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# CAB Cakaran may be in Indonesia poultry JV

It has signed MoU with Indonesia's Salim Group

By TEE LIN SAY  
[tlinsay@thestar.com.my](mailto:tlinsay@thestar.com.my)

**PETALING JAYA:** Integrated poultry producer CAB Cakaran Corp Bhd has signed a memorandum of understanding (MoU) with the Salim Group of Indonesia for the purpose of establishing a fully integrated poultry business in Indonesia.

The Salim Group is one of Indonesia's largest conglomerates with assets like Indofood Sukses Makmur, which is the world's largest instant noodle producer.

The MoU was signed between CAB and Salim's investment holding company, KMP Private Ltd, according to CAB's filing with the local stock exchange.

Anthoni Salim, who is the chairman of the Salim Group controlling some 45% of it, is a director and major shareholder of KMP with a 67% stake. The remainder 33% is held by Mariton International Ltd.

CAB said both parties would study the possibility of having a joint venture (JV) in which a Salim Group special-purpose vehicle (SPV) would initially hold 90% and CAB, 10%.

"However, CAB will have the option to increase its shareholding up to 30% in the next three years after the initial set-up, depending on its financial condition," CAB said.

CAB said the cost of investment could not be forecast at this time.

CAB's share price has been on a roll over the last few weeks, perhaps on anticipation of this news. The stock had hit its 52-week high of RM1.77 on Dec 7. It closed seven sen lower to RM1.62 yesterday.

In the filing with Bursa Malaysia, CAB said that KMP was Salim Group's investment holding company, which holds the investment in Salim Group's subsidiary companies in Indonesia, in the operation of food, agribusiness



**Poultry business:** The MoU is a formal confirmation of CAB and Salim Group's intention to study the possibilities of embarking on an integrated poultry joint venture in Indonesia.

and the distribution and retail of fast-moving consumer goods.

The total issued and paid-up share capital of KMP is S\$255.5mil divided into 255.5 million ordinary shares of S\$1 each.

The directors and shareholders of KMP are Axton Salim (Indonesian), Astrid Salim (Indonesian), Tan Hang Huat (Singaporean), Kok Chun Sing (Singaporean), Teng Tien Eng Moses (Singaporean) and Anthoni Salim (Singaporean).

On the objective of the MoU, CAB said that it was a formal confirmation of both parties' intention to study the possibilities of embarking on a JV that would lead to the signing of a JV agreement between CAB and Salim's SPV company in Indonesia for the purpose of establishing a fully integrated poultry business in Indonesia.

"The shareholding percentage of the JV company 'JVCo' between

the Salim Group's SPV company and CAB at the initial set-up will be 90% for Salim's SPV and 10% for CAB. However, CAB will have the option to increase its shareholding percentage up to 30% in the next three years' after the initial set-up, depending on its financial condition," CAB said.

Among others, the Salim Group's SPV role will be to submit all the necessary applications to the regulators, which include the licences and overall finance and accounting reporting. It will also be responsible for its local operation matters.

Meanwhile, CAB will be responsible for the whole technical and knowhow aspect of the production department, research and development and total supply chain of the 'JVCo', in order to achieve production efficiency and effectiveness in the chicken product output.

CAB will assist in creating prod-

uct value added along the total supply chain from the producer to the consumer.

CAB, the largest poultry company in the peninsula's northern region, currently has 10 breeder farms and 140 broiler farms throughout Peninsular Malaysia.

It produces 4.2 million broiler birds per month at present, which is 20% higher than the 3.5 million birds produced monthly last year.

It is targeting to produce over five million birds per month next year.

For the fourth quarter ended Sept 30, 2015, CAB's net profit came in 31% higher year-on-year to RM8.79mil on the back of a 46% rise in revenue to RM262.78mil.

The Salim Group also controls Hong Kong-based First Pacific which has interests in telecommunications, consumer food products, infrastructure and natural resources.