

# **BATU KAWAN BERHAD** 196501000504 (6292-U)

**SUMMARY OF PROCEEDINGS OF THE FIFTY-SIXTH (56<sup>TH</sup>) ANNUAL GENERAL MEETING OF THE COMPANY HELD AS A FULLY VIRTUAL MEETING FROM THE BROADCAST VENUE AT BKB BOARDROOM, LEVEL 9, MENARA KLK, NO. 1, JALAN PJU 7/6, MUTIARA DAMANSARA, 47810 PETALING JAYA, SELANGOR DARUL EHSAN, MALAYSIA ON THURSDAY, 18 FEBRUARY 2021 AT 2.15 P.M.**

PRESENT : Tan Sri Dato' Seri Lee Oi Hian – Chairman  
Directors, members, proxies, corporate representatives and others are as per attendance list

## **1. COMMENCEMENT OF MEETING**

The Chairman called the Meeting to order and extended a warm welcome to the participants to the Company's first virtual Annual General Meeting ("AGM") in view of the current COVID-19 restrictions. The AGM will be conducted entirely through live streaming using 'Remote Participation and Voting' ("RPV") facilities. He informed that the AGM is convened in adherence with the Guidance on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission.

The Chairman then introduced virtually the Board members and the External Auditors of the Company to all present.

The Company Secretary, Ms. Yap Miow Kien, confirmed that a quorum was present.

There being a quorum, the Meeting was called to order at 2.15 p.m.

## **2. PRELIMINARY**

The Chairman briefed the members that pursuant to the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), resolutions at the Meeting would be put to vote on a poll via online remote voting. The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") as the Poll Administrator to conduct the polling voting process and Asia Securities Sdn. Berhad as the Scrutineers to verify and validate the polling results.

Tricor was then invited to brief the members present on the procedures on e-voting and for submission of questions via the RPV facilities. The voting session had commenced from the start of the AGM at 2.15 p.m.

## **3. AUDITED FINANCIAL STATEMENTS AND REPORTS**

The Chairman informed that the Audited Financial Statements for the year ended 30 September 2020, together with the Directors' and Auditors' Reports thereon, are not required to be put forward for voting. The Audited Financial Statements are tabled at the AGM for discussion only and for the Board to address any queries during the Question and Answer session.

The Audited Financial Statements for the year ended 30 September 2020, together with the Directors' and Auditors' Reports thereon which were laid before the Meeting in compliance with Section 244(2)(a) of the Companies Act 2016, were duly received.

#### **4. RE-ELECTION OF DIRECTORS**

As the Chairman was a Director standing for re-election, the Chair was passed to the Independent Non-Executive Director, Mr. Quah Chek Tin, who conducted the proceeding of the Chairman's re-election.

Tan Sri Dato' Seri Lee Oi Hian retires by rotation in accordance with the Company's Constitution and, being eligible, offered himself for re-election.

The Chair was then returned to Tan Sri Dato' Seri Lee Oi Hian.

The Chairman informed that the Director, Tan Sri Rastam bin Mohd Isa who retires by rotation in accordance with the Company's Constitution and, being eligible, offered himself for re-election.

The resolutions on the above re-elections of Directors were put to the Meeting for voting by e-polling upon the conclusion of the tabling of all resolutions. The Chairman proceeded to the next agenda.

#### **5. DIRECTORS' FEES**

The next agenda was on the approval of payment of Directors' fees of RM920,000 for the year ended 30 September 2020 to be divided amongst the Directors in such manner as the Directors may determine.

The resolution on the approval for Directors' fees payment was put to the Meeting for voting by e-polling upon the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next agenda.

#### **6. DIRECTORS' BENEFITS**

Members' approval was sought on the payment of Directors' benefits (other than Directors' fees) to the Directors for the period from the Fifty-Sixth AGM to the next AGM to be held in 2022. These benefits include meeting allowances, overseas travelling allowance and other benefits such as medical, insurance coverage and business travel.

The resolution on the approval for Directors' benefits payment was put to the Meeting for voting by e-polling upon the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next agenda.

#### **7. RE-APPOINTMENT OF AUDITORS**

The next agenda was to approve the re-appointment of BDO PLT ("BDO") as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. BDO had expressed their willingness to continue in office as Auditors of the Company.

The resolution on the re-appointment of BDO as the Auditors of the Company was put to the Meeting for voting by e-polling upon the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next agenda.

## 8. SPECIAL BUSINESS

### (a) ORDINARY RESOLUTION 6 – PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

The resolution on Ordinary Resolution 6 on the Proposed Renewal of Authority to Buy Back its Own Shares by the Company was put to the Meeting for voting by e-polling upon the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next agenda.

### (b) ORDINARY RESOLUTION 7 – PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Chairman declared his interest in the transactions contained in Ordinary Resolution 7 and further informed the Meeting that Dato’ Lee Hau Hian is also an interested party in the transactions contained in Ordinary Resolution 7 and accordingly, both of them together with persons connected with them will not vote on this resolution.

The resolution on Ordinary Resolution 7 on the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature was put to the Meeting for voting by e-polling upon the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next agenda.

### (c) ORDINARY RESOLUTION 8 – PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY (“BKB SHARES”) IN RELATION TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN BKB SHARES (“DIVIDEND REINVESTMENT PLAN”)

The resolution on Ordinary Resolution 8 on the Proposed Renewal of Authority for Directors to Allot and Issue New BKB Shares in relation to the Dividend Reinvestment Plan was put to the Meeting for voting by e-polling upon the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next agenda.

## 9. ANY OTHER BUSINESS

In reply to the Chairman, the Company Secretary confirmed that the Company had not received any notice for transaction of any other business at the Meeting.

## 10. QUESTION AND ANSWER SESSION

The Chairman informed that the Company had responded to the questions raised by the Minority Shareholders Watch Group (“MSWG”) in their letter dated 8 February 2021 for the AGM. The questions and replies thereto (a copy of the MSWG’s letter together with the Company’s reply dated 11 February 2021 are attached as **Appendix 1**) were projected on the screen for members’ information.

Thereafter, the Chairman proceeded to address the questions received from members prior to the AGM, as well as questions received during the Meeting. The list of questions and the Company’s responses are set out in **Appendix 2**.

The Chairman informed that the responses to the remaining questions which could not be answered at this Meeting would be emailed to members at the earliest possible time. With that, the Chairman concluded the question and answer session and proceeded to polling process.

## 11. POLLING PROCESS

The Chairman informed the Meeting that to facilitate Online Remote Voting, members were allowed to submit their votes from the commencement of this Meeting. The presentation on the steps to cast the vote was shown on the screen.

For polling purposes, the Chairman declared the closure of the voting session for the AGM at 3.05 p.m. and the results will be furnished to the Scrutineers for verification and validation before submitting to the Chairman for announcement.

## 12. DECLARATION OF RESULTS

After the Scrutineers had certified the poll results and submitted the results to the Board, the Chairman called the Meeting to order for the declaration of the poll voting results.

Based on the poll results as verified and validated by the Scrutineers, the Chairman declared all the resolutions tabled at the Meeting as projected on the screen, **CARRIED** as follows:

Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
<b>Ordinary Business</b>						
<b>Resolution 1</b> Re-election of Tan Sri Dato’ Seri Lee Oi Hian who retires in accordance with the Company’s Constitution	131	292,106,193	99.9638	11	105,922	0.0362
<b>Resolution 2</b> Re-election of Tan Sri Rastam Bin Mohd Isa who retires in accordance with the Company’s Constitution	137	293,819,882	99.9998	6	561	0.0002

Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
<b>Resolution 3</b> Approval of payment of Directors' fees amounting to RM920,000 for the year ended 30 September 2020	139	293,819,884	99.9998	4	559	0.0002
<b>Resolution 4</b> Approval of payment of Directors' benefits (other than Directors' fees) to Directors for the period from the Fifty-Sixth AGM to AGM to be held in 2022	135	293,817,382	99.9990	8	3,061	0.0010
<b>Special Business</b>						
<b>Resolution 5</b> Re-appointment of BDO as Auditors and authority to the Directors to fix their remuneration	141	293,820,292	99.9999	2	151	0.0001
<b>Resolution 6</b> Proposed Renewal of Authority to Buy Back its Own Shares by the Company	139	293,819,963	99.9998	3	459	0.0002
<b>Resolution 7</b> Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature	127	59,847,452	99.9992	5	461	0.0008
<b>Resolution 8</b> Proposed Renewal of Authority to Allot and Issue new BKB Shares in relation to Dividend Reinvestment Plan	134	293,781,682	99.9868	9	38,761	0.0132

**13. TERMINATION**

There being no other business, the Meeting ended at 3.25 p.m. with a vote of thanks to the Chair.



**MINORITY SHAREHOLDERS WATCH GROUP**  
*Shareholder Activism and Protection of Minority Interest*

8 February 2021

**BY FAX/HAND**

(Fax No: 605-240 8117)

The Board of Directors  
**Batu Kawan Berhad**  
Bangunan Mayban Trust Ipoh  
Level 9, No. 28, Jalan Tun Sambanthan  
30000 Ipoh, Perak

**Attention: Ms Yap Miow Kien / Mr Goh Swee Eng/ Ms Chiew Cindy**  
**Company Secretaries**

Dear Directors,

**Re: 56<sup>th</sup> Annual General Meeting (“AGM”) of Batu Kawan Berhad (“BKB” or the “Company”) to be held on Thursday, 18 February 2021**

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In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

**Operational & Financial Matters**

1. The Group's manufacturing segment's performance was somewhat mixed as the pandemic saw higher demand for basic oleochemical products which are mainly ingredients for household and personal care products, but demand for downstream oleo derivatives and specialties on the other hand, were negatively impacted (page 28 of Annual Report 2020 (“AR2020”).

Has demand for downstream oleo derivatives and specialty products returned to normal? If not, is there any likelihood of demand for downstream oleo derivatives and specialty products picking-up in FY2021?

2. Revenue for the Manufacturing segment dipped 7% in FY 2020 owing to lower sales volume across both the Oleochemical and Industrial Chemical division. (page 37 of AR2020).

With the acquisition of Chemical Company of Malaysia Berhad, to what extent will it contribute to the revenue growth of the Manufacturing segment of the Group for the financial year ending 2021?

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

(Incorporated in Malaysia . Company No:524989-M)

TINGKAT 11, BANGUNAN KWSP, NO.3, CHANGKAT RAJA CHULAN, OFF JALAN RAJA CHULAN,  
50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107

E-mail: mswatch@mswg.org.my Website: www.mswg.org.my

3. Management is cautiously optimistic of Menara KLK's prospects and may see less demand for office space in the short term compared to before the pandemic (page 40 of AR2020).

What is the percentage of tenancies due for renewal in financial year ending 2021? What is the expected renewal rate?

4. Key management personnel compensation - Other emoluments increased to RM16.9 million (2019: RM 13.8 million) (Note 7, page 113 of AR2020).

What is the reason for the increase in other emoluments? To whom does it relate to?

### **Corporate Governance Matters**

1. Two of the Independent Directors of the Company have served on the Board for a cumulative period of more than nine (9) years. Again, there were no resolutions tabled to retain them as Independent Directors of the Company.

We note the Company's explanation provided in the Corporate Governance Report for the departure on Practice Note 4.2.

Under Practice 4.2 of the Malaysia Code on Corporate Governance ("MCCG"), it is stated that "If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process".

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

(Incorporated in Malaysia . Company No:524989-M)

TINGKAT 11, BANGUNAN KWSP, NO.3, CHANGKAT RAJA CHULAN, OFF JALAN RAJA CHULAN,  
50200 KUALA LUMPUR. TEL: (603)20709090 FAX: (603)20709107

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Shareholders should be given the opportunity to participate in the re-election of the long serving Independent Directors. The Board should deliberate the issue again and table the resolution on re-election of Independent Directors who have served on the Board for more than nine years for shareholders' approval.

The Board should adopt the Practices in the MCCG.

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



**Devanesan Evanson**

Chief Executive Officer

DE/ECYL/BKB/AGM 2021



11 February 2021

**BADAN PENGAWAS PEMEGANG SAHAM MINORITY BERHAD**

Tingkat 11, Bangunan KWSP  
No. 3, Changkat Raja Chulan  
Off Jalan Raja Chulan  
50200 Kuala Lumpur

Attn: Mr Devanesan Evanson  
Chief Executive Officer

Dear Sirs

**BATU KAWAN BERHAD**  
**FIFTY-SIXTH (56<sup>TH</sup>) ANNUAL GENERAL MEETING**  
**ON 18 FEBRUARY 2021**

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We refer to your letter dated 8 February 2021 in relation to our 56th Annual General Meeting, raising several questions that minority shareholders and other stakeholders of the Group/Company may be interested.

Following are our replies to your questions raised:

**Strategic & Financial Matters**

1. **Q: “The Group’s manufacturing segment’s performance was somewhat mixed as the pandemic saw higher demand for basic oleochemical products which are mainly ingredients for household and personal care products, but demand of downstream oleo derivatives and specialties on the other hand, were negatively impacted (page 28 of Annual Report 2020 (“AR2020”).”**

**“Has demand for downstream oleo derivatives and specialty products returned to normal? If not, is there any likelihood of demand for downstream oleo derivatives and specialty products picking-up in FY 2021?”**

*Demand of downstream oleo derivatives and specialty products has since improved but has not fully returned to normal levels before the COVID-19 pandemic. However, we foresee the situation will improve in the second half of the 2021 financial year.*

2. Q: “Revenue for the Manufacturing segment dipped 7% in FY 2020 owing to lower sales volume across both the Oleochemical and Industrial Chemical division (page 37 of AR2020).”

“With the acquisition of Chemical Company of Malaysia Berhad, to what extent will it contribute to the revenue growth of the Manufacturing segment of the Group for the financial year ending 2021?”

*Chemical Company of Malaysia Berhad will contribute less than 5% of the Group Manufacturing segment’s revenue growth for the financial year ending 2021.*

3. Q: “Management is cautiously optimistic of Menara KLK’s prospects and may see less demand for office space in the short term compared to before the pandemic (page 40 of AR2020).”

“What is the percentage of tenancies due for renewal in financial year ending 2021? What is the expected renewal rate?”

*82% of tenancies are due for renewal in 2021 financial year, but 76% of them are related companies, with the remaining balance external tenants. As such, the expected renewal rate is 92%.*

4. Q: “Key management personnel compensation – Other emoluments increased to RM16.9 million (2019: RM13.8 million) (Note 7, page 113 of AR2020).”

“What is the reason for the increase in other emoluments? To whom does it relate to?”

*The increase in other emoluments is largely due to performance bonus and incentive payments for the Group’s executive directors, and their corresponding statutory EPF contribution.*

### **Corporate Governance Matters**

1. Q: “Two of the Independent Directors of the Company have served on the Board for a cumulative period of more than nine (9) years. Again, there were no resolutions tabled to retain them as Independent Directors of the Company.

We note the Company’s explanation provided in the Corporate Governance Report on the departure from Practice Note 4.2.

Under Practice 4.2 of the Malaysia Code on Corporate Governance (“MCCG”), it is stated that “If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders’ approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders’ approval through a two-tier voting process”.

Shareholders should be given the opportunity to participate in the re-election of the long serving Independent Directors. The Board should deliberate the issue again and table the resolution on re-election of Independent Directors who have served on the Board for more than nine years for shareholders’ approval.

**The Board should adopt the Practices in the MCCG.”**

*The Intended Outcome 4.0 of the MCCG is for board decisions to be made objectively in the best interests of the company, taking into account diverse perspectives and insights.*

*We note that one of the recommended practices to achieve this intended outcome is for a company to seek annual shareholders' approval for the re-election of its independent directors who have served for more than nine (9) years, the concern being that long tenure may negatively impact objectivity.*

*The Board considers the independence of a Director by his/her depth of experience, ability to exercise good judgement in an independent manner, able to provide a different perspective on an issue and is effective in promoting the interests of the shareholders. Therefore, the Board believes that the independence of a Director should not be determined solely with reference to tenure of service. As such, the Company does not view this as a major concern as it has put in place robust measures to ensure that the independence of its Independent Directors is not compromised, and that the Intended Outcome implied in the MCCG is ultimately achieved.*

*In addition to the formal annual evaluation of directors' performance by the Nomination Committee, the Board is able to observe the conduct, behaviour and values of its Independent Directors through regular interaction and discussions amongst themselves (for example at Board or Committee meetings, visits to operating centres, company social functions and conferences). As such, the Board feels that it is in the best position to identify, evaluate and determine if any Independent Director can continue to act in the best interest of the Company.*

*In accordance with the Company's Constitution, our Independent Directors retired by rotation and have been re-elected as Independent Directors by shareholders in past annual general meetings.*

*The Board is cognisant of the reasoning behind Practice 4.2 of the MCCG and will continue to regularly review our current practices to ensure that they are in the best interest of the Company.*

The above replies will be presented to all the shareholders present at our upcoming 56<sup>th</sup> AGM to be held on 18 February 2021. We look forward to MSWG's attendance on that day.

Thank you.

Yours faithfully  
**BATU KAWAN BERHAD**

  
.....  
( Goh Swee Eng )  
Chief Financial Officer/  
Company Secretary

# BATU KAWAN BERHAD 196501000504 (6292-U)

## MATTERS DISCUSSED AT THE QUESTION AND ANSWER SESSION OF THE 56<sup>TH</sup> AGM OF THE COMPANY

### 1) Questions submitted prior to the Annual General Meeting

#### (a) Shareholder – Q1:

With the acquisition of Chemical Company of Malaysia Berhad (“CCM”) up to 97.34% as at 9 February 2021 and the launching of compulsory acquisition for the remaining shares:

- (i) Can you explain the strategic reasoning behind the acquisition?
- (ii) What are the benefits and synergies that will emerge from this takeover?

*Chairman of the Meeting:*

*The Company, via its subsidiary – Malay-Sino Chemical Industries Sendirian Berhad (“Malay-Sino”), has been in the chlor-alkali industry for a long time and Malay-Sino is a significant producer of caustic soda, chlorine and hydrochloride acid. The Board of Directors of Batu Kawan Berhad (“BKB”) viewed the acquisition as a good opportunity for BKB Group to increase the Group’s market presence as a chlor-alkali chemicals manufacturer and form a larger and eventually regional chemical industrial group.*

*The Chairman then passed to the Managing Director, Dato’ Lee Hau Hian for further details.*

*Managing Director:*

*After the Company’s year-end, in November 2020, there was an opportunity to acquire a controlling interest in CCM when the then majority shareholder, Permodalan Nasional Berhad (“PNB”) group decided to dispose of their CCM shares. The BKB Board concluded that it was a strategic opportunity for BKB Group to enlarge its involvement in the chlor-alkali industry, an industry in which the Group already has businesses presence. The intention is ultimately to use CCM as a platform for BKB’s chemical interests and to grow them into a larger regional Malaysian chemical company, capable of competing regionally.*

*Following the acquisition of the majority shares in CCM from the PNB group, BKB made a mandatory take-over offer (“Offer”) to acquire all the remaining CCM shares not already owned by BKB at the same offer price of RM3.10 per CCM share. On the closing of the Offer, BKB received valid acceptances of 97.12% which was sufficient to allow its compulsory acquisition of the remaining Offer shares and by crossing the required threshold, allowed CCM to withdraw its listing status. CCM was thereafter delisted and will eventually be wholly-owned by BKB. The acquisition cost for CCM is some RM520 million.*

*The benefits and synergies that will emerge from the CCM acquisition would include:*

- *an increase in the Group’s market presence as a chlor-alkali chemicals manufacturer, allowing it to better serve its customers;*

- *synergies in logistics, purchasing and operations:*
  - *an opportunity to unlock value through the realisation of operational efficiencies in logistics via consolidation of raw material purchases, rationalised distribution as well as cost synergies realised from economics of scale.*
- *shared learning and best practices.*

*In recent years, CCM has been reporting declining profits, partly due to declining chlor-alkali prices which have decreased by 22% in the past year. CCM will require a restructuring due to their legacy set-up and overheads as a larger company which historically had businesses in fertilisers, pharmaceutical, chemicals and polymers (supplying to the gloves industry). BKB expects to right-size CCM, making it fit and efficient to compete and for future growth. Going forward, BKB team will introduce processes for CCM to be more resilient and efficient in order to better compete in the industry. The Company's Management is currently studying into the performance and operations of CCM with a view to work with the existing CCM Management to find ways to strengthen CCM and improve the cost and product efficiencies.*

*In 2020, one of CCM's 2 plants was unable to operate at full capacity for an extended period of time, thus depriving the company of additional revenues and resulting profits. In order to prevent the occurrence of such incident, BKB team will share with the CCM team its best practices and know-how in the existing chemical business.*

*The restructuring process is likely to take 1 – 2 years and BKB is confident that by the completion of the process, CCM will be fit for growth and be able to take better advantage of chlor-alkali prices when such prices are expected to improve in the future.*

(b) Shareholder – Q2:

- (i) What would be the impact of labour shortage for the Group arising from suspension of recruitment from other countries arising from COVID-19?

*Chairman of the Meeting:*

*Labour shortage for the Group arising from the COVID-19 pandemic has mainly impacted the Plantations sector. This is due to the closing of the borders and precautionary measures taken by the Malaysian Government to prohibit entry of foreign workers. On-going moves to increase mechanisation efforts have partly mitigated this issue but it remains a big challenge.*

- (ii) Any disruption to the Group's supply chain/operations arising from COVID-19?

*Chairman of the Meeting:*

*The pandemic has affected all industries to various extent, including our Plantation operations. However, for our chemicals and oleo businesses, their plants have been allowed to operate throughout during MCO since they are deemed essential service industries. Management continues to use its best ability to minimise all impact arising therefrom.*

**2) Questions submitted during the Annual General Meeting**

(a) Shareholder – Q1:

On the proposed acquisition of Chemical Company of Malaysia Berhad (CCM), appreciate the following clarification:

- (i) What will be the total investment required including the acquisition of the remaining 43.68% of the balance of CCM shares?
- (ii) How will the Company propose to finance this investment since it is already having a RM500 million Sukuk borrowing?

*The Chairman invited Dato' Lee Hau Hian to address these questions.*

*Managing Director:*

*The cost of acquiring all the CCM shares will cost some RM520 million, which was funded by a combination of RM210 million new bank borrowing and the Company's existing cash reserves.*