

28 Dec 2007

**Initiate Coverage**

Current S\$0.220  
 Target S\$0.315

<b>FUNDAMENTALS</b>
Good
<b>VALUATION</b>
Neutral

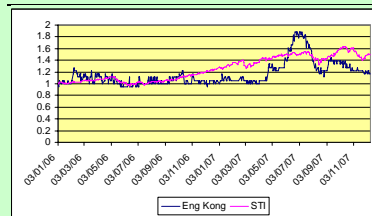
**MAIN ACTIVITIES**

Eng Kong Holdings is a leading logistics player providing integrated container services including container depot operation, warehousing and container freight station as well as container sales, agencies and survey.

**ISSUE STATISTICS**

No of shares: 238.769m  
 Market cap: S\$52.53m  
 Year Hi/Lo: S\$0.360/S\$0.175  
 Listing Bourse: SGX-Mainboard  
 Listing SESDAQ: 19 Mar 1997  
 Listing Mainboard: 4 Nov 1999

**SHARE PRICE v STI**



Source: SIAS Research

**ANALYST**

Koh Chin Lek  
[chinlek@siasresearch.com](mailto:chinlek@siasresearch.com)

**Eng Kong Holdings**

**BUY**

Eng Kong Holdings Limited is an established player in the region's logistics industry providing integrated container services such as storage, handling, transport, repair and maintenance of containers. The company also trades used containers, as well as surveys newly manufactured containers. The Group provides consistently high quality services to a global clientele including leading shipping lines, container leasing companies and renowned freight forwarding companies.

Based in Singapore, Eng Kong operates 21 container depots in Singapore, Malaysia, Thailand, Hong Kong SAR, China, Taiwan and Vietnam, with a total land area of over 450,000 sq m and supported by 450 staffs.

Although US economy growth is slowing down, regional ports in Asia such as Singapore, Hong Kong and China are expected to perform well from growing trade volume from other parts of the world. The container depot utilisation rates will contain to remain healthy in the region.

The expansion of its footprint and acquisition will continue to improve its financial results.

Based on our forecast EPS for FY08 of 2.1 cents and a P/E ratio of 15x, we arrive at the fair value of 31.5 cents. It represents a 43% upside potential at the price of 22 cents. We initiate coverage with a BUY recommendation.

**Financial Summary**

Year End Dec	FY06	2H06	FY07F	FY08F
Turnover (S\$m)	61.1	33.8	72.4	77.6
Gross Profit (S\$m)	15.9	8.5	18.0	19.1
Earnings (S\$m)	3.1	2.5	4.7	5.8
EPS (fully diluted - Scts)	1.5	1.0	1.8	2.1
EPS Growth (%)	235.8	-21.2	36.3	13.8
Current Ratio (x)	2.5	2.6	2.1	1.8
Net Debt / Equity (%)	Cash	Cash	Cash	Cash
Return on Equity (%)	7.2	5.4	10.2	11.5
Return on Asset (%)	4.5	3.2	5.8	6.5
PER (x)	14.7	22.0	12.2	10.6
Price to Book (x)	1.1	1.0	1.1	1.1

Source: Company, SIAS Research

Note: The company changed its financial year end from 30 June to 31 Dec in 2006.

**Refer to last page for important disclaimer**

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## COMPANY BACKGROUND

**Logistics  
player  
listed in  
1997**

Eng Kong Holdings Limited, an established logistics player in the region, provides integrated container services such as storage, handling, repair and maintenance, used containers trading, survey of new manufactured containers and transportation.

The company started as a warehouse and container services operator in 1978, and broadened its business by entering the container depot business service in 1981. It was listed on SGX-SESDAQ in March 1997, and upgraded to main board in November 1999. Today, Eng Kong has become a fully-integrated container service centre supporting the high growth logistics infrastructure industry in the region.

The Group provides consistently high quality services to a global clientele including some of the world's leading shipping lines, container leasing companies and renowned freight forwarding companies.

Based in Singapore, Eng Kong has operations in Singapore, Malaysia, Thailand, Hong Kong SAR, China, Taiwan and Vietnam, with a total land area of over 450,000 sq m and supported by over 450 staffs.

**Three  
business  
segments**

**Three business segments:** As a result of the evolution of its businesses, Eng Kong's business can be divided into three main segments:

- 1) Container Depot Operation
- 2) Container Sales, Agencies and Survey
- 3) Warehousing and Container Freight Station

**Container  
Depot**

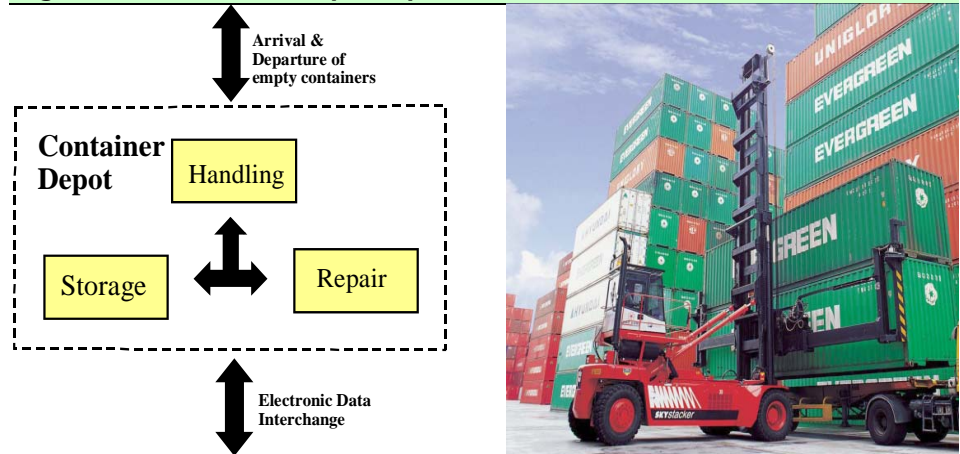
### **1. Container Depot Operation**

The largest segment contributed over 80% of total turnover in FY06, provides mainly storage and handling, repair and transportation services for empty containers. Eng Kong operates a total of 21 depots around the Asia Pacific region.

Some of the services provided are:

- Storage and handling of empty containers
- Repair and maintenance service for all makes of containers
- Container re-work and washing
- Provide all forms of up-to-date container statistic reports
- EDI connectivity, either through known data service provider like IAS, IDX, Sterling Commerce or customized electronic data interchange.

**Figure 1: Container Depot Operation**



Source: Company, SIAS Research

All the depots are equipped with computerized equipment control system, with the ability to maintain huge storage database, provide up-to-date container statistical reports and industry standard Electronic Data Interchange (EDI) functionality. All these features are performed within a short time frame and greatly enhances customers decision making process and increase productivity.

The company has a modern fleet of container stacking forklifts, which have the capability of lifting up to three 20-footer containers, as well as double-box stackers, capable of lifting two 20 or 40 footer containers at one time. Hence, both efficiency and storage capacity are increased with the capability to stack containers up to nine containers high.

Smartz Pte Ltd, a wholly-owned subsidiary, as well as two 80%-owned subsidiaries, Reefertec Pte Ltd and Ming Fung Containers, offer quality maintenance and repair services to both dry and refrigerated containers (also known as reefers). Reefertec Pte Ltd also specialises in building 10" mobile coldroom, with electric powered, integral self-cooling and heating unit.

Eng Kong Container Agencies (EKCA), another wholly-owned subsidiary, caters to the rising trucking needs and coverage for the whole of Singapore. Armed with a modern fleet of tow-heads and trailers, EKCA handles all types of shipments including dry goods, bulk, liquid bulk, over dimensional, temperature controlled and specialized reefers available 24 hours a day, 7 days a week.

**Container  
Sales &  
Survey**

**2. Container Sales, Agencies and Survey**

Eng Kong is actively involved in the sales and trading of used containers through its wholly-owned subsidiary company, PCL Pte Ltd.

With its network of suppliers, agents and customers spanning around the globe built up carefully over the years, coupled with the professionalism and expertise of the staff and back by the group's strong financial resources, Eng Kong has certainly build itself a reputation of providing consistent quality services to all its customers and suppliers.

Techni-Con Container Survey Ltd, a wholly-owned subsidiary acquired in Mar 06, is an independent container inspection company, providing quality inspection services for new containers including dry vans, open tops and flat racks. The company also plans to extend its container inspection services to reefers and tanks in the near future.

Based in Shanghai, China, Techni-Con's core market is in China where its services customers from major shipping lines and leasing companies located across the country. The company also has operation in the South East Asia region.

**3. Warehousing and Container Freight Station (CFS)**

**Warehouse  
& Freight  
Station**

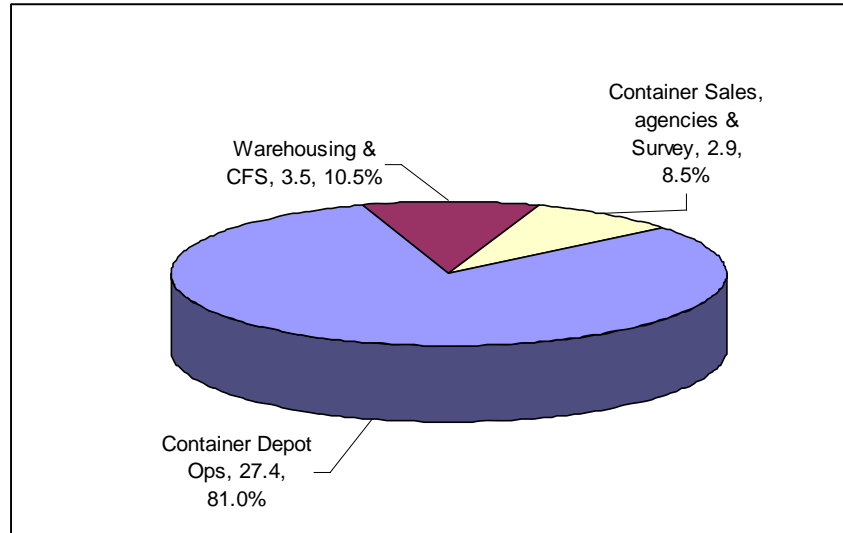
In the modern world today, international freight services require a firm, solid foundation from where they can operate within. Grand Pacific Warehouse Ltd, a wholly-owned subsidiary based in Hong Kong, aims to offer complete logistic solutions, to even the most demanding customers.

Armed with a total storage capacity of 60,000 square feet, the company provides warehousing services including:

- Collating
- Local and worldwide distribution
- Long and short term storage
- Packing and crating
- Shrink wrapping

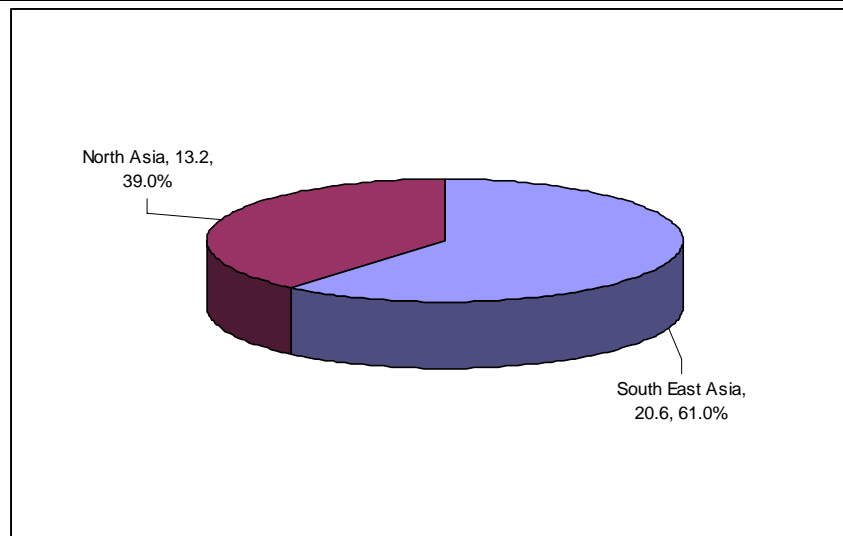
With vast experience and expertise in forwarding, Grand Pacific is able to provide a vital link to the world of trade and commerce by making the most effective forwarding connections, book the fastest routes and devise the appropriate packaging for every type of cargo. The high transport volume enables the company to have better bargaining power, with respect to carriers, thus enabling attractive and competitive rates to customers.

**Figure 2: 2H06 Business Segmental Rev (Jul 06 to Dec 06) (S\$m, %)**



Source: Company, SIAS Research

**Figure 3: 2H06 Geographical Segmental Rev (Jul 06 to Dec 06) (S\$m, %)**



Source: Company, SIAS Research

**Strong economic growth in emerging markets & developing countries**

## INDUSTRY ANALYSIS AND OUTLOOK

According to the IMF World Economic Outlook, released in Oct 2007, the world economy grew 5.4% in 2006. While the United States economy is projected to slow down from 2.9% in 2006 to 1.9% in 2007 and 2008, the world economy is expected to grow 5.2% in 2007 before easing to 4.8% in 2008.

In Asia, the newly industrialized Asian economics (including Hong Kong SAR, South Korea, Singapore and Taiwan) is expected to grow 4.9% and 4.4% in 2007 and 2008 respectively. Whereas the growth rate of developing Asia (such as China, India and Asean-4) is above the world average.

**Figure 4: World Economic Outlook**

	2005	2006	Projections	
			2007	2008
<b>World Output</b>	<b>4.9</b>	<b>5.4</b>	<b>5.2</b>	<b>4.8</b>
Advanced economies	2.5	2.9	2.5	2.2
United States	3.1	2.9	1.9	1.9
Euro area (Germany, France, Italy, Spain)	1.5	2.8	2.5	2.1
Japan	1.9	2.2	2.0	1.7
United Kingdom	1.8	2.8	3.1	2.3
Canada	3.1	2.8	2.5	2.3
Newly industrialised Asian economies	4.7	5.3	4.9	4.4
Other emerging market and developing countries	7.5	8.1	8.1	7.4
Africa	5.6	5.6	6.2	5.8
Sub-Sahara	6.0	5.7	6.1	6.8
Developing Asia	9.2	9.8	9.8	8.8
China	10.4	11.1	11.5	10.0
India	9.0	9.7	8.9	8.4
Asean-4 (Indonesia, Malaysia, Philippines, Thailand)	5.1	5.4	5.6	5.6
Middle East	5.4	5.6	5.9	5.9
<b>World trade volume (Goods &amp; Services)</b>	<b>7.5</b>	<b>9.2</b>	<b>6.6</b>	<b>6.7</b>
Imports				
Advanced economics	6.1	7.4	4.3	5.0
Other emerging market and developing countries	12.1	14.9	12.5	11.3
Exports				
Advanced economics	5.8	8.2	5.4	5.3
Other emerging market and developing countries	11.1	11.0	9.2	9.0

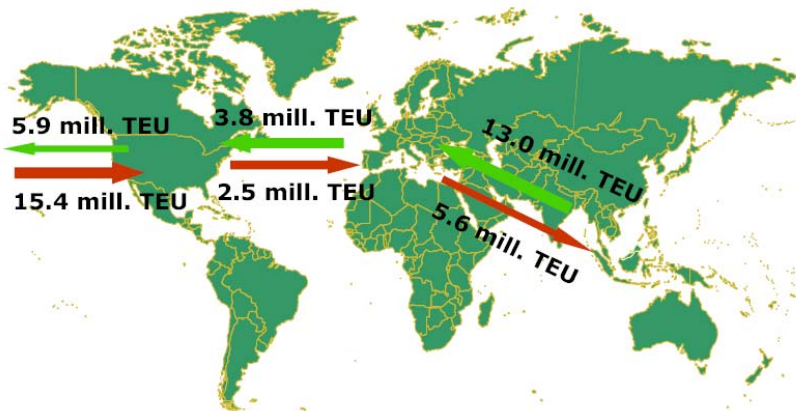
Source: IMF World Economic Outlook Oct 2007

**Higher trade volume**

**Most of the action is in Asia:** In tandem with world economic growth, world trade volume is expected to grow at about 6.6% in 2007 and 2008, and the bulk of it is container shipping. Growth in the emerging markets and developing countries in 2007 and 2008 will exceed 10% for import, and above 9% for export.

In view of the robust demand in container shipping, new port capacity is developing rapidly, especially in the Asia. For example, Yangshan sea port in Shanghai is expanding capacity from 2.2m TEU in 2005 to 20m TEU by 2020. Hong Kong, Kaohsiung, Busan, India, Malaysia and others are building new berths to boost capacity in the next few years.

**Figure 5: Container Trade Trends - Trade Imbalances in 2007 (projected)**



Source: Drewry Shipping Consultants, Container Market Quarterly March 2007

Drewry Shipping Consultant, an independent research and technical services company, estimated the world container traffic figure for 2006 was 128.3m teu. The figure is expected to grow 11.4% (to 142.9m teu) in 2007 and hit 158.3m teu in 2008 on the back of very strong growth in Asia and north European ports.

Regional ports in Singapore, Hong Kong and China continue to perform well due to booming global trade, led by China's strong foreign trade volume with the rest of the world. Number of containers and container fleets are growing thus leading to strong demand in logistics services.

**Strong track record and well presence in the region**

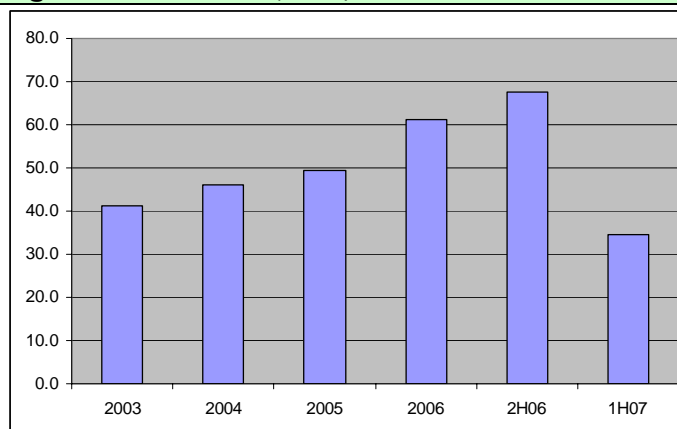
## INVESTMENT MERITS

With more than 20 years of experience in providing container depot services, Eng Kong has established its niche among international shipping lines and leasing companies. The company now operates 21 depots spread over 14 cities in:

- Singapore
- Hong Kong
- China (Shanghai, Tianjin, Qingdao, Yantian, Shekou)
- Malaysia (Port Klang, Johor, Penang)
- Thailand (Bangkok, Laem Chabang)
- Taiwan (Keelung)
- Vietnam (Ho Chi Minh City)

With a total land area of over 450,000 sq m, the company handles an average of over 60,000 TEUs daily and revenue has been growing steadily over the years.

**Figure 6: Revenue (S\$m) from 2003 to 1H07**



Source: Company, SIAS Research

Note: The company changed its financial year end from 30 June to 31 Dec in 2006. Its 2H06 figures are annualised.

**Expanding its network**

Over the years, the group has continued to expand its footprint to North Asia, such as China and Hong Kong. The proportion of turnover from South East Asia (mainly Singapore) reduced steadily from 65.3% in FY05, to 64.4% in FY06 to 61.0% in 2H06.

In September 2006, it completed the acquisition of an 80% interest in a leading reefer repair and maintenance services provider in the Hong Kong, Ming Fung Container Limited and Ming Fung Reefer Container Service Company Limited. In 2007, the company successfully established foothold in Shekou in Shenzhen, China and Ho Chi Minh City in Vietnam.

***Diversifying into  
new service***

The Group has proposed a 30% acquisition of Keyun for RMB63m, to be completed in 1H 08. Keyun Logistics Group, based in Tianjin, China, is a major group providing a wide range of logistics services in China, including international freight forwarding, warehousing and inland transportation, container dept services and third-party logistics services. Besides a strong international network, Keyun's domestic network spans its primary market Tianjin, Beijing, Qingdao, Shanghai, Xian, Shijiazhuang, Xiamen, Shenzhen, Dalian, Ningbo, Taiyuan and Zhengzhou.

In Oct 07, the group (25%) formed a joint venture with Freight Links Express Holdings Limited (25%), and Xiamen O&G International Logistics Co Limited (50%) to establish O&G Eng Kong Container (Xiamen) Co., Ltd, with registered capital of RMB9.6m.

This Company will specialise in container stuffing and quarantine inspection, fumigation, packing, storage and repair of damaged containers. It will raise the overall service level and provide a one-stop value added supply chain services for all the importers and exporters for the southern part of China. O&G Eng Kong Container (Xiamen) Co., Ltd will lease a container yard directly opposite at Xiamen Hai Cang International Container Terminal. The total site area is 29,500 sq. m, with the capability to handle 1,000 incoming and outgoing containers each day. As business develops and grows, the current handling capacity can be increased to two-fold by leasing an additional space of 30,000 sq metres.

Eng Kong would further strengthen and expand its capabilities as an integrated container service provider in the region, especially China market through these expansion plans.

## RISKS

### *Keen Competition*

Logistics services are highly competitive, with many players in the market. In Singapore, main competitors are CWT, Poh Tiong Choon, Cougar Logistics and Freight Links Express. Many competitors also exist in other ports and cities. Hence, Eng Kong must maintain its competitiveness by continuing improve its efficiency, cost management, and level of services.

### *Cyclical changes in logistics industry*

The demand of logistics industry depends on many political, economic and other factors.

Demand for containers depends largely on trade and economic growth and currently, there are more shipments of goods exported from Asia. From time to time, economic disruptions such as lower consumer demand in US, health scares, such as SARS and avian flu, and political instability in certain country may adversely affect the logistics industry.

## FINANCIALS

### Growing revenue

**Revenue:** For FY06, revenue increased 24% to S\$61.1m mainly due to high utilisation rate of Container Depot Operation as a result of increased shipping containers and traffic in the region.

Revenue of 2H06\* and 1H07 improved by about 10% respectively due to contribution from new subsidiary, Ming Fung companies acquired in Sep 06, as well as from additional depots. An increase in used container sales activities from the Container Sales, Agencies and Survey segment also helped to lift the revenue in 1H07.

**Figure 7: Revenue, earning and margins**

Earnings (\$m)	FY05	FY06	2H06*	1H07
Revenues	49.4	61.1	67.6	34.6
Gross profit	13.8	15.9	17.0	8.5
Earnings	0.9	3.1	4.2	2.2
Diluted EPS (Cents)	0.4	1.5	1.7	0.9
Profit margin (%)	FY05	FY06	2H06*	1H07
Gross Margin (%)	28.0	26.0	25.1	24.7
Net Margin (%)	1.9	5.1	6.3	4.2

Source: Company, SIASResearch

Note: The company changed its financial year end from 30 June to 31 Dec in 2006. Its 2H06 figures are annualised.

### Improved profit but lower margin

**Profitability:** Gross profit and earnings grew in line with revenue. However, higher contribution from lower margin trading of used containers coupled with the start up of new depots dragged gross margin down from 26% in FY06 to 24.7% in 1H07.

**Figure 8: Cash flow**

Cash Flow (\$m)	FY05	FY06	2H06	1H07
Operating Cash Flow	5.1	6.7	1.4	5.8
Investing Cash Flow	-3.1	-2.1	-3.6	-3.1
Financing Cash Flow	-5.6	-1.4	-0.3	0.8
Net Cash Increase/(Decrease)	-3.5	3.2	-2.5	3.5
Cash & equivalents	16.9	20.1	17.6	21.1

Source: Company

### Healthy Cash flow

**Cash Flow:** In FY06, strong operating cash flow of S\$6.7m helped to lift cash and equivalent to S\$20.1m. For 2H06, cash and equivalents were downed to S\$17.6m (about 8.4 cents per share) at 31 Dec 06 mainly due to the first tranche payment of HK\$18.1m (or about S\$3.7m) for the acquisition of Ming Fung companies.

*No gearing*

**Figure 9: Balance Sheet and ratios**

<b>Balance Sheet (S\$m)</b>	<b>FY05</b>	<b>FY06</b>	<b>2H06</b>	<b>1H07</b>
Long Term Assets	28.0	30.9	35.5	36.7
Current Assets	33.5	38.3	40.7	40.4
Current Liabilities	12.3	15.1	15.8	13.8
Long Term Liabilities	5.0	8.2	12.2	12.2
Total Equity	44.1	45.9	48.1	51.1
<b>Financial Ratios</b>	<b>FY05</b>	<b>FY06</b>	<b>2H06</b>	<b>1H07</b>
Current Ratio (x)	2.9	2.5	2.6	3.0
NTA per share (S cts)	20.2	20.9	21.8	20.7
Net Debt / Equity (%)	Cash	Cash	Cash	Cash
Return on Equity (%)	2.2	7.2	10.8*	8.4*
Return on Asset (%)	1.5	4.5	6.4*	5.6*

Source: Company, SIAS Research

Note: \* ROE and ROA for 2H06 and 1H07 are annualised figures

**Balance sheet:** Financial position of the company is sound, with current ratio maintained above 2.5x, coupled with a net cash position.

NTA improved from 20.2 cents in FY05 to 21.8 cents in 2H06 due to acquisition and the earnings contribution over the years. Nevertheless, the weak earnings in 1H07 dragged down ROE and ROA.

## Valuation

Although US economic growth is slowing down, regional ports in Asia such as Singapore, Hong Kong and China are expected to perform well from growing trade volume with other parts of the world. The container depot utilisation rates will also continue to remain healthy in the region.

We expect the 30% acquisition of Tianjin based logistics service provider, Keyun, will complete in 1H FY08 and contribute positively to FY08 results. Its financial position is expected to remain healthy.

**Figure 10: FY07 and FY08 forecast**

Year End Dec	FY07F	FY08F
<b>Profit &amp; Loss (\$m)</b>		
Turnover	72.4	77.6
Gross Profit	18.0	19.1
Pretax	6.0	7.9
Earnings	4.7	5.8
EPS (Diluted – S cts)	1.8	2.1
Gross Margin (%)	24.9	24.6
Net Margin (%)	6.5	7.5

Source: SIAS Research

For the current FY ending 07, net profit is expected to rise from S\$4.2m (annualised earnings of 2H06) to about S\$4.7m. In FY08, net profit is expected to reach S\$5.8m, on a turnover of S\$77.6m and positive contribution from Keyun.

## Recommendation

**Figure 11: Peer Comparison**

Company	Last Px	PER (07)	PER (08)	P/BV (06)
COUGAR LOGISTICS	0.605	22.4	19.5	2.0
CWT	1.140	14.6	19.3	4.0
ENG KONG	0.220	12.2	10.6	1.0
FREIGHT LINKS EXPRESS	0.095	13.6	11.9	1.9
POH TIONG CHOON	0.225	N.A.	N.A.	1.2
<b>Average</b>		<b>15.7</b>	<b>15.3</b>	<b>2.0</b>

Source: Bloomberg, SIAS Research

Based on our forecast EPS for FY08 of 2.1 cents and a P/E ratio of 15x, we arrive at the fair value of 31.5 cents. It represents a 43% upside potential at the price of 22 cents. We initiate coverage with a BUY recommendation. **(Koh, Chin Lek)**

## FINANCIAL TABLES AND RATIOS

Year End Dec	FY06	2H06	FY07F	FY08F
<b>Profit &amp; Loss (\$m)</b>				
Turnover	61.1	33.8	72.4	77.6
Gross Profit	15.9	8.5	18.0	19.1
Pretax	5.7	2.8	6.0	7.9
Earnings	3.1	2.5	4.7	5.8
EPS (weighted average – S cts)	1.5	1.2	2.0	2.3
EPS (fully diluted – S cts)	1.5	1.0	1.8	2.1
<b>Balance Sheet (\$m)</b>				
Long Term Assets	30.9	35.5	37.6	52.4
Current Assets	38.3	40.7	43.8	36.5
Current Liabilities	15.1	15.8	21.0	20.7
Long Term Liabilities	8.2	12.2	12.2	15.5
Total Equity	45.9	48.1	48.2	52.7
<b>Cash Flow (\$m)</b>				
Operating Cash Flow	6.7	1.4	8.2	15.9
Investing Cash Flow	-2.1	-3.6	-6.5	-21.2
Financing Cash Flow	-1.4	-0.3	-1.6	3.4
Net Cash Increase/(Decrease)	3.2	-2.5	0.2	-1.9
Cash & Equivalent	20.1	17.6	17.8	15.9
<b>Financial Ratios</b>				
Revenue Growth (%)	23.7	-44.6	18.6	7.1
Gross Profit Growth (%)	14.7	-46.4	13.7	5.8
Earnings Growth (%)	236.2	-21.2	50.1	23.7
EPS Growth (%)	235.8	-21.2	36.3	13.8
Gross Margin (%)	26.0	25.1	24.9	24.6
Net Margin (%)	5.1	7.3	6.5	7.5
Current Ratio (x)	2.5	2.6	2.1	1.8
Book value per share (S cts)	20.9	21.8	20.0	20.2
Net Cash/(Debt) per sh (S cts)	7.6	6.2	5.7	2.5
Net Debt / Equity (%)	Cash	Cash	Cash	Cash
Dividend per share (S cts)	0.5	0.2	0.6	0.6
Dividend payout ratio (%)	32.1	20.9	29.5	25.9
Return on Equity (%)	7.2	5.4	10.2	11.5
Return on Asset (%)	4.5	3.2	5.8	6.5
Return on Invested Capital (%)	6.4	4.9	9.3	10.5
Debtor Days	87.9	207.6	105.6	70.5
Creditor Days	106.1	201.2	127.8	116.8
Inventory Days	17.8	36.7	21.1	26.6
Cash Conversion Cycle	-0.4	43.1	-1.0	-19.7
<b>Valuations</b>				
Price to sales (x)	0.8	1.4	0.7	0.7
PER (x)	14.7	22.0	12.2	10.6
Price to book (x)	1.1	1.0	1.1	1.1
Dividend Yield (%)	2.2	1.1	2.7	2.7

Source: Company, SIASResearch

Note: The company changed its financial year end from 30 June to 31 Dec in 2006.

## Appendix I – Board of Directors & Key Shareholders

Board of Directors	
Executive Chairman	Mr Li Hung
Managing Director	Mr Ng Kam Ming
Executive Director	Mr Leung Wai Kuen, Godfrey
Independent Director	Mr Tay Tong Mau
Independent Director	Mr Choo Chee Kong
Independent Director	Mrs Audrey Teo Loh

Source: Company

Major Shareholders	Direct Interest	Deemed Interest
Mr Li Hung	31.92	-
Mr Ng Kam Ming	27.24	-
Kingasia Holdings	6.28	-
Mr Leung Wai Kuen, Godfrey	0.09	6.28

Source: Bloomberg, Company

### Mr Li Hung – Executive Chairman

Mr Li is the Executive Chairman and a substantial shareholder of the Group. Mr Li accumulated extensive experience in the container depot business having entered the industry upon high school graduation. In 1978, he co-founded Eng Kong with Mr Ng Kam Ming. With over 30 years of experience in the container depot business, Mr Li is responsible for reviewing and implementing the Group's financial, marketing, human resource and business development initiatives. Mr Li is also in charge of spearheading the Group's growth strategies and in driving the Group's expansion plans in the region. Mr Li is a director of various subsidiaries of the Group as well as a number of unlisted companies in Singapore and China.

### Mr Ng Kam Ming - Managing Director

Mr Ng is the Managing Director and a substantial shareholder of the Group. Mr Ng co-founded Eng Kong with Mr Li Hung in 1978 and has over 30 years of experience in the container depot industry, having entered the business upon graduation from high school. As Managing Director, he is in charge of overseeing the Group's overall operations including depot expansion and yard planning, sales and marketing, equipment procurement, implementation of quality control, information technology and other productivity measures to ensure optimum customer satisfaction. Mr Ng is a director of various subsidiaries and holds directorships in a number of unlisted companies in Singapore and China. Mr Ng is the committee member of the Singapore Container Depot Association.

### Mr Leung Wai Kuen, Godfrey - Executive Director

Mr Leung is an Executive Director and a substantial shareholder of the Group. Mr Leung's responsibilities include managing the Group's warehousing and CFS operations in China and Hong Kong SAR, the Group's depot operations in Yantian and Hong Kong SAR, cost management and customer quality assurance in the region. Mr Leung has more than 30 years of experience in warehousing, CFS, transportation, container depot and freight forwarding. He also holds directorships in various unlisted companies in Hong Kong SAR, Canada and the British Virgin Islands. Mr Leung completed his high school education in Hong Kong.

**Mr Tay Tong Mau - Independent Director**

Mr Tay is an Independent Director of the Group and the Chairman of the Audit Committee. Mr Tay has over 20 years of experience in various senior management positions and is currently the Executive Director of Mei San Pte Ltd. Mr Tay holds a bachelor degree in Accountancy from the University of Singapore.

**Mr Choo Chee Kong - Independent Director**

Mr Choo is an Independent Director of the Group. He is the Chairman of the Nominating Committee as well as a member of Remuneration Committee and Audit Committee. He is currently the Deputy Chairman of Westcomb Financial Group Limited, a corporate finance and securities boutique which focuses on capital formation for growth companies. Mr Choo obtained his Bachelor's Degree (First Class) in Mechanical Engineering from Liverpool University and an MBA from Bradford University, United Kingdom.

**Mrs Audrey Teo Loh - Independent Director**

Mrs Loh is an Independent Director of the Group and the Chairperson of the Remuneration Committee. She is also a member of the Audit Committee and the Nominating Committee. Mrs Loh is an Architect-Planner, the founding partner of AEP Consultants. She is involved in real estates and has over 28 years of project planning and development experience in both private and public sectors in Singapore, Indonesia and the United States. Mrs Loh holds a Masters in Urban and Regional Planning and Masters of Arts (Economics) from the University of Hawaii, and a Bachelor of Architecture (Honors) from the University of Singapore.

## Appendix II – Containers

**TEU** - Container capacity is often expressed in twenty-foot equivalent units (TEU, or sometimes teu).

**Cube container** – is an enclosed, box type containers used for general-purpose transportation.



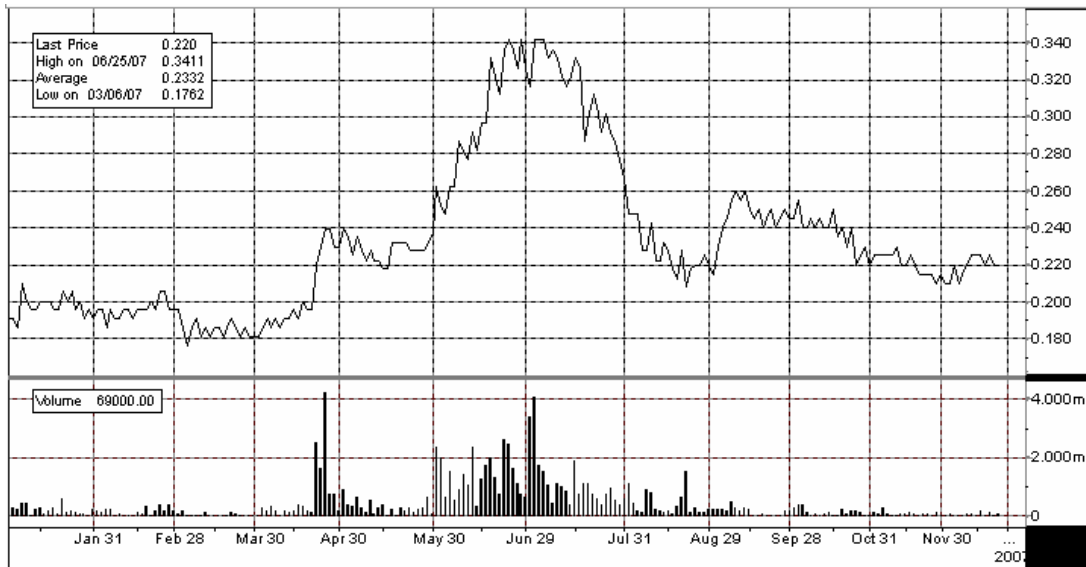
Source: Company

**Refrigerated**, or **reefer container** are used to transport of chilled and frozen goods.



Source: Company

## Historical Price Chart



Source: Bloomberg

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