

Navis bids for Sing shipping container services group

PRIVATE EQUITY FIRM **Navis Capital** Partners has launched an S\$77.4 million (\$55 million) bid for container-services company Eng Kong Holdings, with the intention of taking the publicly listed firm private.

Per the terms of the offer, Navis will pay stakeholders \$0.20 a share – a more than 37% premium over Eng Kong's trading price the day before the bid. The proposal, which has reportedly been endorsed by Eng Kong's key managers, would give Navis a controlling 66.4% stake in the company with a total of 174,268,600 shares.



Navis's Co-Managing Partner Rodney Muse told *AVCJ* that Eng Kong was a viable target because of its strong positioning in Southeast Asia's container-services market. "It's an industry we like and understand and one that we can predict in some ways," he said.

Muse added that Navis plans to grow the company through geographic expansion to other key Southeast Asia shipping hubs.

Singapore-based Eng Kong, a warehouse- and container-services operator, claims 600 staff with operations in Singapore, China, Hong Kong, Malaysia, and Thailand – considered

among the region's most active ports.

Eng Kong's annual report suggests that the company is healthy with a growing cache of assets. In 2008, it owned more than \$21.2 million in current assets and claimed only \$1.4 million of loans. Its assets grew to more than \$30 million in 2009. It further touts that its diversified interests aided business during a fiscally challenging 2009, with its warehouse and storage enterprises buoying revenues in light of decreased shipping activities.

The company's growth potential is also apparent. According to the Ministry of Transport, total annual business spending in Singapore from all approved international shipping enterprise companies was \$1.9 billion in 2009, down from \$2.3 billion in 2008. The Ministry estimates that figure will rebound to \$2.1 billion in 2010.

Eng Kong's key management – including Deputy Chairman Eddie Li Hung, Managing Director Paul Ng Kam Ming and Executive Director Godfrey Leung Wai Kuen – is slated to remain at the company during at least the initial conversion process, Muse said, adding that the issue of succession planning will be discussed at a later time. ▀