

ASIAN TRANSPORT & LOGISTICS NEWSLETTER

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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.

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Australia

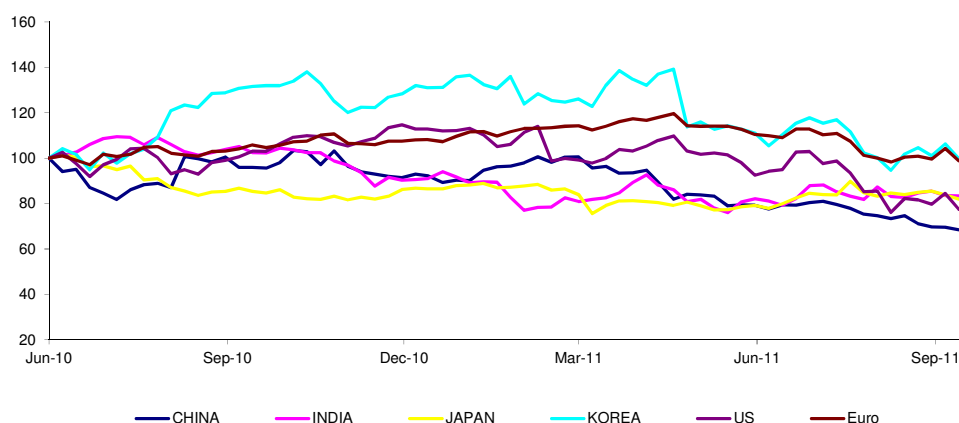


Jetstar Airways, Qantas’s low-cost Asian carrier, is considering growth through joint ventures in Hong Kong, Taipei, Korea, Singapore, Vietnam, and Japan. *September 2, 2011*

Peter Cochrane Management, an Australian freight and parcel services company, has acquired 100% of **Northern Kope Parcel Express**, an Australian freight and metropolitan courier services company, for an undisclosed amount. *September 1, 2011*

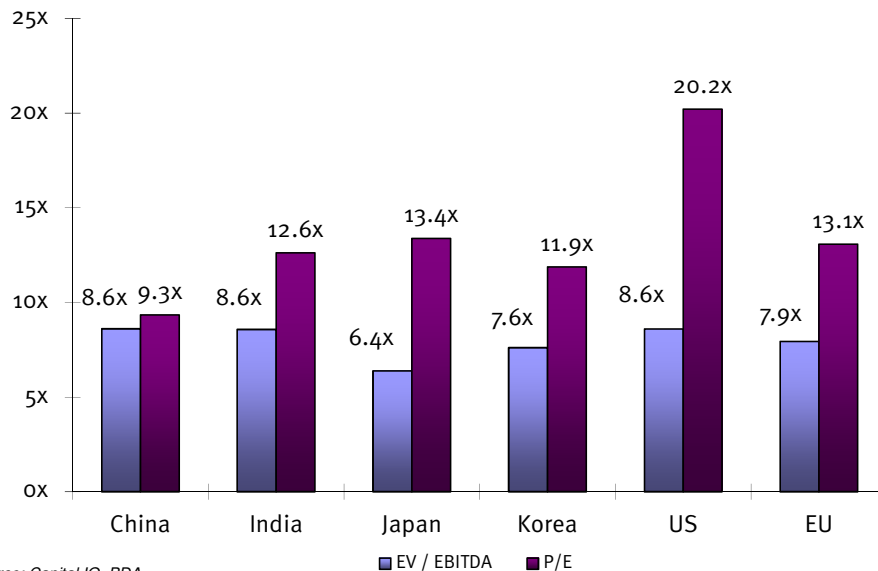
POTA Holdings has agreed to acquire **Mackenzie Intermodal**, an Australian general freight services company, for an undisclosed amount. POTA is an Australian provider of port and logistics services. The transaction will allow

Asian Logistics Companies Stock Indices for Selected Sectors
(12 months ending 29Sept11)



Source: Capital IQ, BDA

Logistics LTM Trading Multiples (29Sep11)



Source: Capital IQ, BDA

August 25, 2011

China Overseas Logistics, a Shenzhen-based subsidiary of the state-owned **China State Construction Engineering Corporation**, is seeking to accelerate growth and improve its operations experience by working with international counterparts that are experienced in transportation, distribution, forwarding, warehousing with a strong focus on electronics and machinery goods. China Overseas expects the partnership to take the form of a commercial alliance or a JV.

August 4, 2011

Hainan Airlines, a Chinese airline and subsidiary of **HNA Group**, has agreed to acquire the remaining 32% of **China Xinhua Airlines** that it did not already own from **Grand China Airlines Holding** for US\$169m. China Xinhua Airlines operates out of Beijing and Tianjin, with a fleet of 16 aircraft. HNA Group is active in acquiring transportation-related businesses.

August 12, 2011

HNA Group and **Bravia Capital**, a Hong Kong-based private equity and advisory firm, have agreed to acquire **GE SeaCo**, for an undisclosed amount from **General Electric Capital**. GE SeaCo is the fifth largest player in the global marine container leasing industry and owns and manages more than 870,000 TEUs. Headquartered in Singapore, GE SeaCo has 13 operating, sales, and support offices worldwide. August 1, 2011

HNA Group has also agreed to acquire **ACT**, a Turkish aviation firm, for an undisclosed amount. July 25, 2011

Kerry Logistics Network, a Hong Kong-based supply chain management and logistic services company, has acquired 100% of both **Shanghai Wisdom Group** and **Shanghai Huicheng Logistics**, for

POTA to strengthen its position in Southern Australia and provide it with a wider regional network and customer base. May 30, 2011

Toll Holdings, the Australian transportation and logistics group, has agreed to acquire 40% of **Tianjin Anda Logistics**, a Chinese 3PL service provider specializing in automotive logistics, for an undisclosed amount. Toll Holdings will try to acquire a majority stake within the next two years. May 31, 2011

Toll Holdings has also agreed to acquire 100% of **Trojan Holdings**, a New Zealand transport operator which offers express road, general freight and container transport services, for an undisclosed amount. September 6, 2011

based in Lhasa, for US\$41m from the **Tibet Autonomous Region Investment Company**, a Chinese state-owned investment company. Tibet Airlines, which operates one Airbus A319, expects to expand its fleet to 20 aircraft in the coming five years. July 28, 2011

BLG Logistics Group, a German automotive logistics company, plans to establish a JV in China with **Cinko SCM**, a Beijing-based company which provides outbound auto logistics to Chinese auto OEM exporters. The two companies have previously cooperated on a technology center for inspecting cars and readying them for export. August 26, 2011

China ITS has agreed to acquire **China Traffic Holding**, a Chinese urban transportation infrastructure technology solutions ("ITS") and services company, from **Siemens Venture Capital**, for US\$45m. China ITS provides transportation infrastructure technology solutions and services. The acquisition is in line with China ITS's strategy to enter into the public transport ITS market and become a regional market leader in China's major cities.

China



Air China has acquired 31% of **Tibet Airlines**, a Chinese domestic airline

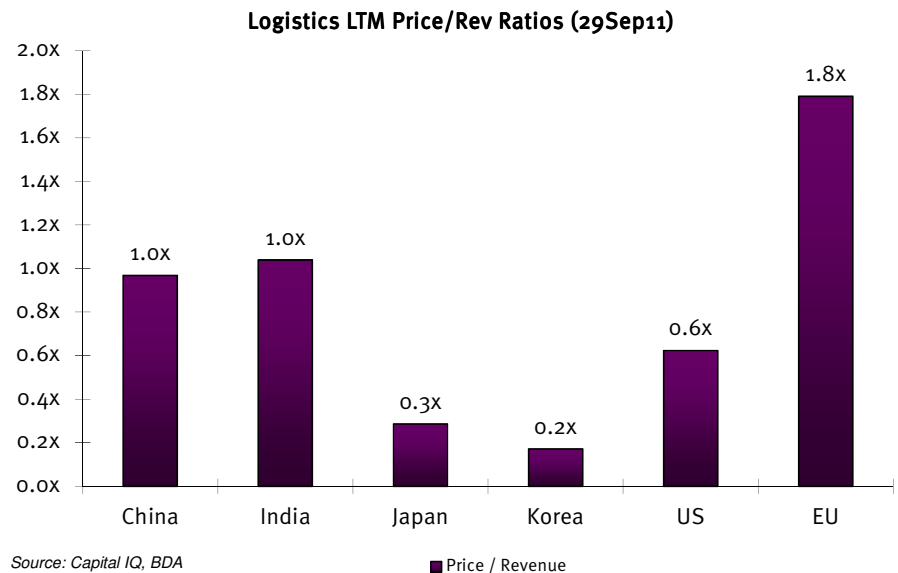
undisclosed amounts. Shanghai Wisdom is a NVOCC which operates one of the major sea freight consolidation platforms in China, and is particularly strong on the Shanghai to Japan and Southeast Asia routes. Shanghai Huicheng is a 3PL specializing in integrated logistics for chemicals, dangerous goods, FMCG, electromechanical and automotive industries. *July 18, 2011*

Luoyang Bus Group, a Chinese state-owned city bus operator based in Henan Province, is seeking either private strategic investors with experience in operating of city buses or manufacturers of new energy vehicles to restructure its shareholding structure. Luoyang Bus plans to raise US\$31m by selling up to a 40% stake to new investors. The proceeds will be used to establish new tourism bus lines around Luoyang city, and for the purchase of 1,500 to 3,000 new energy tourist buses for these lines. *August 16, 2011*

Norbert Dentressangle has agreed to acquire APC Beijing International, a Chinese shipping company that provides freight forwarding services through 16 offices in China, for an undisclosed amount. Norbert Dentressangle is a French provider of transportation and logistics services for packed, bulk, and temperature-controlled goods in Europe. *July 27, 2011*

Singapore Post has acquired 5% of **4PX International Express**, an international express platform operator which provides global networks and channels to 3PL companies, from **Shenzhen Capital Group** for an undisclosed amount. The investment was made by **Quantum Solutions International**, a wholly-owned subsidiary of Singapore Post. *July 4, 2011*

Sinopec Kantons Holdings has agreed



to acquire 50% of **Zhanjiang Port Petrochemical Jetty** from **Zhanjiang Port Group** for US\$51m. Sinopec Kantons is a Hong Kong-based investment holding company engaged in the operation of crude oil jetty and ancillary facilities, and the trading of petroleum-related products. Zhanjiang Port is a Chinese port operator engaged in the import and export of grains, and raw and processed materials. *May 27, 2011*

Sinotrans, the largest comprehensive logistics provider in China, is reportedly seeking to acquire small and medium-sized logistics firms in China and overseas. *August 20, 2011*

Spring Airlines, a Chinese low cost carrier, is targeting an A-share IPO on the Shanghai Stock Exchange in Q1 2012 through which it aims to raise at least over US\$1bn. *July 21, 2011*

Wuxi Little Swan, a Chinese household electrical appliances company, is seeking to divest its 20% stake in

Guangzhou An Tai Logistics, which handles the electrical appliances delivery services for Wuxi Little Swan. Little Swan is planning to subcontract its product delivery services to third parties going forward. *August 2, 2011*

Hong Kong



Shun Tak Holdings has agreed to acquire **New World First Ferry (Macau)** for US\$45m from **New World Group**, **NWS Holdings**, and **Chow Tai Fook Enterprises**. New World First Ferry operates passenger ferries between Macau and Hong Kong. The transaction includes the acquisition of vessels and operation concessions granted by the Macau SAR Government. *August 11, 2011*

The Writer Corporation has acquired a majority stake in **Relocasia**, a Hong Kong-based provider of international and domestic household moving and storage services, for an undisclosed amount. The Writer Corporation is an

Indian company engaged in providing relocations, information management, cash management, and logistics services. *August 2, 2011*

India



Deutsche Post DHL is examining its options for the 81% stake it holds in **Blue Dart Express**, an Indian courier and express package company. DHL was mandated by the Securities and Exchange Board of India ("SEBI") to maintain a minimum 25% public free float in Blue Dart Express by 2012. Deutsche Post DHL had failed in an earlier attempt to purchase the residual public holding of 19% in Blue Dart and to privatize the company. Deutsche Post DHL is reviewing whether it should try again to privatize Blue Dart or reduce its stake to 75% in order to meet SEBI's requirements. *August 11, 2011*

Paraan has agreed to acquire 100% of **Asis Logistics**, an Indian air and sea freight forwarder from **Shirdi Industries**, an Indian manufacturer of furniture parts, for an undisclosed amount. Paraan is an investment holding company in India. *August 8, 2011*

TPG Capital, the US-based private equity firm, was reported to be in talks to acquire a minority holding in **SpiceJet**, an Indian budget airline. The stake and transaction value were not disclosed. SpiceJet has planned to raise US\$270m to finance its purchase of new aircraft and aid the airline's efforts to grow in India. *August 22, 2011*

Indonesia



Blue Bird Group, an Indonesian land transport services company, plans to launch an IPO within two years. The company also aims to add 3,000 new taxis to its fleet in 2011. Morgan Stanley served as the financial advisor for the company's planned public offering. *August 4, 2011*

Saratoga Capital, an Indonesian private equity firm, has acquired 51% of **Mandala Airlines**, an Indonesian commercial airline, for US\$117m. Mandala's flights were grounded in January 2011 because of debt problems. It is expected to resume operation in September 2011. *July 25, 2011*

Japan



All Nippon Airways ("ANA"), a Japanese airline which mainly operates in Asia, Europe, and North America, has applied to establish a low-cost carrier JV with **AirAsia**. The JV will be based at Japan's Narita Airport and will begin operations in August 2012. *August 31, 2011*

Goodman Group, an Australian property management group, has acquired a development site in the Osaka Bay region for US\$300m. Goodman will redevelop the 60,000-sqm. land into a 130,000-sqm. multi-tenant logistics and distribution centre. Goodman is also in advanced discussions and due diligence in respect of a number of other development and acquisition opportunities, primarily in the major logistics markets of Tokyo and Osaka. Goodman believes that Asia would be a

key area of expansion and opportunity for the development of logistics and warehouse centers. *August 24, 2011*

Hitachi Transport System may enter talks with **Kintetsu World Express** over an alliance aimed at developing their logistics and forwarding services. Kintetsu World's global forwarding services business could help Hitachi Transport expand into overseas markets. *August 30, 2011*

J-WesCo, a unit of **Sumitomo Warehouse**, has agreed to acquire **Westwood Shipping Lines** for US\$53m. Westwood Shipping Lines transports paper, lumber, and automotive components between America, Japan, China, and Korea. It is a subsidiary of Weyerhaeuser, a timber and paper products company in the US. Weyerhaeuser had been trying to sell Westwood Shipping Lines since 2008. *July 27, 2011*

Japan Development Fund, a JV between **The Canada Pension Plan Investment Board** and **Global Logistic Properties of Singapore**, has been established to invest in Japan's logistics sector. Both companies will invest US\$250m in the JV over the next three years and will focus on building multi-tenant and build-to-suit facilities mainly in the areas around Tokyo and Osaka. The fund has already earmarked a site in Tokyo for its first potential development. *September 1, 2011*

Mitsubishi Logistics has agreed to acquire 49% of **Jupiter Global**, a Hong Kong-based cargo transportation operator from **Japan Airlines**, for US\$20m. The transaction will strengthen Jupiter Global's cargo transportation, storage, and forwarding services. Mitsubishi Logistics is a Japanese warehousing and

transportation service provider. The sale will also enable Japan Airlines to improve the quality of its cargo transportation business. *July 29, 2011*

Mitsui & Co has agreed to acquire **Portek International**, a Singaporean provider of equipment, services and solutions for the global port industry, for US\$175m. The transaction will allow Mitsui to expand its portfolio of terminal operations in various geographies.

July 28, 2011

Nippon Yusen Kaisha ("NYK"), the largest shipping company in Japan, is reportedly seeking to acquire overseas logistics companies to expand its global logistics network. The company has already begun merging its logistics business with its wholly owned subsidiary **Yusen Air & Sea Service** in order to streamline operations and consolidate international operations. It is reported that NYK would be increasingly reliant on shipping iron ore and coking coal to China, and wanted to expand its reach to inland areas.

August 31, 2011

Qantas Airways, Japan Airlines ("JAL") and **Mitsubishi** have agreed to launch **Jetstar Japan**, a new low-cost carrier in Japan. Each shareholder will own one-third of the new company. Jetstar Japan will commence domestic operations by the end of 2012 and expects to fly from Narita and Osaka with other destinations under consideration including Sapporo, Fukuoka, and Okinawa. *August 16, 2011*

Senko has acquired 93% of **Smile**, a Japanese company providing merchandising, procurement, and distribution services to major retailers for US\$65m from Japanese private equity fund **Polaris Capital**. Senko is a

Japanese integrated distribution services company. The acquisition will add merchandising and procurement capabilities to its retail distribution business. *August 24, 2011*

Showa Yusosen, a Japanese provider of marine transportation services, has agreed to acquire 100% of **Nippon Tanker**, a Japanese provider of marine transportation services for oil and LPG products, as well as a shipping agency and custom clearance services company, from **JX Nippon Oil & Energy** for an undisclosed amount. JX Nippon is a Japanese company engaged in the refining and sale of petrochemical products. *August 4, 2011*

Korea



CJ Cheiljedang Corporation and CJ GLS Corporation have agreed to acquire 38% of **Korea Express**, Korea's largest total cargo delivery company, from **Asiana Airlines** and **Daewoo Engineering and Construction** for US\$1.7bn. CJ Cheiljedang and CJ GLS are both Korean companies engaged in the food, animal feed and pharmaceutical businesses and the related logistics services, respectively.

July 8, 2011

CJ Corp has agreed to acquire the remaining 59% of **CJ GLS** that it did not already own for US\$143m. CJ Corp engages in the entertainment media, home shopping & logistics, traditional food, and pharmaceutical businesses in Korea. CJ GLS is a Korean logistics and supply chain management services company. *July 29, 2011*

Intergis, the logistics business division

of Korean **Dongkuk Steel Mill**, has mandated **Samsung Securities** to launch an IPO in late 2011. Dongkuk Steel Mill is the second largest EAF steel producer in Korea, and has a 79% stake in Intergis. *August 23, 2011*

Korea Line, a Korean shipping company, has sold 59% in the freight transportation services company **Kwangyang Marine** to an undisclosed buyer for US\$27m. *July 22, 2011*

Malaysia



AirAsia X, the Malaysian low-cost carrier, has announced a dual listing IPO in Kuala Lumpur and New York in 2012. **Morgan Stanley** is the advisor on the IPO. The IPO is expected to raise US\$280m. *August 11, 2011*

AirAsia and **Malaysian Airline System ("MAS")**, **Tune Asia**, and **Khazanah Nasional**, the Malaysian sovereign wealth fund, have agreed a share swap to establish a cross shareholding, strategic alliance, and closer commercial cooperation between the two airlines. Tune Asia will take a 21% stake in MAS, while Khazanah will take a 10% stake in both Air Asia and its long-haul subsidiary, **AirAsiaX**.

August 9, 2011

Singapore



Headland Capital Partners has acquired 27% of **Miclyn Offshore Express**, a Singaporean company providing service vessels to the offshore oil and gas industry and chartering services to the marine civil construction

industry, for US\$540m. Headland Capital Partners is an Asian private equity and venture capital firm.

August 26, 2011

Jacobson Companies, a US-based 3PL provider, has acquired 100% of **G-Link Express Logistics**, an international freight forwarding group based in Singapore. The acquisition of G-Link will supplement Jacobson's existing network in Hong Kong and China, and expand its capabilities to Vietnam, Indonesia, Singapore, and Malaysia.

August 31, 2011

Keppel Logistics, a Singaporean supply chain management solutions company, has acquired the remaining 50% of **Transware Distribution Services** that it did not already own, from **MISC Integrated Logistics** for US\$15m. Transware Distribution Services is a Singapore-based supply chain management solutions company, which owns warehouses in the vicinity of Keppel Logistics' operations. Prior to the transaction, Keppel Logistics already held 50% in Transware Distribution. MISC Integrated Logistics is a Malaysian maritime transportation and logistics services company.

August 10, 2011

Swiber Holdings has agreed to acquire **Resolute Offshore**, a Singaporean company which owns and operates shipping vessels and offers chartering services, from **LS Finans AS** for US\$100m. Swiber is a Singaporean offshore engineering, procurement, construction, and installation services company. LS Finans is a Norwegian company engaged in financing services for the shipping and offshore industries.

August 26, 2011

Tiger Airways Holdings, a Singaporean low-cost carrier which operates flights across Asia Pacific, is undertaking a

rights issue to raise US\$130m.

August 26, 2011

Thailand



Bangkok Airways plans an IPO on the Thai Stock Exchange by the end of 2013. The major shareholder, **Prasert Prasarttong-Osoth**, an individual investor, may seek to divest a 30% stake in the airline in advance of the IPO to raise funds for its future development. *August 11, 2011*

The management of **Nok Airlines** has acquired 25% of the company for US\$14m. Nok Airlines is a subsidiary of **Thai Airways International**, the flag carrier of Thailand. The sellers were **Dhipaya Insurance Public Company**, the Government Pension Fund of Thailand, and **Thailand Prosperity Fund**. *August 19, 2011*

Vietnam



Singapore Post has agreed to acquire **Indo Trans Logistics Corporation ("ITL")**, a Vietnamese logistics, freight management and aviation services provider, from individual investor **Veera Satchatippavarn** for US\$11m. ITL will give Singapore Post a 3PL foothold in Vietnam and the broader Indochina region. *June 7, 2011*

Yinson Holdings has agreed to acquire 40% of **PTSC Phu My Port**, a Vietnamese ports services company, from **Petrovietnam Technical Services** for US\$9m. Yinson is a Malaysian company engaged in offshore support services for the oil and gas sector, and

logistics services. **Petrovietnam Technical Services** provides petroleum storage services and marine transportation services. *July 25, 2011*

Selected Asia Transport & Logistics Related Transactions with Multiples (12 months ending in 29Sept11)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Percentage Acquired	EV / EBITDA	EV / Revenue	P/E
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	-
26-Nov-10	Integrax Bhd	Malaysia	Taipan Merit Sdn Bhd	Malaysia	\$9.7	6.7%	4.6x	5.8x	-
15-Nov-10	SpiceJet Ltd	India	Kal Airways Private Limited	India	\$157.8	38.7%	1.1x	13.6x	-
23-Jul-10	AC system Corp	Japan	TL Logicom Co	Japan	\$10.9	100%	-	1.0x	11.2x
2-Jun-10	Eng Kong Holdings	Singapore	NEK Container Group Pte	Singapore	\$53.4	94.2%	4.4x	0.7x	8.9x
25-May-10	SANYO Electric Logistics Co	Japan	LS Holdings Co	Japan	\$197.5	99.5%	7.1x	0.5x	18.1x
20-May-10	Nippon Steel Shipping Co	Japan	Shinwa Kaiun Kaisha	Japan	\$196.3	-	-	0.5x	7.8x
12-May-10	Transurban Group	Australia	Investor Group	Canada	\$3,676	-	28.1x	15.6x	-
1-Apr-10	Second Seohaean Express Co	Korea	Kumho Trading Co	Korea	\$3.6	30%	-	-	-
10-Mar-10	Asiana Airlines	Korea	Kumho Industrial Co	Korea	\$83.9	12.7%	-	1.1x	-
10-Feb-10	RCI Sekiju	Japan	KFC	Japan	\$1.7	-	-	0.3x	22.2x
5-Feb-10	CH Offshore	Singapore	Falcon Energy Group	Singapore	\$101.0	29.1%	6.7x	4.9x	7.2x
				Median	\$132.0	42.8%	6.9x	1.0x	11.2x

The stock indices and trading multiples graphs shown in this newsletter represent the ten largest publicly traded consumer products companies 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.

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