

# ASIAN TRANSPORT AND LOGISTICS NEWSLETTER

JUNE 2008, ISSUE 55

A Quarterly newsletter of developments in the transportation 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](mailto: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

**FreightLink**, the Australian rail group has confirmed it is up for sale. The company is valued at US\$1.1bn with possible suitors including **Asciano, Babcock & Brown, Hasting Funds Management, Macquarie** and **Queensland Rail**. *May 20, 2008*

**Qantas Freight Enterprises** has announced the purchase for an undisclosed sum of national trucking business **Jets Transports Express**. The move will allow Qantas to improve its capabilities and service for its air freight and cargo handling customers. *April 4, 2008*

**Toll Holdings**, a provider of integrated transport and logistics services, has agreed to purchase **United Carrier’s** trucking company for

an undisclosed sum. The acquisition will allow Toll Holdings to further its inter-modal road and rail business as well as boost the company’s presence in New Zealand. *May 7, 2008*

**Toll Holdings** has sold its New Zealand rail and ferry operations to the New Zealand Crown. Toll will retain **Toll Tranzlink**, the company’s rail and road forwarding business, together with warehousing and contract logistics operations. Toll will receive NZ\$665m (US\$500m) plus a six-year, rent-free period on existing premises. *May 6, 2008*

**Toll Holdings** is in talks to buy **Gluck Forwarding**, one of Australia’s largest privately owned supply chain services companies. Gluck’s

services include general shipping and freight management services on all major international trade lanes to and from Australia and New Zealand. Major clients include **Nike, Quicksilver, Toyworld** and **Jeanswest**. Gluck’s revenues are thought to be in A\$100m (US\$96m). In 2006, Auckland private equity funds **Waterman** and **Direct Capital** paid A\$4.5m (US\$4m) for a 20% stake in Gluck. *May 30, 2008*

## China

**Agility**, a Kuwait-based logistics provider, has signed a conditional agreement to acquire **Cosa Freight**, an ocean freight forwarder with offices in China. The acquisition will

increase Agility's range of services in trading and manufacturing centers in China. *June 5, 2008*

**Baosteel Group Co** has agreed to set up a JV shipyard with state-owned **China Shipping (Group) Co** and **China State Shipbuilding Corp**. Baosteel did not specify the shareholding structure of the JV or provide financial details. The Guangzhou-based JV, which will focus on building large oil carriers and iron-ore carriers, has a designed annual shipbuilding capacity of 2.1m deadweight tons. *April 1, 2008*

**China Merchants Holding** plans to invest US\$587m in two expressways in Henan Province. The company's previous four investments were in toll roads: the Guihuang Highway, the Guiliu Expressway, the Luomei Highway, and the Yuyao Highway. The company is seeking to grow its toll road operations and is seeking acquisition opportunities. *May 26, 2008*

**China Southern Airlines** and **Air France-KLM Group** will establish a cargo JV by the end of this year. China Southern will control 75% of the cargo carrier's shares while Air France-KLM will hold the rest of the shares and name the chief executive officer. The new company, likely to be named **AE Cargo**, is expected to operate at least ten cargo planes in two years. *June 3, 2008*

**Dalian Port Co** has agreed to buy a 35% stake in **Dalian Portnet Co** for US\$5m, raising its stake to 71.4%. Dalian Portnet provides transportation logistics information, e-commerce and information system development services in mainland China. *April 1, 2008*

**Direct Logistics India Private Ltd** is seeking to acquire an undisclosed Chinese transport services firm engaged in cargo warehousing and distribution. Direct Logistics acquired **Shenzhen Dida Logistics Ltd** in 2007 and is now considering the acquisition of a supply chain management company in China, which will help it evolve from a freight forwarding firm to a total logistics solution provider. Direct Logistics expects to conclude its fundraising and acquisition in the next three months. *March 11, 2008*

**Guangdong Airport Management Corp (GAMC)** has agreed to set up a JV with **GE Commercial Aviation Services** to build and manage a new airport in Shantou, Guangdong. GAMC, which manages three other airports in Guangdong including Guangzhou Baiyun Airport, plans to invest RMB3.7bn (US\$538m) to expand the Shantou airport into a medium-sized airport. *June 18, 2008*

**Hyundai Heavy Industries (HHI)** will set up a shipping venture in China to transport steel plates to Korea. HHI will establish a JV named

**Grand China Hyundai Shipping Co** with **Grand China Shipping (HK) Co**. Investment in the 50:50 JV will total US\$2m. *June 10, 2008*

**Qantas Airways** has set up a cargo venture with **CDSR Development Group, Jiangxi Province Foreign Trade Asset Operation** and the **JXABP Import and Export Co**. The venture is looking to invest between US\$210m and \$280m in the next ten years in the Nancheng logistics hub. *May 26, 2008*

**Shanghai China Shipping International Container Storage and Transportation Co**, a unit of **China Shipping Container Lines**, has commenced construction of its logistics warehouse site. With an investment of US\$26m, the project covers 13.13 hectares and will be one of the largest multi-functional modern concentration and distribution centers for container and cargo. The project is expected to commence partial operation in May 2009. *May 30, 2008*

**Sinotrans**, China's largest logistics service provider, will merge with the nation's top inland river shipping company, **China Changjiang National Shipping Corp (CSC Group)**. The new company will overtake **China Shipping Group** to rank second in the domestic shipping market in terms of both total assets and revenue, and rank first in the domestic market in terms of oil tanker fleet. *May 14, 2008*

**UPS** is spending US\$180m to relocate its intra-Asian logistics hub from the Philippines at the former Clark Air Force Base to Shenzhen, China. UPS cites the growing manufacturing center north of Shenzhen and increased intra-Asian shipping activity as primary reasons for the move. The new 1m sq. ft. hub is expected open in 2010. *May 21, 2008*

## India

**DP World** of Dubai will buy out its partners the remaining 25% stake in **DP World Chennai**, which operates the private container terminal at Chennai port. The terminal operator will acquire a 20% stake from **Chettinad Logistics** and the remaining 5% from the **Behramjee Group** for an undisclosed amount. *May 28, 2008*

**DRS Group**, an Indian logistics company, and **Kotak Realty Fund** are planning to form a warehousing JV. Kotak Realty fund is seeking to make an investment of US\$50m which will represent a 75% stake in the planned JV. *April 28, 2008*

Danish transport and logistics group **DSV Group** has purchased the remaining 28% of the shares in its Indian subsidiary, **DSV Air & Sea Pvt Ltd**, for an undisclosed consideration. DSV Air & Sea in India has 86 employees at four domestic locations, and is expected to achieve revenues of DKK140m (US\$30m) in 2008. *June 3, 2008*

**Gammon India** has set up a logistics firm for its retail division through an investment of INR3bn (US\$70m). The logistics firm will commence operations in Q1 2009. Gammon India plans to invest in 10 to 12 locations and plans to become a 3PL player. Initially, Gammon will concentrate on setting up cold chains and warehouses. Gammon has already developed two multi-purpose berths at the Visakhapatnam Port and has also been chosen to develop the Offshore Container Terminal at Mumbai Port Trust. *April 2, 2008*

**IDFC PE-II** has acquired a 22% stake in **Seaways Shipping Ltd** for INR1.2bn (US\$28m). **Infrastructure Development Finance Corp (IDFC)** has US\$440m of assets under management. Seaways provides a range of shipping and logistics services and intends to use the funds to acquire more container ships. The company has set up a JV with **Rhenus AG** of Germany to provide warehousing and distribution services in Europe. IDFC is planning to set up its third fund worth US\$700m. *June 11, 2008*

**ProLogis**, the US-based owner, manager and developer of distribution facilities worldwide, has agreed to set up a 50:50 development JV with **K Raheja Corp**, a private family-owned Indian real estate developer. The JV will acquire land, develop properties and manage the assets. It will initially focus on the cities of Mumbai, Chennai, Delhi, Bengaluru, Kolkata and Pune. The JV

is expected to develop approximately 7.5m sq ft over the next three years for a total investment of US\$575m.

*April 9, 2008*

**Shreyas Shipping & Logistics** plans to acquire logistics firms in India and invest US\$30m-US\$40m for acquisitions and expansion. Shreyas is a coastal container shipping firm providing complete logistics solutions. The firm has already acquired a 51% stake in freight carrier **Haytrans** in India. *April 3, 2008*

**TVS Logistics Services (TVSL)**, a private Indian logistics company, has received PE funding from **Goldman Sachs**. TVSL has issued US\$25m in new shares to Goldman, which represents a minority holding of 10%-30% in TVSL. *April 12, 2008*

**UPS Jetair Express**, the Indian subsidiary of UPS, plans to acquire **Air Freight Ltd** of Mumbai, a logistics firm, for US\$70m. UPS Jetair intends to acquire the two loss making divisions of Air Freight, which includes **AFL Logistics**, the 3PL arm, and **AFL Wiz**, the express courier business. *May 9, 2008*

**Wilson Sandhu Logistics** core shareholders have acquired 15% equity from their JV partner **Geodis**, the fourth-largest logistics company in the world, for an undisclosed amount. Geodis inherited the stake in Wilson Sandhu when it acquired **TNT Forwarding**, the original investor in Wilson Sandhu, in 2006. Geodis already has a wholly-

owned subsidiary in India. Wilson Sandhu Logistics is engaged in freight forwarding, ship chartering, container leasing and movement of air and sea cargo. *March 29, 2008*

## Japan

**Japan Post** has acquired an 89% stake in Tokyo-based mail transportation company **Nittei**. Japan Post acquired Nittei through a tender offer of US\$244m. *March 19, 2008*

Tokyo-based forwarders/logistics companies **Nippon Express** and **Kintetsu World Express**, and Japanese airline **All Nippon Airways (ANA)**, have established a new JV to provide business-to-business international express delivery services in Asia. ANA will take a 36.38% share in the venture, called **All Express Corp**, with Nippon and Kintetsu each holding 30.38%. Forwarding companies **MOL Logistics** and **Yusen Air & Sea Service** will also each take a 1.43% share. The new venture will be capitalized at ¥210m (US\$2.1m). *April 4, 2008*

## Korea

**Glovis**, Korea's third-largest freight company and a logistics affiliate of **Hyundai Motor**, has agreed to acquire three automobile carriers from **Eukor Car Carriers Inc** for US\$100m. Glovis generates most of its sales from transactions with **Hyundai Motor** and **Kia Motors**. *March 25, 2008*

**Kumho Asiana Group** is considering acquiring a shipping company to boost its logistic business. Kumho Asiana bought **Korea Express**, the nation's largest overland transporter, for W4.1tn (US\$4.4bn) in March. The group seeks to add a maritime transporter, a capability it lacks, to help expand its overseas foothold especially in China and Vietnam. *April 9, 2008*

**ProLogis Korea Property Fund**, a leading owner, manager and developer of distribution facilities, has acquired 889,000 sq. ft. of industrial warehouse space for US\$86m. The acquisition includes facilities in Cheonan City, Incheon City and Milyang City, and takes the company's portfolio of 14 distribution facilities in Korea to 4m sq. ft. *May 9, 2008*

**Renault Samsung Motors**, the Korean unit of French carmaker **Renault**, has started building a new Korean logistics center. The firm will invest US\$40m in the center at Hamyang, 330km Southeast of Seoul, and the center will be completed in 2012. *April 21, 2008*

**STX Pan Ocean** is considering purchasing the 50.4% share in **Daewoo Shipbuilding and Marine Engineering**, worth W4.6trn (US\$4.5bn), that creditors **Korea Development Bank** and **Korea Asset Management** will seek to sell in Q4 2008. The move would achieve the company's long-held ambition to

become the world's third largest shipbuilder, a position currently held by Daewoo Shipbuilding. *June 19, 2008*

**UPS** has bought out the 40% stake it did not hold in its JV with **Korea Express**, the country's top logistics company, for an undisclosed sum. Korea Express, which was recently acquired by transportation conglomerate **Kumho-Asiana Group**, launched the JV, UPS-Korea Express, in 1996. *June 18, 2008*

**Yamato Logistics**, Japan's largest logistics company, plans to spend US\$96m over the next five years to advance into Korea's logistics market. Yamato will set up a JV with **Dongbu Express Co**, a local logistics firm, and hold a 20% stake to participate in management. Yamato is considering using the Korean logistics market to expand its presence in China. *May 12, 2008*

## Philippines

**Cosco**, the world's second-largest shipping firm, is seeking local partners for the components of its US\$5bn shipping and logistics hub in the Philippines. The company presented its proposal to build a shipping and logistics hub with Malacanang last year but the project has yet to take off. Cosco is now working out local partnerships for the shipping hub, shipbuilding, industrial estate and maritime school. *May 23, 2008*

**KGL Investment** of Kuwait has signed an agreement with Clark International Airport Corp to set up an air transportation logistics complex at a total cost of US\$1bn. Priority will be given to aviation and logistics-related businesses, including warehousing, distribution, transportation, light industrial, manufacturing, business offices and commercial and retail operations.

*April 9, 2008*

**SIA Engineering (SIAEC)**, a **Singapore Airlines (SIA)** subsidiary, has tied up with the Philippines' privately owned aviation group **Cebu Pacific Air** to establish an aircraft heavy maintenance facility at Clark International Airport. The listed SIAEC will hold a 65% stake in the new JV while Cebu Pacific will hold 35%. The initial investment capital for the construction of three hangars, purchase of tools and equipment, and working capital is estimated to be US\$81m. Through this venture, SIAEC is seeking to expand its global maintenance, repair and overhaul (MRO) outsourcing business that is being directed to Asia. *April 5, 2008*

## United Arab Emirates

**Agility** of Kuwait has acquired a 10.8% equity stake in **Industriplex Inc** of the US to form a strategic alliance. Based in Atlanta, Georgia, Industriplex provides integrated supply, installation and maintenance

solutions. Its customer base includes retail, food service, grocery and manufacturing players. In 2007, Industriplex generated sales of US\$94.4m. *March 27, 2008*

**Arcapita Bank**, a leading international investment firm headquartered in Bahrain, has acquired **Pinnacle Real Estate**, a developer and operator of logistics warehouses in Central and Eastern Europe. The transaction includes an existing portfolio of leased warehouses of 230,000 square meters, as well as a land bank of nearly 1.5m sq. m. for future development. The acquisition takes Arcapita's total European investment into the logistics sector to over US\$1.4bn, representing a total of 2m sq. m. of developed and developable warehouse space. *May 11, 2008*

**Arcapita** has acquired UK rail freight and intermodal service provider **Freightliner Group Ltd** from **3i, Electra Private Equity** and Freightliner management and staff. While financial terms were not disclosed, sources estimate the transaction to be £350m (US\$700m) including debt. Previously a unit of state-owned British Rail, London-based Freightliner is the country's largest container-train operator. *June 13, 2008*

**Barloworld Logistics**, the supply chain management subsidiary of

South African industrial multinational **Barloworld**, has acquired Dubai-based **Swift Group** for US\$70m. Privately-held Swift had over 600 employees in 46 offices in 20 countries, including the Middle East, Asia, India and Africa. *March 27, 2008*

**GAC**, a Dubai-based shipping and logistics group, has acquired UK-based **OBC** for an undisclosed sum. OBC will be rebranded as **GAC-OBC** while continuing to handle vessels in ports throughout the UK, the Netherlands and the US Gulf coast. OBC is strong in North Sea oil and gas which is a sector where GAC has long-term development interests. *March 31, 2008*

**Gulf Navigation Holding PJSC** of Dubai has entered into two 50:50 JVs with **Stolt-Nielsen SA (SNSA)**. The first JV, **Gulf Stolt Tankers**, will own three and operate six new 44,000 dwt coated chemical tankers. The ships will be traded in the **Stolt Tankers Joint Service (STJS)**, with technical ship management provided by a second JV, **Gulf Stolt Management JLT**. The financial terms of the JV were not disclosed. Gulf Navigation own and operate crude, clean petroleum product and chemical tankers. STJS is a global chemical-tanker operator for the shipment of specialty bulk-liquids worldwide. *June 18, 2008*

**ProLogis**, a US-based developer of distribution facilities, and **Arcapita** have entered into a warehouse

development JV. ProLogis will acquire, develop and manage up to US\$1bn of logistics warehouse space in Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. *April 8, 2008*

**SDV International Logistics**, part of the Bollore Group in France, have agreed to set up a logistics solutions JV in Dubai with **Kanoo** and **Dnata Cargo**. The new company, **SDV-UAE LLC**, will be 49% owned by SDV

and 51% equally owned by Kanoo and Dnata. Financial terms of the transaction were not disclosed. *May 28, 2008*

be 51% held by Hyundai and plans to operate comprehensive logistics businesses such as shipping by land, sea and air. *March 26, 2008*

## Vietnam

**Hyundai Logistics** of Korea announced that it has agreed to set up a JV with Vietnam's state-run logistics firm **Vinatrans**. The JV will

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

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