

ASIAN TRANSPORT & LOGISTICS NEWSLETTER

DECEMBER 2011, ISSUE 69

A quarterly newsletter of developments in the transport & logistics sector in Asia

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

Paul DiGiacomo
Managing Director
pdigiacomobdallc.com

CONTENTS

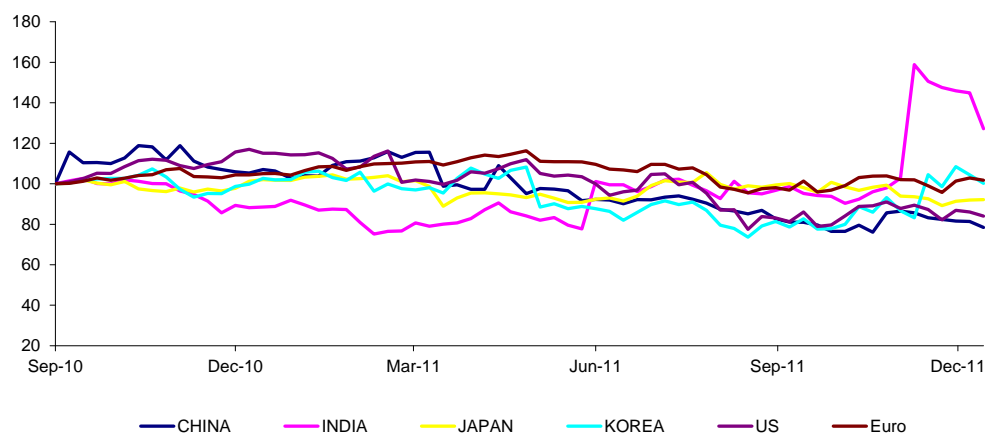
AUSTRALIA	1
CHINA	2
HONG KONG	4
INDIA	4
INDONESIA	4
JAPAN	4
KOREA	5
MONGOLIA	5
SINGAPORE	5
TAIWAN	5
THAILAND	5

Australia

Caterpillar, the world's leading manufacturer of construction and mining equipment, has agreed to sell part of its **Bucyrus Distribution Business** to **Sime Darby Industries**, a Malaysian company involved in plantations, property, motors, industrial equipment, energy & utilities and healthcare, for US\$360m. This deal includes the product support and distribution of Bucyrus machinery to the mining customers in Queensland, the Northern Territory of Australia, Papua New Guinea and New Caledonia.

December 13, 2011

Logistics Sector Stock Indices (12 months ending 19Dec11)



Source: Capital IQ, BDA

Alliance Aviation Services, an Australian airline, is expected to be listed on December 20 following a third IPO effort. Alliance succeeded in raising US\$75m in its third IPO attempt and its second effort in a week. Credit Suisse launched the offer following the market's close on December 1. 38% of Alliance was sold to institutions at AU\$1.60 per share.


December 2, 2011

Ventura Bus Lines, an Australian bus service provider, has agreed to acquire **Grenda Transit Management**, an Australian bus service provider and owner of **Croydon Bus Service**, for an undisclosed amount.

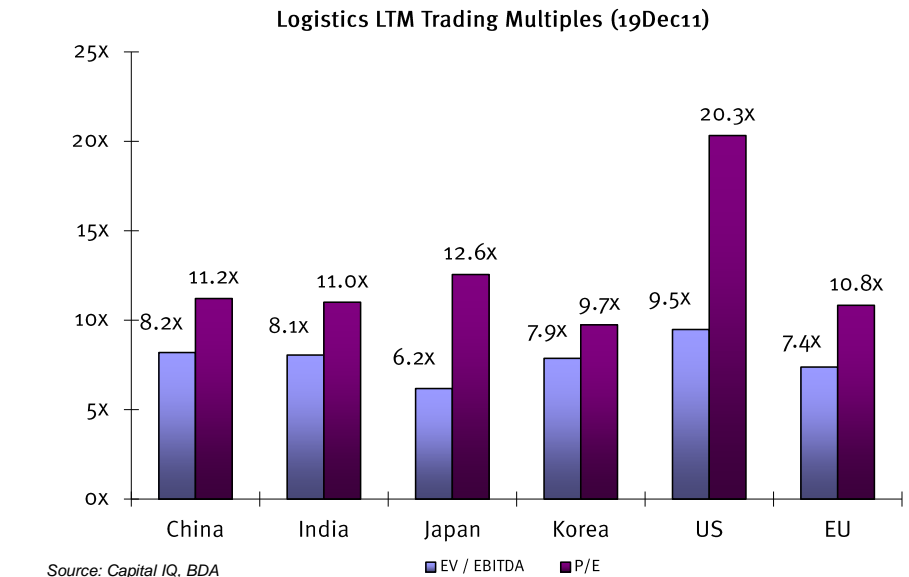
November 17, 2011

Doolan Holdings, an Australian transportation and logistics services provider, has acquired **Doolan's Heavy Haulage**, an Australian heavy transport services provider, from Australian private equity firm **Gresham Private Equity** for an undisclosed amount.

September 26, 2011

China 

Aramex, a global logistics and transportation solutions provider, announced plans to form a JV with **Sinotrans Air Transportation Development**, a Shanghai listed logistics services provider of freight forwarding, international and domestic express, cargo transportation. The new JV, based in



Shanghai with plans to open offices in other major cities across the country, will provide Chinese customers with international express, air, land and sea freight; logistics and warehousing; as well as brokerage and clearance services.

December 9, 2011

Airbus opened a logistics company named **Airbus (Tianjin) Logistics**, the first center for Airbus in Asia, which will handle all the company's transportation needs, including materials and plane parts, between China and Europe. The 10,000 sqm center provides storage and transportation capabilities in accordance with the demands of suppliers, which would reduce logistics costs to Airbus's two existing programs in China (A320 wings assembly line and wing slate testing). It will also support Airbus's latest aircraft, the A350 XWB, where 5% of the airframe will be produced in China. *December 19, 2011*

The Canada Pension Plan Investment Board is investing US\$250m into its 80% owned warehousing JV, **Goodman China Logistics**. The JV is involved in logistics properties, especially warehouses and distribution terminals, linked to expanding Chinese trade. The group currently has 20 completed properties in China and a number of projects underway in Shanghai and Beijing, with development projects in the pipeline in Chengdu, Langfang, Tianjin and Suzhou. *December 13, 2011*

CATIC Shenzhen Holdings, a Hong Kong listed logistics company, made two acquisitions. The first is to buy four companies from **AVIC International Holdings** for US\$206m total: **China National Aero-Technology Corporation Shanghai**, **AVIC-INTL Project Engineering**, 90% of **Guizhou CATIC Resources**, 50% of **AVIC Lutong**. The second acquisition is 40% of **Rainbow Department Store** at US\$996m, 56% of **Chengdu Ya Guang Electronic** and 51% of

ASIA TRANSPORT & LOGISTICS NEWSL

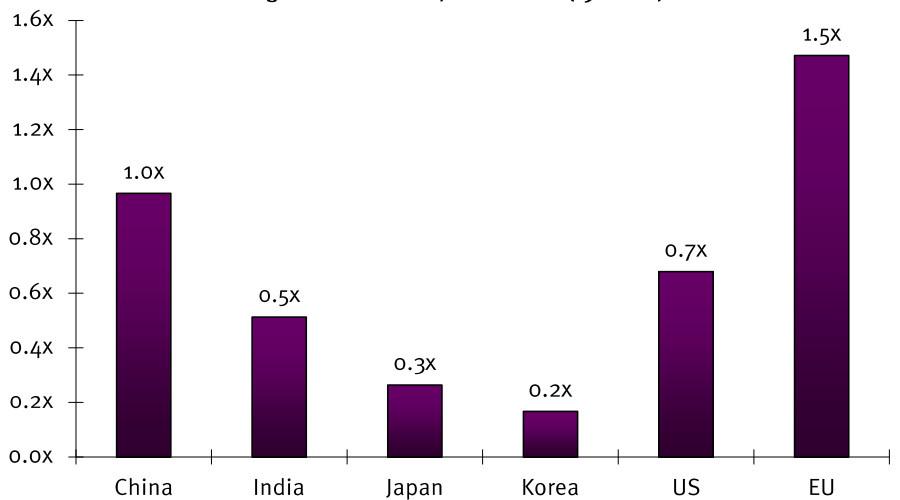
Shenzhen AVIC Bi Te Communication Technology for US\$100m. *November 22, 2011*

Chia Tai Pharmaceutical Investment (Beijing) and Chia Tai Land Development entered into a share transfer agreement to acquire 30% of **Tianjin Binhai TEDA Logistic**, a Hong Kong listed logistics services provider, from **Tianjin Economic and Technological Development Area State Asset Operation and Tianjin TEDA Investment Holding** for US\$29m. *November 18, 2011*

Hana Daetoo Securities has agreed to acquire 24% of **Grandstar Cargo International Airlines** from **Hana Capital** and **Shinhan Capital** for an undisclosed amount. Grandstar is a cargo airline company providing services from a base in Tianjin to locations in Asia, Europe and North America. The company was established in 2007 as a JV between **Sinotrans Air Transportation Development** (51% shareholder), and several Korean strategic and financial investors, including **Korean Airlines**. *November 18, 2011*

China Minmetals acquired 63% of **Minmetals Development** from **China Minmetals Corporation**. The transaction was approved by State-owned Assets Supervision and Administration Commission and China Securities Regulatory Commission for exemption from tender offer obligation. *November 14, 2011*

Logistics LTM Price/Rev Ratios (19Dec11)



Source: Capital IQ

■ Price / Revenue

Zhuhai Port has entered into a definitive agreement to acquire **Zhuhai Gangtong Investment Development** and **Zhuhai Hangwu International Shipping Agency** from **Zhuhai Port Holdings** for US\$44m in cash. Zhuhai Gangtong Investment Development, a Chinese investment holding company, is in the port logistic and warehousing business. Zhuhai Hangwu International Shipping Agency is a Chinese shipping agency. *October 26, 2011*

Teckwah Trading (Shanghai) has entered into an equity assignment contract to acquire 51% of **Shanghai Zhan Tong International Logistics**, a Chinese forwarding, warehousing, and logistic services provider from **Jiang XingLan**. Upon completion, Teckwah Trading will pay the 51% contributions to Shanghai Zhan Tong's registered capital of US\$0.4m that has not been paid by Jiang XingLan. *October 11, 2011*

Yan Zhi, a private investor, has agreed to acquire **CIG Yangtze Ports**,

a Hong Kong based port construction and operation company, from **Chow Kwong Fai, Edward and Harbour Master** for US\$28m. As per Rule 26.1 of the Takeovers Code, Yan Zhi will be required to make mandatory unconditional cash offer to acquire all the remaining issued shares of CIG. The implied equity value of the transaction is US\$54m *October 2, 2011*

China Railway Xi Nan Investment & Management, a Chinese railway and road investment and management services company and a subsidiary of **China Railway Group**, has agreed to acquire **Henan Pingzheng Expressway Development**, a Chinese expressway management services provider, from **China Railway Engineering** for US\$47m in cash. *September 29, 2011*

Pleasure Trade has agreed to acquire **Crown Creation**, a Hong Kong investment holding company indirectly engaged in distribution of heavy commercial vehicles, manufacturing of carbon fiber and

management of an e-ticketing system, from **Forefront Group** for the US\$13m in cash. *September 21, 2011*

NWS Holdings, the Hong Kong conglomerate, has agreed to acquire 26% of **Chinese Future**, a Chinese investment holding company involved in the operation of **Hangzhou Ring Road**, for US\$280m.

September 9, 2011

Hong Kong

Wako Logistics, a fully licensed logistics company with offices in Hong Kong, nine cities across China, and a wide network in Australia, merged with **Kamino Logistics**, a UK based logistics company with operations in US and Europe, to form a new forwarding and logistics group called **Tigers**. Tigers is headquartered in Hong Kong with annual turnover of US\$520m and 48 offices worldwide.

December 15, 2011

AMS Public Transport, a Hong Kong listed provider of green minibus routes operations and public light bus related services, has agreed to acquire **Central Maxicab**, a Hong Kong based provider of scheduled public light bus routes operations and green minibus transportation service, from several private investors for US\$28m. *September 7, 2011*

M2 Retail, a Swedish investment company, has agreed to acquire **M2 Retail Solutions**, a Swedish

outsourcing company, and **Scandinavian Retail Partner**, a Hong Kong based shipping company, from a consortium of holding companies for an undisclosed amount.

September 1, 2011

India

TNT Express will sell its loss-making Indian domestic road network, **Speedage Express**, to Mumbai based private equity group **India Equity Partners ("IEP")** for an undisclosed amount. IEP's logistics portfolio includes **Swastik Roadlines**, a coldchain specialist that operates under the trade name **ColdEx**, and **Fourcee Infrastructure Equipments**, a liquid cargo transportation specialist. *December 12, 2011*

Vikram Logistic and Maritime Services, an Indian transportation and logistics firm, has acquired **Freightstar**, an Indian provider of multimodal logistics solutions for Exim and domestic trade, from **ETA Engineering**, an Indian engineering services company, for US\$28m.

October 28, 2011

Swajas Air Charters, an Indian airline, has reduced the price band and extended the closing date of its IPO of 4.5m shares. It plans to raise funds up to US\$8m from the IPO.

September 30, 2011

Indonesia

Cipaganti Citra Graha, an Indonesian transportation and coal group, is aiming to raise US\$54m from an IPO in 1H12. The company will divest up to 40% in the offering with targeted proceeds of IDR500bn. Cipaganti plans to allocate a major part of its IPO proceeds to expand its coal mining business.

November 30, 2011

Bahtera Niaga International, an Indonesian shipping company, will form a holding company with three other affiliated companies at the end of the year. The holding company will launch an IPO for 40% stake in 1Q12. The company aims to raise up to US\$55m from the offering.

September 27, 2011

Japan

Toyo Rikuun, a Japanese transportation company and a subsidiary of Dainihon Wood-Preserving, has agreed to acquire the third party logistical services of **HOTTA**, a Japanese logistics and packaging operations company, for an undisclosed amount.

November 25, 2011

Star Flyer, a Japanese regional airline, will float an IPO on December 21. Daiwa Securities Capital Markets has been appointed as the lead underwriter. A total of 200,000

shares will be offered, of which 140,000 will be new shares and 60,000 will be existing shares.

November 17, 2011

Loginet Japan, a Japanese logistics operator, has agreed to acquire **Aoyama Honten**, a Japanese transportation and logistics company, for an undisclosed amount.

November 2, 2011

Nissho Shipping, a Japanese shipping company for crude oil, nonferrous metals, lumber and pulp, and vessels, and a subsidiary of **JX Nippon Oil & Energy Corporation**, has agreed to merge with **Yuyo Steamship**, a Japanese provider of marine transportation and shipping services, and a subsidiary of **JX Tanker**, for an undisclosed amount. Nissho Shipping will be the surviving company and named **JX Shipping**.

September 29, 2011

Meitetsu Transport, a listed Japanese logistics company, has agreed to acquire 69% of **Shikoku Meitetsu Transport**, a Japanese logistics company, from **Nagoya Railroad** and **Iyo Railway** for US\$26m. *September 27, 2011*

Korea



Intergis, the logistics business division of **South Korean Dongkuk Steel Mill**, has been approved by the Korea Stock Exchange to launch an IPO. The company plans to sell

5,835,000 shares for a price band of KRW 10,000-12,200. It expects to raise US\$52m to fund investment in facilities and terminal construction.

November 12, 2011

Mongolia



Aspire Mining, a Mongolian coal deposits discovery company, has agreed to form an alliance on marketing and logistics with **Noble Group**, a commodities trader, to develop the Ovoot coking coal project, the largest coking coal deposit in Northern Mongolia. Noble owns 8% of Aspire and will manage the logistics to transport coal from the Ovoot project to customers in China, northern Asia and other seaborne coking coal markets. *November 18, 2011*

The **Mongolian Government** is considering the sale of up to 49% in **Mongolia Railways** through a listing in Hong Kong. Proceeds would go towards financing a US\$5bn expansion program. *October 28, 2011*

Singapore



Kerry Logistics, a leading global logistics service provider, announced plans to build a new Asia regional logistics hub in Singapore. The facility is a four-story building of 34,500 sqm, and will support regional clients in South East Asia and

Australia with integrated logistics services. *November 22, 2011*

Taiwan



TransAsia Airway, a Taiwanese airline, was listed on the Taiwan Stock Exchange on November 1. TransAsia sold a total of 22m new shares at around TWD 18 each in the IPO. *November 2, 2011*

Thailand



Thai AirAsia ("TAA"), the Thai low cost carrier airline, may reschedule its IPO planned for next month due to unfavorable market conditions arising from the floods. TAA is expected to raise up to US\$150m in the IPO. TAA has been considering an IPO for years, but it was only set in motion this past March with the announcement of Credit Suisse Securities (Thailand), CIMB Securities (Thailand) and Thanachart Securities as lead underwriters.

November 14, 2011

Asian Transport & Logistics Transactions with Multiples (12 months ending 20Dec2011)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Percentage Acquired	EV / EBITDA	EV / Revenue	P/E
18-Nov-11	Tianjin Binhai TEDA Logistics	China	Chia Tai Land Development, Chia Tai Pharmaceutical	China	\$28.9	29.8%	4.7x	0.2x	7.1x
17-Nov-11	Van der Horst Energy	Singapore	-	-	\$18.8	25.0%	9.8x	1.6x	15.0x
17-Nov-11	Korea Express	Korea	CJ GLS; CJ Cheiljedang	Korea	\$727.6	2.6%	130.8x	12.6x	21.6x
26-Aug-11	Miclyn Express Offshore	Singapore	Headland Capital	Hong Kong	\$143.0	26.5%	8.1x	3.4x	9.8x
10-Aug-11	Transware Distribution	Singapore	Keppel Logistics	Singapore	\$28.7	50.0%	16.1x	1.9x	48.8x
9-Aug-11	Malaysian Airline System	Malaysia	Tune Air	Malaysia	\$363.3	20.5%	-	0.5x	-
25-Jul-11	Beijing Inland Port International Logistics	China	Beijing Properties	China	\$20.0	82.2%	-	-	12.2x
21-Jul-11	Connecteast Group	Australia	Cp2	Australia	\$2,890.2	65.0%	22.8x	14.4x	-
15-Jul-11	Korea Express	Korea	CJ GLS; CJ Cheiljedang	Korea	\$1,738.0	37.6%	43.3x	2.9x	57.2x
21-Jun-11	China Best Group	Hong Kong	-	-	\$23.1	29.7%	4.0x	-	-
1-Jun-11	Portek International	Singapore	ICTSI	Philippines	\$132.0	20.2%	6.6x	1.5x	0.2x
21-Apr-11	POTA Holdings Pty	Australia	Qube Logistics	Australia	\$111.2	47%	-	-	-
9-Mar-11	Vantec Corporation	Japan	Hitachi Transport System	Japan	\$821.3	89%	7.9x	0.5x	13.2x
11-Feb-11	Jaya Holdings	Singapore	Cathay Asset Management	Thailand	\$418.3	54.7%	3.9x	1.7x	5.2x
1-Dec-10	Aboitiz Transport System	Philippines	Negros Navigation	Philippines	\$200.9	100%	12.9x	0.6x	-
				Median	\$101.0	42.8%	7.1x	1.1x	11.2x

Source: Capital IQ

DECEMBER 2011, ISSUE 69

A quarterly newsletter of developments in the transport & logistics sector in Asia

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through acquisitions, divestments, JVs 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

Jordan Selleck, Analyst
jselleck@bdallc.com

www.bdallc.com
newsletter@bdallc.com

NEW YORK

Euan Rellie, erellie@bdallc.com
Charles Maynard, cmaynard@bdallc.com
Business Development Asia LLC
1270 Avenue of the Americas, Suite 2310
New York, NY 10020, USA
T (212) 265-5300
F (212) 265-4300

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

SEOUL

Heejun Yang, hyang@bdallc.com
Business Development Asia
21 Floor, S-Tower
116 Sinmunno 1-Ga, Jongno-Gu
Seoul, 110-061, Korea
T (82) 2767-2730
F (82) 2757-2702

MUMBAI

Arun Bagchi, abagchi@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
F (973) 1758-1483

LONDON

Andrew Huntley, ahuntley@bdallc.com
Business Development Asia Ltd
33 Cavendish Square
London W1G 0PW, United Kingdom
T (44) 20-7182-4518
F (44) 20-7182-4100

HONG KONG

Paul DiGiacomo, pdigiaco@bdallc.com
Business Development Asia (HK)
Suite 905, ICBC Tower
3 Garden Road, Hong Kong
T (852) 2537-9565
F (852) 2537-4406

TOKYO

Jeff Acton, jacton@bdallc.com
Business Development Asia K.K.
Shiroyama Trust Tower, 27th Floor
4-3-1 Toranomon, Minato-ku
Tokyo, 105-6027
T (81) 3-3433-5803
F (81) 5404-8181

BAHRAIN

Ahmed Al Balooshi, abalooshi@bdallc.com
Business Development Asia
Meral Building #2572, Road #2833
4th Floor, Office #42, Block #428
PO Box 30295, Seef District
Kingdom of Bahrain
T (973) 1758-1336