

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 pdigiacom@bdallc.com. Contact details for our offices are at the back of this newsletter. We look forward to speaking with you in the future.

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Australia

Asciano, a listed Australian infrastructure group, is considering bids for its **Pacific National** coal rail business. The sale of Pacific National would include a portion of Asciano’s ports business. Potential buyers include **KKR**, **Queensland Investment Corp**, **Morgan Stanley’s** investment arm and the **Future Fund**.

February 23, 2009

ICS Logistics Inc (“ICS”), a Florida-based subsidiary of the listed Australian asset manager **Babcock & Brown Infrastructure**, has acquired privately held **Coastal Maritime Stevedoring** for an undisclosed consideration. Coastal Maritime, with 240 employees, was acquired to expand ICS’ workforce of 450 employees. *January*

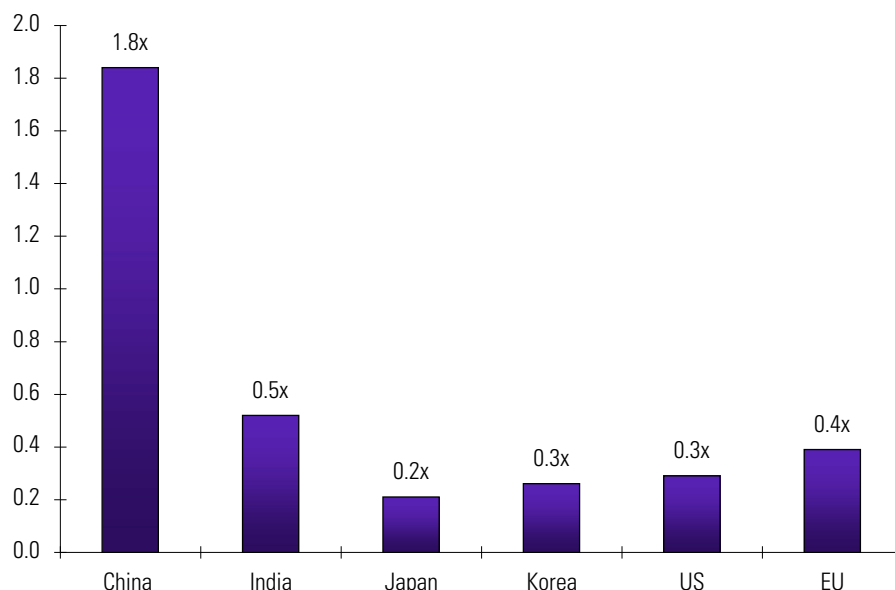
17, 2009

Logistics Stock Indices (12 months ending in Mar 2009)



Source: Bloomberg, BDA

Logistics P/R Multiples (Mar 2009)



Source: Bloomberg, BDA

Toll Holdings Ltd is seeking to boost revenues by as much as US\$1.3bn by creating a separate freight forwarding business linking the Australian and Asian markets. The project, aimed at generating a threefold rise in freight earnings by 2013, would see Toll's existing freight arms merged with a series of yet-to-be-made acquisitions in India, along with the other Asian markets.

February 27, 2009

China

Air China is negotiating with **Cathay Pacific** and **China Cargo Airlines**, a subsidiary of **China Eastern**, on the establishment of a JV cargo airline in Shanghai. Air China is under financial pressure and its losses in 2008 could reach US\$1.1bn. *January 9, 2009*

Aviation Industry of China, a Beijing-based state-owned aircraft manufacturer, will increase its stake in **China Joy Air**, also known as **Happiness Airlines**. **China Joy Air** is a Xianyang-based new airline formed by **AVIC** and **China Eastern Airlines**, the Shanghai-based listed carrier. Financial terms were not disclosed. *January 15, 2009*

Capital Airports Holding Company, a Beijing-based airport operator, has offered to sell another 24% stake in **Air China Cargo**, after **Air China** postponed a purchase of the shares. Capital Airports, the parent of **Beijing Capital International Airport Co**, aims to sell the stake for US\$105m. **Air China Cargo** is a Beijing-based cargo airliner. *February 11, 2009*

Chifeng Xinye is planning to sell its

remaining 14.3% stake in **Tianjin Good Hand Railway**, a listed Chinese railway transportation company. Chifeng Xinye is the largest shareholder in Tianjin Good Hand Railway. *February 24, 2009*

China Aviation Investment ("CAI"), a new **China National Aviation Holding** ("CNAH") catering JV, is seeking acquisitions. CAI is a JV between **CNAH** and **China National Aviation Corp**, and has capital reserves of US\$145m. *February 13, 2009*

China National Aviation Holding Co ("CNAHC"), the parent company of **Air China**, has acquired Wuhan-based **East Star Airlines**. Financial terms were not disclosed. Air China, China's flagship carrier, will strengthen its operation in Central China after the transaction. Established in 2006, East Star Airlines is the fourth largest private carrier in China and operates 20 routes from Wuhan, capital of Hubei province. *March 9, 2009*

China Tobacco Shanghai Import and Export Co, a state-owned Chinese tobacco company, has indicated a willingness to divest its subsidiary **Shanghai Cheng Xin International Economic and Trade** ("Cheng Xin"). Cheng Xin provides warehousing and transportation services as well as import and export of goods and the retailing of tobacco. *January 1, 2009*

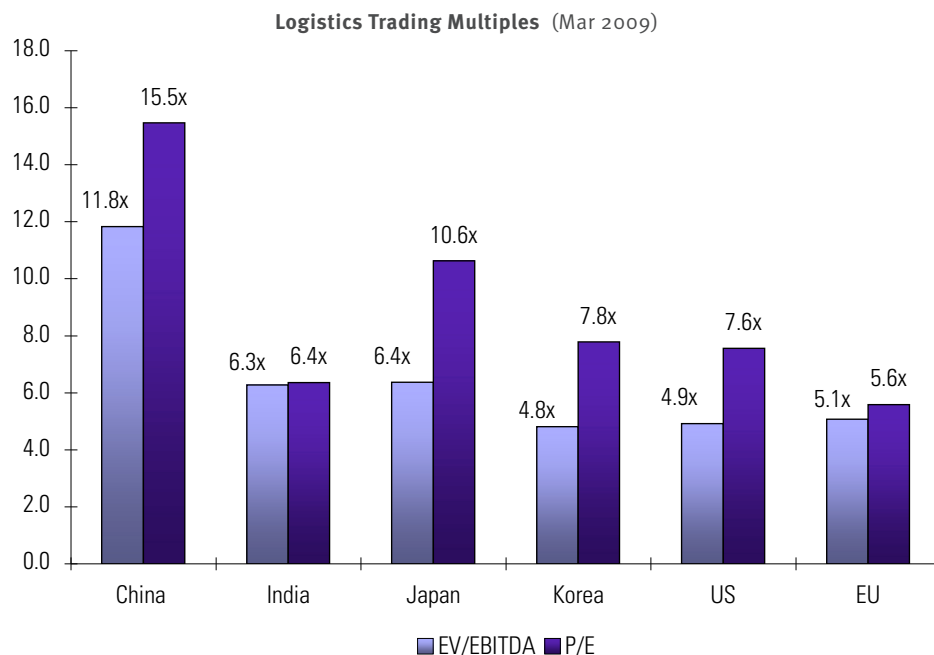
CITIC Automobile, a Chinese auto component maker, **CITIC Guoan Group**, a Chinese information network infrastructure company, and **Zhong Xin Zhong Yuan Industrial** have indicated a willingness to divest 41% of **CITIC Logistics**, a leading Chinese provider

of logistic solutions, including for over-size cargoes and dangerous and non-dangerous chemical products. CITIC Automobile, CITIC Guoan and CITIC Logistics are subsidiaries of the **CITIC Group**, a Chinese conglomerate that offers banking, financial, manufacturing, and communication services. *January 22, 2009*

Okay Airways, a Beijing-based privately owned airline, may sell a stake to new investors, and has received expressions of interest from potential investors. Okay Airways became China's first private carrier in 2005 and is backed by the Junyao Group, which owns 63% of the airline. The airline has 11 aircraft, and has resumed flight services following suspensions in December and January, due to difficulties accessing credit to fund fuel purchases. *January 7, 2009*

Qingdao Dragon Dongyong International Logistics ("Dragon International"), a privately-owned Chinese logistics company, is looking to sell a stake, or possibly 100%, in the company to a strategic investor. Dragon International operates and handles logistics for the **Dragon Group**, which is involved in real estate and food processing. *January 21, 2009*

Rizhao Zhongsheng Group, a state-owned Chinese company, is looking to sell a maximum 49% stake to strategic investors. Located in Rizhao, a coastal city near Japan and Korea, Rizhao Zhongsheng operates Rizhao Port Logistics Park. The Group is also engaged in auto components manufacturing,



Source: Bloomberg, BDA

civil engineering, aquaculture, food processing and property management. *January 15, 2009*

Shanghai Chang Fa Logistics Delivery Co has been put up for sale by its shareholders. Shanghai Chang Fa Logistics Delivery is engaged in warehousing services, domestic land transportation, and overseas transportation and packaging of various goods. The vendors are **Chang Jiang Investment** of the **Chang Fa Group**, **Shanghai Anting Industrial Development** and **Shanghai Yi Dian Technology**. *January 9, 2009*

Shenzhen Futian Agricultural Products Wholesale Market Co is planning to sell a 21% stake. The firm is engaged in the management and operation of the Shenzhen Futian Agricultural Products Wholesale Market, domestic supply and

sale of goods and materials and import and export trade as well as warehousing, packaging, loading, unloading and transportation services. *January 9, 2009*

Hong Kong 🇭🇰

Hong Kong Airlines and **Hong Kong Express** are in talks with a strategic investor to raise capital. The two Hong Kong-based, privately-held carriers, which have the same major shareholders, have been reporting losses over the past year, mainly due to high oil prices. The two airlines have declined to disclose the name of the strategic investor. *February 16, 2009*

India 🇮🇳

The Indian government has approved

the creation of a 49:51 JV between **Airports Authority of India** (“AAI”) and the **Maharashtra Airport Development Company** (“MADC”), to construct a multi-modal passenger and cargo hub at the Nagpur airport. In a related development, aircraft manufacturing major **Boeing** will establish a Maintenance, Repair and Overhaul facility for its planes at Nagpur airport with an initial investment of US\$100m. *February 11, 2009*

National Aviation Company of India Ltd (“NACIL”) will establish a 50:50 JV with **Singapore Air Terminal Services** (“SATS”) to provide ground-handling services at major airports including Hyderabad and Bangalore. In Bangalore, separate JVs will be formed to provide cargo-handling facilities and carry out ground-handling services at an estimated investment of US\$35m. *February 23, 2009*

SpiceJet, an Indian budget airline, is considering divesting an equity stake to foreign air carriers. **SpiceJet** will consider the equity dilution if the government changes its regulations to allow foreign carriers to hold stakes in domestic airlines. The firm received a US\$80m injection from US investor **Wilbur Ross** in July 2008. **SpiceJet**’s sister firm **Kingfisher Airlines** is also considering divesting shareholding in its business. *February 19, 2009*

Indonesia

PT Humpuss Intermoda Transportasi (“HITS”), an Indonesian transportation company, is postponing the sale of one

of its subsidiaries. One of HITS’ buyers in the sale had to back out due to the global economic crisis. HITS is Indonesia’s national shipping company for Liquefied Natural Gas, crude oil, coal, chemicals and other cargos. The company has not revealed which subsidiary was to be divested. *January 14, 2009*

Japan

Itochu, a listed Japan-based trading conglomerate, will launch a tender offer to acquire its affiliates **CI Kasei Co** and **i-Logistics**, both listed Japan-based general distributors. Itochu holds 47.2% of **i-Logistics** and is aiming to acquire all the outstanding shares. *February 13, 2009*

Nippon Express, a listed Japanese logistics company, is seeking M&A opportunities overseas to expand its business. Nippon Express announced in December 2008 a planned business alliance with **Lao Freight Forwarder**, a Laos-based forwarding and transportation company, to improve customs clearance and truck transportation in Laos. *January 5, 2009*

Sagawa Express, a private Japanese courier company, will acquire **World Logi**’s Japan-based delivery service **World Supply**. World Logi is a listed Japanese logistics company. The financial terms of the acquisition were not disclosed. *January 26, 2009*

Seino Holdings, a listed Japanese trucking company, will acquire private Japanese transport company **Seibu Transportation**

for an estimated US\$300m. **Seibu Transportation** is principally engaged in trucking services. *January 19, 2009*

Senko, a listed Japan-based logistics company, has increased its stake in unlisted Japan-based logistics company **Tokyo Nohin Daiko** to 66%. Senko increased its stake from 20% for an undisclosed amount. *February 18, 2009*

Shin-Nikken Maruwn, a private Japanese construction company, has acquired 11% of **Maruwn Corp**, a listed Japanese distribution company specializing in land logistics. Maruwn has a market capitalization of US\$90m. *January 29, 2009*

Korea

Triumph II Investments, a privately-held investment fund based in Ireland, has sold its 25.3% stake in **Korea Express**, a listed Korean international delivery service company. Triumph turned over its shares in a public tender offer. *February 3, 2009*

Kuwait

Agility, a Kuwaiti listed logistics firm, is considering divesting certain ventures to concentrate on its core operations. The company has acquired a number of logistics companies in emerging markets, including Asia, in order to be less dependent on US contracts. The company may reduce its real estate and private equity investments and sell **Korek**

Telecom in Iraq as well as other assets as part of its divestiture program. *January 29, 2009*

Malaysia

Century Logistics, a Malaysian-listed logistics company, has been seeking a strategic investor, and could divest a 20% to 30% stake belonging to majority shareholder **Teow Choo Hing**. However, the company is not open to a take over. Century Logistics has a market capitalization of US\$20m. *January 30, 2009*

Philippines

The Philippine government plans to

invest a maximum of US\$800m to acquire a majority stake of **Metro Rail Transit Corporation** (“MTRC”), a private consortium responsible for the maintenance of the Manila Metro Rail Transit System. *January 21, 2009*

Vietnam

C.H. Robinson Worldwide, a US-based 3PL service provider, has expanded operations into Ho Chi Minh, Vietnam. This location will offer air and ocean transportation, distribution, consolidation, and value-added transportation and logistics services for shippers in Southeast Asia. *February 19, 2009*

Mitsui OSK Lines, a listed Japan-based

cargo shipper, announced it will establish a JV terminal company in Vietnam **Saigon Newport Company, Hanjin Shipping** and **Wan Hai Lines**. The terminal project will be located in Vietnam’s Cai Mep region and will start operations in 2011. The JV will be named **Tan Cang Cai Mep International Terminal**. *February 4, 2009*

Selected Asian Logistics 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
18-Feb-09	Halim Mazmin Bhd	MA	Tan Sr Halim Mohammed	MA	\$20.0	39% ACQ	N.A.	0.8x	36.2x
13-Feb-09	i-Logistics Corp	JP	Itochu	JP	\$56.0	48% ACQ	N.A.	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 COR	PH	Telekom Malaysia (TM) Bhd	PH	\$100.2	DIV	N.A.	N.A.	10.4x
3-Mar-08	The Korea Express Co Ltd	SK	Asiana Airlines Inc Daewoo Engineering and Construction Co Kumho Asiana Group	SK	\$4,357.0	60% ACQ	111.0x	6.0x	91.8x
20-Feb-08	ALLCARGO GLOBAL LOGISTICS LT	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 LIMITED	AU	\$315.0	100% ACQ	18.0x	0.5x	39.3x

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.

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