

Asian Investment Monitor January 2018

Overview

India

India's Prime Minister Narendra Modi has launched a charm offensive as he looks to strengthen the country's position across Southeast Asia and counter China's ever-growing diplomatic power in the region. Prime Minister Modi's stance saw him hosting 10 leaders from the Association of Southeast Asian Nations ("ASEAN") at India's Republic Day parade, one of the biggest diplomatic events of the year. India's Prime Minister is positioning himself and his country as one that will stand for law and order. This is seemingly in contrast to China's aggressive approach to territorial disputes over islands in the South China Sea - India has noted its willingness to stand alongside the likes of Vietnam and the Philippines in countering China's claims.

Malaysia

With the general election due to be held in May, there have been a number of political movements since the start of the year. Former Prime Minister Mahathir Mohamad (1981-2003) is spearheading the opposition's attempt to win the election against Prime Minister Najib Razak. Mohamad has come out of retirement to replace the country's former most popular opposition leader, Anwar Ibrahim, who is currently serving a prison sentence. With Prime Minister Razak embroiled in the corruption scandal involving the state fund, 1MDB, this may swing voters to opposition parties.

Deal Activity

There were 114 M&A/PE transactions (Source: Bloomberg) completed in January with a total deal value of USD10.5 Billion originating from the region, which represented a sharp decline from December 2017's figures of 372 transactions with a total closed deal value of USD90.3 Billion. Notable transactions completed in January include:

- Oil & Natural Gas Corp Ltd (India) acquired 51.1% of Hindustan Petroleum Corp Ltd for USD5.8 Billion.
- China Biologic Products Holdings Inc acquired 80.0% of PW Medtech Group Ltd (Hong Kong) for USD517.6MM.

Focus Industry: Ride-Hailing Applications

Grab, the largest ride-hailing app in Southeast Asia, has stated its intention to roll out autonomous taxis before 2022 in Singapore. Grab has partnered with Toyota, Honda and Hyundai to design cars best suited for ride-hailing operations. Whilst Uber may be retreating from the Southeast Asian region, Grab is expanding heavily from the 8 countries in which it already operates in. This will be done by initially branching out to Brunei and Laos as it attempts to enter 70 new cities by the end of 2018.

Didi Chuxing ("Didi"), the ride-hailing app who purchased Uber's China unit, has expanded internationally through acquiring 99, Brazil's largest ride-hailing app. While Didi's core business market is in China, this has not stopped the company from backing similar services abroad. In Europe and Africa Didi has backed Taxify, Uber's domestic rival Lyft, Ola in India and Careem in the the Middle East. Didi Founder and CEO Cheng Wei has said that globalisation is a top strategic priority for the Company and this is clearly evident from the investments made to date.

Google has made an entrance in Asia's booming ride-hailing scene through investing in Go-Jek, an Indonesian based company. Its competitor Grab has received an investment from SoftBank whereas Go-Jek has also received financing from Chinese technology giants Tencent and JD.com.

Completion Date	Target	Target Country	Investor	Investor Country	Transaction Value (USD Bn)	Target Valuation (USD Bn)
21 st of December 2017	Didi Chuxing	China	Various (Mubadala Capital, SoftBank)	Various	4.0	56.0
28 th of December 2017	Uber	USA	SoftBank	Japan	8.0	48.0
11 th of January 2018	Grab	Singapore	Hyundai	South Korea	Undisclosed	-

Investment Manager Commentary

- China's response to stop India's attempt to assert herself as the dominate player in the region will be important for all market observers. If India is able to obtain the support of fellow ASEAN members, it may cause China to reassess its communication approach with the global community.
- As the general election season approaches in Malaysia, there is uncertainty over how the country will vote. We believe that Prime Minister Razak will increase government spending in certain key constituencies in an attempt to win votes.
- Didi has pressed ahead with its globalisation plan through strategic acquisitions and investments, however, it is yet to be seen how Uber will respond given the internal issues it is currently facing. Furthermore, Lyft also has global ambitions which are yet to be fully expressed.

Disclaimer: This material is prepared by Adamas Finance Asia Limited/Harmony Capital and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. This material is intended for information purposes only and does not constitute investment advice or an offer or solicitation to purchase or sell any securities, Adamas Finance Asia shares or any investment strategy pursued by Adamas Finance Asia nor shall any securities be offered or sold to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction.

Contact Details: Adamas Finance Asia Limited, 811-817, 8/F, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong Email: info@adamasfinance.com