

ASIAN TRANSPORT & LOGISTICS NEWSLETTER

SEPTEMBER 2009, ISSUE 60

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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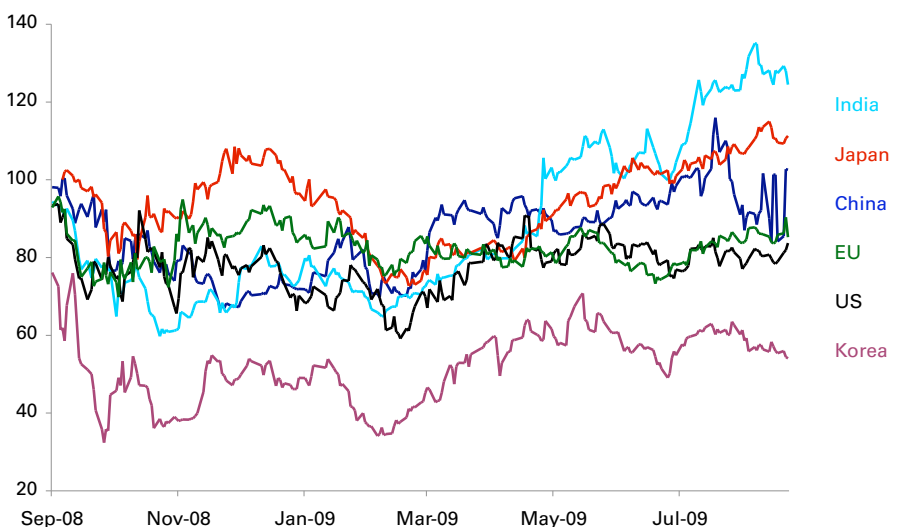
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Australia

Macquarie Airports, a listed Australian airport owner and operator, has agreed to acquire **Macquarie Airports Management Ltd** (“MAML”), an Australian airport management firm, from **Macquarie Group Ltd**, a listed Australian financial services group, in an equity deal estimated at US\$280m. *July 24, 2009*

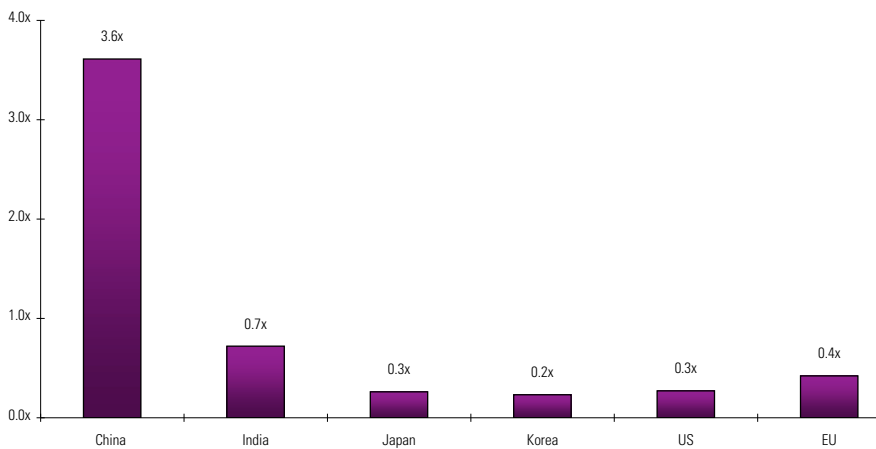
Toll Holdings Ltd, a listed Australian transportation and logistics solutions provider, is expected to continue making acquisitions with up to US\$1bn available to fund transactions. . Despite selling its small stake in **Brambles**, the transport and logistics company indicated it could be interested in pallet businesses in the US or Asia. Analysts speculated that targets could include Brambles’ US-

Logistics Stock Indices for Selected Countries (12 months ending in 17Sep09)



Source: ThomsonOne, BDA

Logistics P/R Multiples for Selected Countries (16Sep09)



Source: ThomsonOne, BDA

based rival **iGPS** or private equity-owned **Loscam**. The latter is the nearest rival to Brambles in the Asia-Pacific region. [August 28, 2009](#)

Toll Holdings Ltd will form an 85:15 JV with **CMA CGM**, a French container shipping group that acquired the **Australian National Lines** from the Australian government in 1989. The JV, **Toll ANL Bass Strait Shipping**, will increase Toll Holding's share of Bass Strait freight traffic. Toll Holdings has executed 57 mergers and acquisitions in the Asia-Pacific region, mostly of land-based transport and logistics businesses. [August 13, 2009](#)

Toll Holdings Ltd has agreed to acquire **Perkins Group Holding Pty Ltd**, an Australian holding company of **Perkins Shipping Group**, an Australian provider of shipping, transport and logistics

services, from **Investec Wentworth Private Equity**, an Australian private equity firm and the **Perkins Family**, an Australian family, for an undisclosed amount. [June 16, 2009](#)

China

Airbus, the European aircraft manufacturer, is planning to set up a new logistics center most likely in Tianjin, China, to coordinate its growing operations in the country. Airbus has also begun construction of a plant in Harbin, northern China, to manufacture major components for the **A350 XWB**, scheduled to open in late 2010. Airbus will own 20% and Harbin Aircraft Industry Group will own 50% of the plant. Hafei Aviation Industry, a Chinese aerospace products company, **Avichina Industry & Technology**, a

Hong Kong based aviation products manufacturer and **Harbin Development Zone Heli Infrastructure Development** will hold 10% each. [September 22, 2009](#)

Air China Ltd, China's flagship airline, and **Cathay Pacific Airways Ltd**, Hong Kong's largest airline, plan to form a cargo JV in Shanghai. The JV, following Air China's decision to acquire a further 12.5% stake in the Hong Kong-based airline for US\$810m, would help the two airlines better compete with **China Eastern Airlines Ltd** in Shanghai, the country's financial hub. The JV would handle exports from Shanghai through Hong Kong, enhancing the airlines' air cargo business in South China. The terms of the JV were not disclosed. [August 28, 2009](#)

Beijing Zhongrui Investment Group Co, a Chinese investment company, has won the auction to acquire 40% of **Jiangsu Taicang Hufuhuang Road Co**, a Chinese highway owner and operator, from **Fujian Mindong Electric Power Co**, a listed Chinese company engaged in hydro power generation, for US\$12m, which values the company at US\$30m. [June 2, 2009](#)

CEVA, a leading global supply chain management company, announced a major re-branding project, which sees its China premier time definite domestic road transport services renamed and launched as **CEVA Ground China**. This rebrand will unite multiple domestic services including **Line Haul Solution**, **Pick Up** and **Delivery and Cross Border**, under the one name of **CEVA Ground**

China. This move allows CEVA Ground China's 600 employees to provide domestic services under one brand.

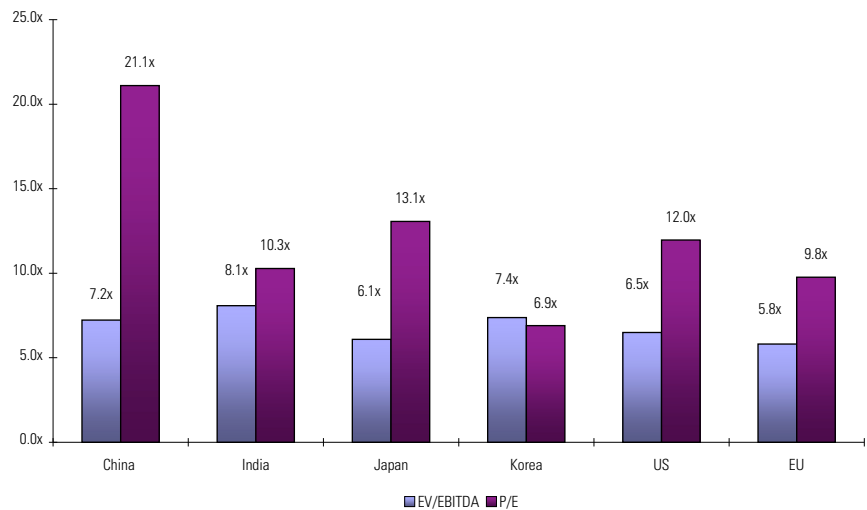
September 4, 2009

China COSCO Holdings, the country's largest shipping group, said it will buy the remaining 49% stake in unit **COSCO Logistics**, for \$293 million, from another indirect unit, **CP Logistics Co Ltd**, making it into a wholly owned subsidiary. "The transaction allows the group to concentrate its resources on the development of its terminal business." said CP Logistics parent COSCO Pacific Ltd. *August 28, 2009*

China COSCO Holdings announced it would sell its 100% equity interest in **Shanghai Ocean Shipping Co Ltd**, a Chinese shipping company, to another wholly-owned unit **COSCON**, one of the world's leading container shipping service providers, for US\$41m. The transfer of Shanghai Ocean Shipping, a seamen and shipping management service provider, is expected to improve the overall competitiveness of COSCON. *August 28, 2009*

China Eastern Airlines Corp, a Chinese listed airline group, has agreed to merge with **Shanghai Airlines Co**, its smaller domestic counterpart. The transaction will be conducted via a share absorption merger at a rate of 1.3 China Eastern Airlines shares per Shanghai Airlines share. The transaction will allow China Eastern to better weather the downturn in the global aviation industry, and will solidify Shanghai as a major international transportation hub.

Logistics Trading Multiples for Selected Countries (16Sep09)



Source: ThomsonOne, BDA

Previously, proposals for a strategic alliance with Singapore Airlines and Air China were both rejected. *July 13, 2009*

Shanghai Qiangsheng Holdings Co, a listed Chinese vehicle leasing firm, will acquire **Shanghai Xinhuaihai Automobile Service Co**, a Chinese chartered passenger transportation, auto leasing, and taxi service company, US\$20m from **Chen Wenbin** and **Liu Qingsheng**, shareholders of the target company. The transaction will enable Qiangsheng Holdings to further expand its urban passenger transportation business. *September 10, 2009*

Shanghai Yujie Industry Co, a Chinese aviation material wholesaler, has agreed to acquire a minimum 85% stake in **East Star Airlines Co**, a Chinese airline carrier, for US\$73m. *June 22, 2009*

Shenzhen Expressway Co, a Chinese company involved in the construction and operation of toll roads, has agreed to acquire the remaining 45% of **Jihe Expressway** from **Intersafe Investments Ltd**, a subsidiary of **Road King Infrastructure Ltd**, for US\$156m. Jihe Expressway is a JV between Shenzhen Expressway and Intersafe. *June 1, 2009*

Sichuan Airport Group Co, a Chinese airport management company, has agreed to acquire **Panzhuhua Airport**, a Chinese airport, from the **Panzhuhua Provincial Government** for US\$13m. There are 11 airports in the Sichuan province, three of which are controlled by Sichuan Airport Group, including Chengdu Shuangliu Airport, Xichang Airport and Dazhou Airport. The acquisition will enable Sichuan Airport Group to expand its airline business. *July 16, 2009*

Hong Kong

CITIC Pacific Ltd, a Hong Kong-based conglomerate engaged in steel manufacturing, iron ore mining and property development, has agreed to divest its 14.5% stake in **Cathay Pacific Airways Ltd** to **Air China Ltd** and **Swire Pacific Ltd**. Air China Ltd will acquire 12.5% and Swire Pacific Ltd will acquire 2.0%. The transaction is valued at US\$948m. *August 17, 2009*

INDIA Fung Capital USA, the private equity arm of **Li & Fung Ltd**, the Hong Kong-based export trading firm, has agreed to acquire 26% of **Future Logistic Solutions Ltd**, an Indian logistics, transportation and warehousing services provider, from **Future Group**, an Indian conglomerate engaged in multiple consumer-focused businesses, for US\$30m. *July 20, 2009*

Louis Dreyfus Armateurs, a French shipping firm, has acquired 49% of **ABG LDA Bulk Handling Business**, a subsidiary of **ABG Infralogistics Ltd**, a listed Indian infrastructure solution provider, in a deal valued at US\$19m. ABG Bulk Handling Pvt Ltd will be renamed **ABG LDA Bulk Handling Pvt Ltd**. *July 23, 2009*

Oil and Natural Gas Corporation Ltd (“ONGC”) and the **Shipping Corporation of India Ltd** (“SCIL”) plan to renew their vessel-related operations JV. ONGC and SCIL formed the JV, **Offshore Marine Services Ltd** (“OMSL”), in 2006. However, the JV did not take off as another JV partner, **PSA Marine** of Singapore, withdrew from the venture in 2006. OMSL would acquire, repair and maintain offshore floating units and

provide solutions in vessel operations for ONGC and other gas and oil companies. OMSL would also undertake repair and construction of vessels on long-term arrangement with shipyards on preferential terms. *June 15, 2009*

SMRT Hong Kong Ltd, a Hong Kong-based holding company and a subsidiary of **SMRT Corp**, a listed Singaporean public transport operator, has agreed to acquire 49% of **Shenzhen Zona Transportation Group Co**, a Chinese transport operator, from **Shenzhen Zoto Investment Co**, a Chinese investment holding company, for US\$47m. The acquisition will enable SMRT to expand its transportation business in China. *July 16 2009*

STX Corp, a Korean holding company overseeing STX shipping and shipbuilding interests, has expressed interest in buying a controlling stake in trading and resources conglomerate **Hyundai Corp**. Hyundai Corp has received at least three bids this year, including one by **Hyundai Heavy Industries**, which failed to secure shareholdings when it made its attempt in May. STX Corp would have to pay at least US\$166m to take majority control of Hyundai Corp based on Hyundai Heavy Industries’ previous valuation of the company. *September 17, 2009*

Yongye Group, a Chinese real estate developer, plans to sell an 11% stake in its 12:88 JV with **Orient Overseas Container Line** (“OOCL”) along with the JV’s rights of credit, for US\$35m. Yongye holds 12% of the JV, which is principally engaged in property development in Shanghai.

OOCL is a wholly-owned subsidiary of **Orient Overseas (International) Ltd**. *June 12, 2009*

Yunnan State-owned Assets Supervision and Administrative Commission a Chinese state-owned agency, has acquired 32% of **Yunnan Lucky Air Co**, a Chinese airline company, for US\$44m. Lucky Air has ten airplanes and is planning to buy another 30 over the next three years. *June 2, 2009*

India

ABG Shipyard, an Indian private shipbuilding yard, is prepared to counter **Bharati Shipyard**’s increased offer for **Great Offshore**, an Indian integrated offshore oilfield services provider. Bharati Shipyard, an Indian seagoing, coastal, harbor and inland vessel builder, lifted its open offer price for Great Offshore after it bought an additional 3.01%, raising its holding to 22.48%. *September 17, 2009*

Japan

American Airlines’ parent **AMR Corp** is in talks with **Japan Airlines Corp** (“JAL”) to form a JV. AMR also would consider acquiring a minority stake in the Japanese company to seal the pact. **Delta**, the world’s largest airline by passenger traffic, is also in preliminary negotiations to form an alliance with and invest in JAL. *September 14, 2009*

Fukuyama Transporting Co, a listed Japanese shipping company, has acquired 54.3% of **Oji Transportation Co**, a Japanese logistics company, for US\$32m. Oji Transportation will become a wholly-owned subsidiary of Fukuyama. *August 5, 2009*

Japan Airlines Corp, Japan's flagship airline, is looking to partner with shipping firm **Nippon Yusen Kabushiki Kaisha** as part of the airline's plan to return to profitability with the help of restructuring. The two companies will begin talks to integrate their air cargo operations as demand for such services dwindles amid the economic slowdown. *August 21, 2009*

Japan Post Service Co, Japan's largest postal service, will pull out of an international air cargo JV with Japanese airlines, **All Nippon Airways**, by selling its 33.3% stake in the cargo carrier, **ANA & JP Express Co**, due to its poor performance attributable partly to the global recession. *August 8, 2009*

Nippon Yusen Kabushiki Kaisha ("NYKK"), a listed Japanese shipping and transportation company has agreed to acquire the remaining 31.5% of **Taiheiyo Kaiun Co**, a Japanese maritime transportation company, for an estimated US\$45m through a share exchange scheme. *July 27, 2009*

Overseas Courier Services Co, a Japanese overseas newspaper distributor, has agreed to acquire **All Express Corp**, a Japanese logistics company, for an undisclosed amount. **All Nippon Airways**

owns 34.5% of Overseas Courier Services and 54% of All Express Corp. *June 26, 2009*

ProLogis, a leading global provider of distribution facilities, announced it will develop a new, 616,000-square-foot (57,200-square-meter) distribution facility in Osaka, Japan, for **Senko Co Ltd**, an integrated distribution services company with a vast national network of office locations, vehicles and cargo ships. Construction of the facility, to be called **ProLogis Parc Maishima IV**, will commence in September 2009 and is expected to be completed in the summer of 2010. Senko will operate the five-story distribution center as a new distribution hub in Osaka. *September 2, 2009*

Korea

DSEC Co, a Korean shipbuilding engineering company and an affiliate of **Daewoo Shipbuilding & Marine Engineering Co**, a listed Korean shipbuilding company, has acquired 80.2% of **BIDC Corp**, a Korean shipping and logistics company, for US\$10m. *July 13, 2009*

Hyundai Ubiquitous & Information Technology Co ("Hyundai UNI"), a Korean IT service provider of **Hyundai Group**, a Korean company engaged in elevator, marine, logistics, and securities services businesses, has acquired 20.59% of **Hyundai Logistics**, a Korean integrated logistics company, from **Resolution & Finance Corp**, a Korean company engaged

in acquiring and managing assets of distressed financial institutions, for US\$14m. *July 1, 2007*

Sunny Trends Co, a listed Korean provider of entertainment services, has agreed to acquire 51% of **Jinyang Shipping Co**, a Korean overseas shipping company, for an undisclosed amount. The transaction will enable Sunny Trends to expand its shipping business and to enhance growth and revenues. *July 7, 2009*

Qatar

Agility, the Kuwait-based provider of logistics services, has been awarded a four-year contract to provide local and global forwarding, transportation and customs clearance services for **RasGas**, the largest liquefied natural gas company in Qatar. "Qatar is crucially important to the growth of Agility in the region and this deal represents an important milestone in our company's six-year history locally," said Elias Monem, chief executive of Agility in the Middle East and North Africa. "During this time we have invested substantial sums in Qatar to ensure that our global reach and local capabilities match to deliver unparalleled standards of service for important clients such as RasGas." *September 8, 2009*

Singapore

Camillo Eitzen & Co, a bulk and gas shipping company, and fellow Norwegian gas shipping company **Solvang** have formed a JV, **Eitzen Solvang Ethylene**,

which will be based in Singapore. The JV will take over the two parent companies' 16 gas tankers, with an average capacity of 12,128 cubic metres. *August 3, 2009*

Thailand

Korea Express, a Korean logistics company, will acquire **Kumho Terminal** for US\$181m. from **Kumho Industrial**, a construction arm of **Kumho Asiana Group**. With this acquisition, Korea Express will expand its logistics network and its door-to-door delivery business. *September 17, 2009*

Asian Logistics Transactions with Multiples for Selected Countries (12 months ending in 16sep09)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Acquisition Type	EV / EBITDA	EV / Revenue	P/E
9-Sep-09	Hopewell Highway	Hong Kong	Hopewell Highway	Hong Kong	\$181.9	-	10.5x	5.4x	13.3x
17-Aug-09	Cathay Pacific Airways Ltd	Hong Kong	Investor Group	China	\$948.2	-	-	0.9x	nm
12-Aug-09	AirAsia Bhd	Malaysia	Genesis Smaller Cos SICAV	Luxembourg	\$51.6	5.4%	13.4x	3.5x	nm
13-Jul-09	Shanghai Airlines Co Ltd	China	China Eastern Airlines Corp	China	\$1,096.8	-	-	2.0x	nm
28-May-09	Taiheiyō Kaiun Co Ltd	Japan	Nippon Yusen Kabushiki Kaisha	Japan	\$78.6	59.2%	5.7x	0.8x	nm
25-May-09	Jihe Highway	China	Shenzhen Expressway	China	\$156.0	45.0%	8.0x	nm	9.7x
19-May-09	Japan Airport Terminal Co Ltd	Japan	Japan Airport Terminal Co Ltd	Japan	\$209.0	20.0%	5.5x	0.9x	25.2x
14-May-09	Singapore Airport Terminal Svc	Singapore	Shareholders	Singapore	\$933.1	-	7.7x	1.7x	11.5x
14-Apr-09	GZI Transport Ltd	Hong Kong	GZI Transport Ltd	Hong Kong	\$52.9	-	4.0x	2.8x	6.7x
3-Apr-09	Cathay Pacific Airways Ltd	Hong Kong	Cathay Pacific Airways Ltd	Hong Kong	\$413.7	-	-	0.7x	nm
30-Mar-09	Airport Railroad Co Ltd	Korea	Korea Railroad Corp	Korea	\$986.3	-	-	167.9x	nm
16-Mar-09	Tianjin Port Co Ltd	China	Grand Point Investment Ltd	Hong Kong	\$1,483.0	-	10.9x	2.0x	18.9x
26-Feb-09	Shanghai Airlines Co Ltd	China	Jinjiang Intl Hldg Co Ltd	China	\$146.5	-	-	1.1x	nm
18-Feb-09	Halim Mazmin Bhd	Malaysia	Tan Sr Halim Mohammed	Malaysia	\$20.0	39.0%	nm	0.8x	36.2x
13-Feb-09	i-Logistics Corp	Japan	Itochu	Japan	\$56.0	48.0%	nm	0.2x	7.5x
21-Jan-09	Shun Tak Holdings Ltd	Hong Kong	Shun Tak Holdings Ltd	Hong Kong	\$73.1	11.7%	27.9x	2.3x	47.9x
19-Jan-09	Seibu Transportation Co Ltd	Japan	Seino Holdings Co Ltd	Japan	\$159.9	90.0%	-	0.2x	1.1x
10-Oct-08	Alfresa Holdings Corporation	Japan	Mediceo Paltac Holdings Co Ltd	Japan	\$1,323.0	100.0%	4.4x	0.1x	13.5x
22-Sep-08	ABOITIZ TRANSPORT SYSTEM COR	Philippines	Telekom Malaysia (TM) Bhd	Philippines	\$100.2	DIV	nm	nm	10.4x

Source: ThomsonOne

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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