




WUHAN SEMINAR

“Taking Transtar  
to China”

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CEO Asia

**Transtar International Freight Limited**  
Presentation 06 August 2011

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Hon Dr Craig Emerson MP (Minister of Trade), distinguished guests, ladies and gentlemen, it's really good to be here, talking to you today on a topic that I personally and Transtar as a company are passionate about, Australian trade with China.

In the next fifteen minutes, actually less now, I'll try and cover our experiences and the rationale behind establishing our business in China.

If anyone would like to know more, I'll be happy to chat after the presentation, or please come and introduce yourself after today's event or even at the dinner.

# Transtar – delivering sea and air supply chain solutions for over 25 years



Transtar is an international freight company with global capabilities and particular expertise in Asian markets. Founded in 1986, we now employ over 150 people, are one of Australia's largest privately owned forwarders and one of only two independent operators with our own offices and network in Asia.

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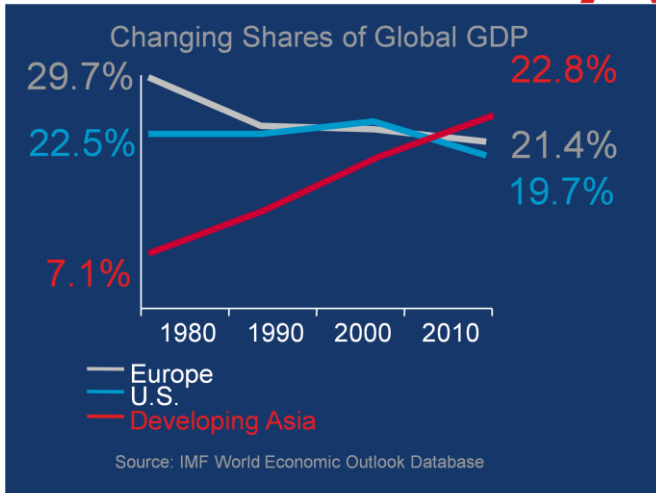
A little bit of history. Transtar is an independent, 100% Australian owned and operated international freight company. We've been operating in the Asia space since 1986, for the first 20 years through third party agents. This was the way the industry worked then, and the majority of the industry still works now.

In my introduction I said that I was passionate about trade with Asia and so was Transtar. You may think it odd, or even unusual that a company could be passionate about containers, but we are.

It's only one of our strengths as a company – and it's helped us in Asia; we are group of people with a shared commitment to achieving results through hard work and showing respect to the people we work with.

The future is...

# Asia!



Three years ago we were quite comfortably sailing along (pardon the pun). We were profitable, we offered pretty good service outcomes to our customers, but basically in cruise mode. No better or worse than our competitors.

The stimulus to change came about early in 2008, pre Lehmann Brothers.

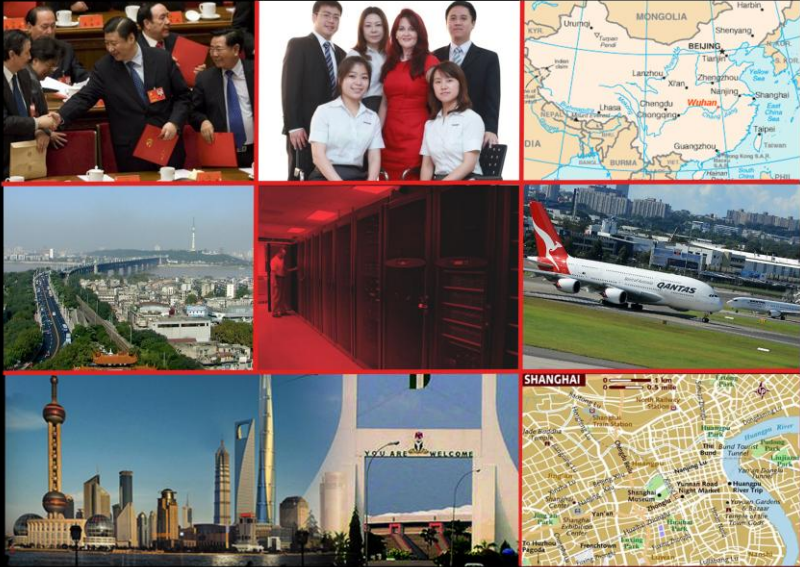
We were having serious issues in recruiting basic clerical staff in Melbourne, both in terms of finding people and being able to justify what we felt were appropriate salaries; quite simply we needed a lower cost option.

Opening an Asian branch office / data centre seemed to be the logical thing to do. We considered a few countries and finally chose China, for several reasons.

One was the growing trade volumes and market opportunities – I'm sure you're all aware of these or you wouldn't be here today.

Having a presence we felt was giving us a point of difference and adding credibility.

# Building business relationships




Another reason was the ease of doing business. Compared to some other countries in the region, the Chinese Government and the way the systems operate are easy to work with. The Chinese welcome business partners, they work hard and are keen to see results.

The third reason was pretty much good fortune, although we didn't think so at the time. One of our accounting people from Transtar in Melbourne relocated back to her hometown of Wuhan (I probably shouldn't be spreading the word but let me tell you all, I have had some amazing discoveries join me and they all claim Wuhan as their hometown. I may just do some recruiting whilst I am here!). So in early 2008 I made contact with my former Melbourne colleague and spoke to her about my desire to open a data entry office in China, could I convince her to join me as my Chief Representative and could she revert her city preferences.

I took the tactic that to please her would ultimately, please me. We considered all options carefully based on a number of key points including IT connection, staff stability and also direct flight access should I or my Australian IT support team be urgently required to visit from Melbourne. And so Transtar Shanghai Representative Office was born in 2008.



Integrated IT platform offers  
seamless end-to-end visibility  
See the benefits  
in real time



Independently-owned  
and globally connected  
Our people, where you  
need them

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Our experience in securing a Representative Office in Shanghai was a relatively painless 12 weeks process. By being a Representative Office or also known as R/O, we were not authorised to generate sales, raise invoices/fapios, quote customers or bank monies.

We were aware of the operating restrictions imposed on us in China operating as an R/O. This wasn't an issue for us as it was established purely as back office function and it served us well, very well. It was almost a case of dipping our little toe into the large China waters.

Naturally, there was little pushback from our Australian based staff; the whole concept of the Data Centre was after all to remove non value adding clerical activity and upskill our existing Australian workforce. **Win / Win.**

# Shanghai – our footprint into China



Around November 2009 with some experience of being in China under our belt, we made the strategic decision to extend our operations network to include the key trade lane of China and Hong Kong in 2009.

This decision was the MAJOR turning point of our developing differentiation strategy as we knew that only one other privately owned Australian competitor had a full blown operation in China. In order to survive and thrive, we felt certain about the need to develop a service offering that was manifestly different and that was, and remains, the key today as I stand here before you.

As part of this process, the Board felt strongly that we locate a Transtar Director in the region. As such, I am based in Hong Kong and have been for several years now. We believe this is absolutely essential to providing a personal service and that which we promote. The bonus we discovered was that there is an instant credibility when local business partners acknowledge you have immersed yourself in China. There is respect.

In order to make headway into making our differentiation strategy a reality, which is essentially providing end-to-end solutions with our people and our platforms, we needed to apply for our WFOE (Wholly Foreign Owned Enterprise) license for our Shanghai office. This in turn made Shanghai Head Office for China, reporting back to Hong Kong as Regional Head Office.



# Investing for growth

To operate as a business in China requires creating a Wholly Foreign Owned Enterprise (WFOE), a licence ('A' Class) issued by the Chinese Govt.



The WFOE or 'A' Class Licence is the key certification that enables us to operate as a business as we know it in Australia; generate sales, cut invoices, issue quotes and so on.

Applying for the WFOE was a six month process from start to finish, covering off on 14 steps, ranging from translating our company name into Chinese (tread carefully here!) right through to the local authorities certifying the payment of RMB 5 million capital into the capital account in Shanghai.

We were advised to begin with that the process was going to take six months providing everything was done correctly and one thing I have learnt being based in Asia are the arts of diplomacy and patience, and in the case of our WFOE application, following the requirements to the letter.



## Established end-to-end Asia-Pacific capability

With regional head office in Hong Kong, China offices in Shanghai, Shenzhen and Ningbo, and operating as a fully licensed enterprise, Transtar offers a full range of supply chain solutions.

Once we gained our WFOE and we had stopped popping the champagne corks, we then applied for our Shenzhen licence. This was a further 12 months as being the minimum time frame that we could have an additional licence (yes one licence per site/province).

This came as a surprise frankly and a hurdle we hadn't factored into our expansion. We subsequently gained our Shenzhen licence in November 2010. Our investment in our 'A' Class Licence has allowed us to remove third parties from our business and to capture the revenue of our local station business, effectively internalising our own business. Shanghai is critical to us as not only is it the catchment for the cargoes moving along the Yangtze, and therefore our major load port, but even today it remains the site of our Data Centre for Australia and New Zealand.

All our other China stations such as Shenzhen, Ningbo and upcoming Qingdao are basically satellites of Shanghai.



# Sharing growth with our customers



**TRANSTAR**  
You're invited

**TO THE GRAND OPENING OF TRANSTAR'S NEW OFFICE IN SHANGHAI**

Australia's Consul-General in Shanghai, Mr Tom Connor will officially launch the opening.

**GRAND OPENING CELEBRATIONS**  
TUESDAY  
28 JUNE 2011  
3:00PM-5:00PM

**EVENT LOCATION**  
CHAR BAR & GRILL  
Level 30, 565 Zhong Shan Dong  
By Road Huangpu Area,  
Shanghai

**Rsvp:**  
We look forward to celebrating with you. Please reply by 14 June 2011 to Nancy Li at [nancy.li@trnstar.net](mailto:nancy.li@trnstar.net) or +86 21 6541 0201

A regular question put to me is - was all of this a difficult task?  
We at Transtar don't believe so.

The Chinese authorities were nothing but cordial and helpful and always met the timeline commitments that they made. In lots of ways, we found the experience quite helpful as it certainly meant that we needed to be committed to complete the task and we could factor very easily when follow-up was required.

This again reinforced that differentiation strategy I was speaking of earlier. The fact that we had to put up the money and dedicated time and energy to achieve our WFOE, clearly set us aside from our home-grown competition.

Now that we are two and half years down the track, we've seen changes in our core benefit as we now see ourselves as change agents. Our business, its marketing, our people, our service offering, our ability to provide real supply chain solutions, has profoundly realigned and repositioned us.

Established end-to-end  
Asia-Pacific capability  
Your connection  
to Australia



Every customer and  
every project is important  
The right solution for  
your business

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I am not telling you all anything new when I say that Asia is now the world's largest shipping market and it continues to grow at a frenetic pace.

At Transtar, our goal is to have an additional four offices in three countries within the next 6-9 months so we can really develop Intra-Asia markets; we really want a piece of the Asia growth story and not just hang on the fringes. We don't want to be a part time player.

Transport and logistics are actually secondary knowledge for Australian manufacturers exporting into China. Most imports are unpacked at port of entry and then handled by local distributors.

# Providing opportunities within our business



**Jessica Giuliano**  
AUSTRALIAN EXPORT  
MANAGER



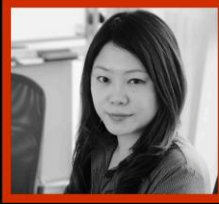
**Karen Douglas**  
QLD BRANCH  
MANAGER



**Florence Yuen**  
OPERATIONS MANAGER  
HONG KONG



**Lyan Zhong**  
BRANCH MANAGER  
SHENZHEN



**Nancy Li**  
OFFICE MANAGER  
SHANGHAI



**Kate Tracy**  
NEW ZEALAND  
BRANCH MANAGER

The main thing Australian companies need to know is how to do business in China. And here, we've found it boils down to three things.

Understand and respect the Chinese people, their culture and the way they prefer to do things. My style of business has changed dramatically since being posted here. All for the better I must add.

Point 2 would be, be prepared to work hard and deliver what you say you will, when you say you will deliver it. As I said, the Chinese want results, they work hard and expect the same from the people they deal with.

And the third thing? Attention to detail. Take time to do your research, understand the processes and know which i's to dot and t's to cross – or find yourself a partner who's already done the work.

Austrade has always been a fabulous support and resource for Transtar.

# Our people, where you need them



Which brings me to the final point I have been asked to speak about.  
**How can we help you?** Allow me to put my sales cap on here...

To us, our message is clear, by operating our own offices in Asia gives us the ability to act in our clients best interests, unconstrained by third party agents and conflicts within the supply chain.

We do more than move freight. We add value to your business through customised solutions, leading edge technology and a commitment to continual improvement.

From sophisticated, constantly evolving IT systems offering real time data access, to reducing CO2 emissions through actively seeking reduced transactions to a consignment, we are streamlining supply chains and redefining the expectations of Australia's exporters and importers.



“Our main focus is on the needs of our customers. Recognising opportunities to offer them a quality service is the foundation of our business.”



“At Transtar, we deliver what we say we will without compromise. Our performance is measured by the success of our customers.”

Our Australian export portfolio covers a large range of commodities such as grains, chemicals, iron ore, wine, foodstuffs to name just a few. Transtar is in a prime position and leading our competition with our import / export ratio which is appealing to the carriers.

Let's call it as it is, freight price is important no matter which way you look at it.

Our Commercial Documentation team is a quiet achiever. This allows AU exporters to allocate their staff costs to more value enhancing roles such as their commodity. For 15+ years we have been monitoring our documentation turnaround, knowing firsthand the delays in presenting to buyer or banks and quite blatantly, effects cashflow! **Simple.**



A track record of achieving  
savings and efficiencies  
for our customers  
Promises delivered  
with integrity



Experience the  
Transtar difference  
Service you  
can feel®

This is complimented by our proven ability to pre-check and then negotiate the most complex of letters of credit with all international banks in Australia which in turn really leads us to be the ideal outsourcing alternative for Australian exporters. From Consulate and Embassy endorsements to complying with paperwork to generate Australian Quarantine formalities, we consider our staff to be a true representation of the Australian exporter and as such paramount that the service we deliver is second to none.



# Service driven. Service focused.



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We are the last link in your chain and take very seriously we are the last chance for you to make a positive impression to your buyer.

We believe that Transtar is completely in touch with our customers' needs because we deal with them face-to-face in both China and Australia, when and where it suits them.

Your business is vital to the success of our business, and as such, we live and breathe our company motto of "Service you can feel®."

Service driven. Service focused.  
Service you can feel<sup>®</sup>



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Thank you.