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Century Logistics: Talks with FGV off

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SHAH ALAM: Century Logistics Holdings Bhd does not expect a planned collaboration with Felda Global Ventures Holdings Bhd (FGV) to take off despite earlier news that the plantation giant may be buying a big stake in the logistics company, said Century Logistics managing director Steven Teow Choo Hing.

"We don't envisage it (collaboration with FGV) happening. We want the story to end. We don't want to give wrong fillers to the market and people are hoping it might happen. For the present moment I'm optimistic that nothing concrete will happen. It's off," Teow told reporters after its EGM here yesterday.

Its finance director Edwin Yeap explained that Century was initially looking at areas in which FGV and Century Logistics could work together and not specifically in an equity stake in Century Logistics per se.

It was reported in March 2014 that talks between FGV and Century Logistics's largest shareholder Datuk Richard Phua Sin Mo, who owns a 26.45% stake, had been ongoing for some time and that FGV sees Century Logistics as a good fit to further integrate its palm oil and rubber supply chain.

Meanwhile Teow said, the group is looking at organic growth as well as acquisitions of businesses and investments into assets such as industrial landbank.

"I'm trying to buy a good business with a good management. It can be a different (business) but it can be part of the logistics sector, for example air freight or project cargo, so it complements our chain. We prefer to buy in (the company) than buy out," said Teow.

Century Logistics is on track to grow its revenue, with a target of 10% per year, for the current financial year ending Dec 31, 2014 (FY14), driven by its three main segments of third party logistics, oil and gas logistics as well as procurement logistics.

"I'm pushing for higher yields, which is contract logistics growth, more warehousing capacity and more oil and gas logistics allocation," said Teow.

For its procurement logistics division, Century Logistics is looking to expand to more products and more regions such as African countries, Indonesia, Kazakhstan and Uzbekistan.

Yeap said the group is registered for GST now and is taking the measures to roll out the GST programme in the group and will be fully GST-ready by year-end.

Century Logistics called on the government to come up with more initiatives under Budget 2015, to promote the logistics industry.

Earlier, shareholders approved the group's proposed bonus issue of 61.03 million new shares of RM1 each on the basis of one bonus share for every two existing Century Logistics' shares; the proposed share split involving the subdivision of every one share into two shares of 50 sen each as well as the proposed amendments to the memorandum and articles of association of Century Logistics to facilitate the proposed share split.

"We want to continuously reward shareholders by giving dividend consistently, tie back to our cash flow and expansion plans. So far in the last five years, we've been giving between 8% to 12% (dividend). We envisage we will keep the trend this year and after the share split, we have to come up with a different dividend regime," said Teow.

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