blackstone Group LP/THE	US	\$60.3	10% ACQ	39.6x	8.6x	18.5x
25-Jan-08	Korea Express Co Ltd	SK	Kumho Asiana Consortium	SK	\$4,325.5	100% ACQ	51.5x	5.4x	19.6x
19-Dec-07	Baltrans Holdings Ltd	HK	Toll Holdings Ltd	AU	\$315.0	100% ACQ	18.0x	0.5x	39.3x

Source: Bloomberg

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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