

ASIAN TRANSPORT AND LOGISTICS NEWSLETTER

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A Quarterly newsletter of developments in the transport and logistics markets

Welcome to the Asian 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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CONTENTS

AUSTRALIA.....	1
CHINA.....	1
HONG KONG.....	2
INDIA.....	2
INDONESIA.....	3
JAPAN.....	3
KOREA.....	3
MALAYSIA.....	4
SINGAPORE.....	4
UNITED ARAB EMIRATES...	4
VIETNAM.....	4

Australia

Canada Pension Plan Investment Board (“CPPIB”) acquired 10% of Australia’s **Transurban Group**, the toll road developer and manager that owns two major motorways in Melbourne and Sydney, for US\$635m. The money will be used to develop new road portfolios. CPPIB partnered with Transurban and **Goldman Sachs Group Inc** in their unsuccessful bid for the Pennsylvania turnpike toll road this year. *June 19, 2008*

DHL Express and **New Zealand Post Ltd** will form a A\$200m (US\$161m) 50:50 courier business JV in Australia under the name **Express Couriers Australia Pty Ltd**. *June 30, 2008*

Toll Holdings Ltd, an Australian transportation and logistics solutions provider, has acquired **Gluck Forwarding Systems Pty Ltd**, a provider of forwarding and warehousing services, for US\$31m. *June 10, 2008*

Toll Transport Pty Ltd, a subsidiary of **Toll Holdings Ltd**, has acquired **Extra Transport Group Pty Ltd**, a provider of transportation and logistics services, from Peter Ferrari for US\$43m. *July 9, 2008*

China

Agility Logistics, the Kuwait logistics firm, has agreed to acquire **Cosa Freight**, an ocean freight forwarder with six offices across China as well as locations

in Canada, Hong Kong and the US, for an undisclosed consideration, in an attempt to expand its network in the country. *June 4, 2008*

Air France-KLM and **China Southern Airlines** have signed a framework agreement to create a cargo JV. The two carriers are planning to operate 93 flights a week from Spring of 2010, from Guangzhou, Shanghai and Tianjin. The JV will be completed by the end of 2008. *June 2, 2008*

Fraport AG, the operator of Frankfurt Airport in Germany, launched a JV with China’s **Xi’an Internation Airport Co** to build a new company that will operate Xi’an Xianyang International Airport. Fraport AG will focus on establishing more international air routes, as well

as developing retail and real estate businesses at the airport. Fraport AG will own 24% of the JV. The transaction amount was not disclosed. *September 17, 2008*

ProLogis Inc, one of the world's largest industrial distribution property developers, and **Guangzhou Nansha International Logistics Co** will set up a JV engaged in the development of the **Guangzhou Nansha International Logistics Park**. The development will be supported by the Guangzhou Municipal Government. *July 21, 2008*

Rizhao Port Co, a Chinese bulk cargo warehousing and shipping company, has acquired 64% of **Lanshan Wansheng**, an iron ore transportation company for an undisclosed amount. Lanshan Wansheng reported net profit of US\$11m in 2007. *July 14, 2008*

Sinotrans Group, China's largest logistics service provider, and **China Yangtze Transportation Group**, the country's largest river transport firm, have agreed to a merger which will create the second-largest shipping and logistics firm by assets in China after **Cosco Group**. *July 22, 2008*

Sinotrans Group has signed an agreement to operate a JV logistics company in Saudi Arabia in partnership with the local **Almajdouie Group**. Established in 1965, Almajdouie Group is engaged in supply chain management and third party logistics services. The joint company, **Almajdouie Sinotrans Middle East**, will operate in the

areas of customs clearance, heavy oversized cargo handling and inland transportation services. *July 2, 2008*

Tianjin Port Co, a Chinese port operator, has entered into an agreement with **CMA CGM Group**, a container operator and Hong Kong's **Asia International Shipping** to build and operate a container terminal in the port of Tianjin. The JV, with a 50-year operating period, will be jointly invested by Tianjin Port (60%), CMA CGM (20%) and Asia International Shipping (20%) and will be operational in 2011. The total registered capital is US\$220m. *August 25, 2008*

VOTG Tanktainer, the tank container logistics unit of **VTG Aktiengesellschaft**, has signed an agreement with **Vopak North China**, a subsidiary of tank terminal operator **Royal Vopak**, to acquire Vopak's 50% stake in **Cosco-Vopak Logistics Co**, a chemical logistics services JV in China. *July 2, 2008*

Mainland China saw a high level of merger activity in the logistics industry from 2006 through Q1 2008 but with less involvement of foreign capital. In 2006, there were 15 mergers of over US\$50m, with a total transaction value of US\$9.4bn, in 2007 there were 20 deals worth US\$4.1bn and in Q1 2008 there were four deals worth US\$700m. Foreign capital participated in 40% of the mergers in 2006, 38% in 2007 and 33% in Q1 2008. Totally domestic mergers rose from 2% to 62% in 2007 and to 67% during Q1 2008. *May 27, 2008*

Hong Kong

Grand Power Logistics Group Inc is growing in the Chinese logistics sector and has announced two deals. The first agreement is an LOI with local government in Shanghai to acquire the land use rights for 100,000 m2 of development property at Shanghai Pudong International Airport to build and operate bonded and non-bonded warehouse and logistics facilities. The second agreement is an MOU with an undisclosed industrial property group to form a JV for the finance, construction and operation of the facilities. *August 18, 2008*

Temasek Holding Pte Ltd, a Singaporean firm, has agreed to pay US\$500m for 5% of **Li & Fung Ltd**. Li & Fung is an export trading firm that manages the supply chain for major brands and retailers. *September 7, 2008*

India

DP World Ltd, the global ports operator, has agreed to acquire a 25% stake in **Chennai Container Terminal Pvt Ltd**, a **Chettinad Logistics Pvt Ltd (Jakari Group)** company. The size of the transaction was not disclosed. *May 30, 2008*

Greatship Ltd, an offshore oilfield services provider and subsidiary of **GE Shipping Company Ltd**, has announced a new JV with Norway-based **DOF Subsea**

ASA, a supplier of subsea services. The newly formed venture will be known as **Greatship DOF Subsea Pvt Ltd**. The JV will focus on subsea project opportunities in the Indian subcontinent. The transaction amount was not disclosed. *September 8, 2008*

Great Offshore Ltd, an offshore oil service provider, has acquired two maritime services companies, **Rajamahendri Shipping & Oilfield Services Ltd** and **KEI-RSOS Maritime Ltd**, for US\$36.5m in a move to bolster its port management and offshore logistics. *September 2, 2008*

IDFC Private Equity Fund II, a venture fund of **Infrastructure Development Finance Corp**, has acquired 22% of Hyderabad-based **Seaways Shipping Ltd**, a leading Indian maritime operator, for US\$28m. *June 10, 2008*

Indian Railways, the state-owned Indian railway company, is in talks with companies such as **Siemens** and **Bombardier Inc** to form a JV to manufacture stainless steel railway wagons and coaches. India Railways plans to invest US\$430m per annum, and will retain a 26% stake in the JV. *September 16, 2008*

Khaleeji Commercial Bank has launched **Global Logistix Navi Mumbai Investment Co** with a target capital of US\$430m. The fund will aid in the development of India's first integrated logistics city project on a 400 acre site in Navi Mumbai, Maharashtra. *July 16, 2008*

Shipping Corp of India ("SCI") is hoping to revive its recently proposed JV with **Oil and Natural Gas Corp ("ONGC")**. In March 2006, SCI and ONGC signed a float document with **PSA Marine** that would provide repair services to each of the firms' vessels. The one year float document expired and PSA Marine withdrew from the original JV agreement. SCI is in search of a third JV partner, offering the new partner a 21% shared equity in the firm. The transaction amount was not disclosed. *September 1, 2008*

Steel Authority of India ("SAIL") signed an MOU with **Shipping Corp of India** to promote a JV that will provide various shipping-related services to SAIL to import coking coal. The JV may also participate in the world-wide dry bulk shipping trade. *July 1, 2008*

Private equity and venture capital investors are preparing funds in excess of US\$2bn to invest in India's maritime infrastructure and logistics, as the country strengthens cargo handling facilities to meet rising trade. 95% of India's external trade by volume and 70% by value is transported by sea. *June 27, 2008*

Indonesia

Indonesian coal-mining company **PT Tambang Batbara Bukit Asam ("PTBA")** and railway company **PT Kereta Api**, both state-owned, plan to establish a JV that will handle the construction of

a US\$720m railway project in South Sumatra. PTBA will own 30% stake while the rest will be owned by PT Kereta Api. The transaction amount has not yet been disclosed. *September 18, 2008*

Japan

Japan Post Holdings Co and **Nippon Express Co** will own 66% and 34%, respectively, of a new parcel delivery JV. The current 50:50 JV, **JP Express Co**, was set up in Tokyo in June 2008 to prepare for the integration of the two companies' parcel delivery operations on 1 April 2009. The JV will also launch a new brand to replace Japan Post's *Yu-Pack* and Nippon Express' *Pelican* brands. *August 28, 2008*

Vopak NV, the Dutch tank terminal company servicing the chemical and oil industries, will acquire two terminals in Japan through **Nippon Vopak**, its JV with **Nippon Express Co** and **Nagase & Co** in which it has 40% ownership. Nippon Vopak will acquire 100% of both the Nagoya and Moji Tank terminals which are involved in the importation of chemical and oil products by container vessels as well as storage and loading for outgoing ships. *August 1, 2008*

Korea

United Parcel Service ("UPS") has agreed to purchase the remaining of shares of **UPS Korea Express**, its JV with

The Korea Express Co. The shares were bought for an undisclosed amount.

June 18, 2008

Malaysia

MMC Corporation Bhd (“MMC”) will acquire the entire stake in **Senai Airport Terminal Services Sdn Bhd (“SATS”)** and make a voluntary general offer for **Aliran Ihsan Resources Bhd (“AIR”)** to accelerate the group’s international expansion drive in the logistics and utilities businesses. MMC will acquire SATS for US\$577m in an all-share deal and AIR for US\$71m in cash. *August 4, 2008*

Singapore

Redmount Holdings of Indonesia, a special purpose vehicle owned by Mr. Utaryo Suwanto, Mr. Eka Sinto Kasih Tija, Mr. Rudy Lim and **Precious Treasure Global Inc.**, has acquired **RichLand Group Ltd.**, a Singaporean logistics services company, from **Broyland Capital Private Ltd** for US\$31m. *May 30, 2008*

United Arab Emirates

Arcapita Bank of Bahrain has acquired **Compagnie Europeenne de Prestations Logistiques**, a French logistics company, for a cash consideration of US\$735m from **Sagard Private Equity**

Partners. The transaction is an MBO backed by the Bahraini bank. *August*

18, 2008

Arcapita Bank acquired UK-based road, rail and bulk service provider, **Freightliner Group Ltd.** for US\$364m. Arcapita acquired the business from **Electra Partners LLP, 3i Group Plc,** and Freightliner management. *June 13, 2008*

DP World Ltd., the global ports operator, has acquired 60% of Spanish **Contarsa Sociedad de Estiba SA** for an undisclosed amount, continuing DP World’s global expansion. Contarsa Sociedad de Estiba is a marine cargo handling company. *June 17, 2008*

Etizen Maritime Services ASA, a Norwegian ship manager and service provider, acquired **Seven Seas Shipchangers**, the Dubai-based maritime maintenance, repairs and operations provider, for US\$115m. *May 9, 2008*

Kingdom Holding Co., the Saudi investment company, agreed to purchase **Abraaj Capital Holdings Ltd’s** stake in an executive air transport service, **National Air Services Ltd.** Kingdom Holding paid US\$311.1m to increase its stake from 7% to 37%. *June 17, 2008*

Sharjah’s Gulftainer Co announced a JV with Turkey’s **Demas International.** The new company will focus on transport and logistics combining Demas’ Turkish expertise in logistics, trucking and warehousing with Gulftainer’s

terminal, port, transport operations and longstanding links with various shipping lines. *July 21, 2008*

Topaz Energy & Marine Ltd., an Emirati oil and gas services company, acquired **Doha Marine Services**, a Qatari marine company, for US\$124m. *May 3, 2008*

Vietnam

China Merchant Holdings, the largest container terminal operator by volume in Shenzhen, has formed a US\$60m 49:51 JV with **Vietnam National Shipping Lines Corp.** The new venture will construct the Ben Dinh Sao Mai Deep Seaport in Vietnam. The new agreement is part of a larger development agreement signed in April 2007 between China Merchant and Vietnamese authorities, involving cooperation in areas including shipbuilding and road infrastructure developments. China Merchant intends to make other investments in Vietnam. *September 9, 2008*

Sankyu Inc., the Japanese transportation firm, has opened a new logistics center through its subsidiary **Sankyu Logistics Vietnam**, in Haiduong Province in northern Vietnam. The center, **Sankyu Logistics Vietnam Freight Center**, is located in the Tan Truong Industrial Zone between Hanoi and Haiphong and has total floor space of 13,000 sq. ft. *September 8, 2008*

Vietnam National Shipping Lines (“Vinalines”) and the **China Merchants**

Group Ltd established a JV to operate a container port which will cover an area of 166 acres and will be built in Ba Ria-Vung Tau, at a cost of US\$300m. The JV partners plan to start construction in 2009 and finish in 2011. *September 16, 2008*

To submit stories to future editions of this newsletter, please contact Paul DiGiacomo in Hong Kong on (852) 2537-9565 or email pdigiacomobdallc.com.

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